

### Title: Tetangco Jr., et al. vs. Commission on Audit, G.R. No. 116 OG No. 50, 8322

### ### Facts

In 1974, the Philippine International Convention Center Incorporated (PICCI) was established by Presidential Decree 520, with the Bangko Sentral ng Pilipinas (BSP) as its sole stockholder. The Board of Directors (BOD) of PICCI, according to amended by-laws and resolutions, included the BSP Governor and other BSP officials who were to receive per diem, RATA, and bonuses.

Between December 2006 and December 2010, the PICCI BOD passed several resolutions increasing per diem allowances and authorizing RATA payments. However, following a 2010 Supreme Court (SC) decision in *Singson vs. COA*, limits were placed on per diems and RATAs, indicating that certain per diem and RATA amounts constituted double compensation.

In February 2012, the COA issued Notice of Disallowance (ND) No. 12-001-GF-(10&11), claiming the per diem, RATA, and bonuses paid to Amando M. Tetangco Jr., Armando L. Suratos, and Juan D. De Zuniga Jr. were excessive and unauthorized, totaling Php 618,500. The petitioners contested the ND before the COA-Corporate Government Sector (COA-CGS), asserting their good faith and legality of the payments based on PICCI by-laws and MB Resolutions.

### ### Issues

1. Is PICCI a government-owned or controlled corporation (GOCC), subject to COA's audit jurisdiction?
2. Did the benefits received by petitioners constitute double compensation?
3. Were the increases in per diems and RATA validly authorized?
4. Is PICCI subject to the prohibition under Memorandum Order No. 20 and Executive Order No. 24?
5. Are petitioners solidarily liable for the return of the amounts?
6. Was the newly submitted evidence admissible?

### ### Court's Decision

The Supreme Court ruled on the issues as follows:

#### #### 1. GOCC Status of PICCI:

PICCI was deemed a GOCC. It was incorporated under PD 520, with the BSP as its sole stockholder, qualifying it as a GOCC subject to COA's audit jurisdiction under the

Administrative Code of 1987.

#### 2. Double Compensation:

The SC invoked the *Singson vs. COA* precedent, holding that per diems and RATA allowed under specific conditions did not constitute double compensation. However, only per diems up to Php 1,000.00 were permissible per board meeting.

#### 3. Authorization Validity:

The Court held that the grant of per diem and RATA amounts was validly authorized through various MB Resolutions approved by the PICCI BOD and BSP-MB, pursuant to Section 30 of the Corporation Code.

#### 4. Applicability of MO No. 20 and EO No. 24:

The Court held that MO No. 20 applies to deferment of increases surpassing amounts received by equivalent positions in the National Government at the time, but EO No. 24, effective in March 2011, does not apply retrospectively to benefits received in 2010-2011.

#### 5. Liability for Reimbursement:

Finding that PICCI followed lawful resolutions and acted in good faith, the Court nullified COA's directive for petitioners to return excess payments. The Court emphasized the principle against unjust enrichment.

#### 6. Evidence Admissibility:

The SC ruled the newly submitted documents were admissible since there were no prohibitions in the COA rules and they directly responded to COA's adverse findings.

### Doctrine

1. A GOCC is subject to COA's audit, even without an original charter, if it is majority-owned by the government.
2. Compensation limits must adhere to the ruling in *Singson*, especially the non-violation of the prohibition on double compensation as long as amounts are within permissible bounds.
3. Increases in per diems and other allowances should align with guidelines for public officials to preclude pay disparities within the government.
4. Laws and orders, such as EO No. 24, unless stated otherwise, are prospective in application.
5. Good faith transactions based on lawful procedures need not be reimbursed if done under honest belief in legality.

### ### Class Notes

- **Government-Owned or Controlled Corporations (GOCCs):** Entities majority-owned by the government.
- **Double Compensation:** Prohibited under Section 8, Art. IX-B of the 1987 Constitution, but specific authorized allowances do not breach this if reasonably justified.
- **Memorandum Order No. 20 (MO No. 20):** Stops increases above specified levels for GOCCs, intending to align pay across government entities.
- **Executive Order No. 24 (EO No. 24):** Requires Presidential approval for increases in per diems post-March 2011.
- **Civil Code Art. 4:** Statutes are generally non-retroactive unless specified otherwise.

### ### Historical Background

This case reflects ongoing efforts by the Philippine government and judiciary to balance fair compensation against controlling expenses, limiting undue financial benefits within public sector corporations, especially after past excesses in GOCC administration.