

Title:

Engr. Artemio A. Quintero Jr. vs. Commission on Audit

Facts:

On March 28, 2008, the Board of Directors (BOD) of the Cauayan City Water District (CCWD) passed a resolution increasing the monthly salary of its General Manager, Engr. Artemio A. Quintero Jr., from PHP 25,392.00 to PHP 45,738.00, based on Section 2 of Republic Act (R.A.) No. 9286. The Plantilla of Personnel and Salary Adjustment was then submitted to the Department of Budget and Management (DBM) for approval. The DBM advised Quintero that while R.A. No. 9286 allowed the BOD to set the salary of the General Manager, it must adhere to the compensation standards under R.A. No. 6758, the Salary Standardization Law (SSL).

After an audit, the Commission on Audit (COA) informed Quintero that his adjusted salary exceeded the limits prescribed by the SSL. Consequently, on March 9, 2010, COA issued Notice of Disallowance (ND) No. 2010-01-101 for PHP 364,659.50 covering the overpayments. Quintero ceased receiving the adjusted salary in December 2009 after receiving COA's advice.

Quintero contested the notice of disallowance before the COA Regional Office, which upheld the ND, asserting that the salary upgrade violated R.A. No. 6758. COA also found that the non-diminution claim under Executive Order (E.O.) No. 811 did not apply, as it presumed that the original salary was legally sanctioned.

Dissatisfied, Quintero appealed to the COA, which also upheld the Regional Office's decision. Quintero filed a motion for reconsideration, which was denied on March 9, 2015. Subsequently, Quintero filed a petition for certiorari under Rule 64 of the Revised Rules of Court before the Supreme Court.

Issues:

1. Whether the CCWD Board of Directors has the authority to fix the salary of the General Manager beyond the limits prescribed by the Salary Standardization Law (SSL).
2. Whether Section 23 of Presidential Decree (P.D.) No. 198, as amended by R.A. No. 9286, serves as an exception to the SSL.
3. Whether Engr. Artemio A. Quintero Jr. should be held liable to refund the disallowed amount.

Court's Decision:

The Supreme Court ruled as follows on each issue:

****1. Authority to Fix Salary:****

The Court confirmed that while the CCWD Board of Directors is indeed empowered to set the General Manager's compensation under Section 23 of P.D. No. 198, as amended by R.A. No. 9286, this power is not absolute. The salary must align with the standards set by the SSL.

****2. Exception to the Salary Standardization Law:****

The Court held that R.A. No. 9286 did not repeal or provide an exemption from the SSL. It explained that for an implied repeal to exist, there must be an irreconcilable conflict between the new and old laws. In this case, the laws could be harmonized: R.A. No. 9286 allows the BOD to set compensation, but it must still adhere to the SSL's limits. Hence, there was no implied repeal, and the SSL applies to the CCWD General Manager's salary.

****3. Refund of Disallowed Amount:****

The Court decided that Quintero need not refund the disallowed amount because he acted in good faith. At the time of receiving the adjusted salary, there was no clear judicial interpretation stating that LWDs were covered by the SSL. Additionally, Quintero did not personally fix his salary and ceased receiving the higher salary when advised by COA.

Doctrine:

1. ****Non-Immunity from the SSL:**** Local Water Districts (LWDs) must observe the limits set by the Salary Standardization Law (SSL) when fixing the compensation of their General Managers unless explicitly exempted by statute.
2. ****Good Faith Exemption:**** Public officials who received salaries in good faith, under erroneous but bona fide interpretations of the law, are not required to refund disallowed amounts.

Class Notes:

- ****Elements of Implied Repeal:**** An implied repeal occurs when newer laws directly conflict with existing ones in such a way that both cannot stand. The presumption is against implied repeal, favoring the harmonious interpretation of statutes.
- ****Good Faith and Public Fund Disallowances:**** A public official who receives compensation through an erroneous interpretation of law but does not act in bad faith is typically exempt from the obligation to refund the disallowed amount.
- ****Compensation Standardization:**** Public sector compensation is generally standardized

by the Salary Standardization Law, requiring legislative clarity to exempt specific entities.

Historical Background:

The case reflects the ongoing balance between local governance autonomy and centralized regulatory frameworks in the Philippines. The Salary Standardization Law aimed to create consistency in public sector wages; however, exceptions and varying interpretations led to this legal conflict, highlighting the need for clear legislative guidelines and the challenges local entities face in navigating national standards.