

GONZALO PUYAT & SONS, INC., PETITIONER, VS. THE HON. AUDITOR GENERAL AND THE SUGAR QUOTA ADMINISTRATION, RESPONDENTS.

G.R. No. L-22197. October 31, 1969

Ponente: SANCHEZ, J.

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SANCHEZ, J.:

Gonzalo Puyat & Sons, Inc. (Puyat, for short) seeks a review of the Auditor General's refusal to entertain Puyat's claim for alleged unpaid rentals against the Sugar Quota Administration (SQA). The Auditor General predicated his ruling upon the ground that he had already previously decided the question and that his decision had become final.

The facts of this case are:

On December 15, 1961, a lease contract was executed between Puyat as lessor and SQA as lessee. Subject matter thereof was the third floor of Gonzalo Puyat building at Escolta, corner David Street, Manila. The lease was to run for one year beginning December 15, 1961. The monthly rental, payable in advance within the first 10 days of each calendar month, was P4, 650.

On October 30, 1962, Puyat formally notified SQA that it did not intend to renew the contract of lease expiring on December 15, 1962 and that SQA should turn over the premises to Puyat upon expiration of the lease. On November 28, 1962, SQA advised Puyat by letter that it "is vacating the premises officially as of midnight on Friday, November 30, 1962." SQA there requested that Puyat's representative be around the pre-mises when SQA moves out. On December 1, 1962, one Bienvenido Jose, allegedly a representative of Puyat, received possession of the leased premises from SQA "in good condition".

But on December 5, 1962, Puyat, through counsel, wrote SQA stating that the latter's request for "the payment of rentals up to November 30, 1962 only" was denied and demand-ing that rental up to December 15, 1962, the expiry date of the lease, be paid.

On December 18, 1962, Puyat wrote the Auditor of SQA, Benjamin Costes, requesting him "to cause immediate settlement" of its claim for unpaid rental for the period December 1-15, 1962 in the amount of P2, 325. Puyat relies on the term of the lease. The SQA Auditor in turn forwarded, by 1st indorsement, Puyat's letter to the Acting Administrator of SQA on December 20, 1962. Upon the 2nd indorsement of December 27, 1962, SQA's Acting Administrator returned to SQA's Auditor Puyat's letter together with a copy of SQA's letter to the Auditor General of the same date and the memorandum of the SQA Legal Officer. In its letter to the Auditor General, SQA explained that no provision in the contract there was that SQA could not vacate the premises within the one year period; that SQA expected that it would occupy the leased premises for as long as it needed the same; that SQA had to leave the Puyat building on November 30, 1962 because it could only transfer to Doña Maria Building at Buendia Avenue, Makati, Rizal, with the condition that SQA transfer immediately; and that the premises were accepted in good condition by Puyat. By 3rd indorsement of February 4, 1963, the SQA Auditor

forwarded Puyat's claim to the Auditor General.

On March 7, 1963, Deputy Auditor General Jesus Iriarte, by 4th indorsement to the SQA Auditor, ruled "that the Sugar Quota Administration is not liable to pay rental for the unexpired portion of the within lease contract corresponding to the period from December 1 to 15, 1962."

Notice of this decision by the Deputy Auditor General was received by Puyat, through counsel, on March 26, 1963.

On June 8, 1963, Puyat, this time represented by new counsel, wrote the Auditor General asking for payment of its claim against SQA. Puyat there conceded that SQA vacated the premises "fifteen (15) days before the expiry date of the lease contract" but questioned for the first time the authority of the person who received the premises from SQA on December 1, 1962.

On July 12, 1963, the Deputy Auditor General, acting on Puyat's letter of June 8, 1963, ruled that his office "has already rendered a decision on the said claim under its 4th indorsement dated March 7, 1963" which was received by Puyat's counsel on March 26, 1963; that since Puyat did not appeal from the said decision within the reglementary period of 30 days from notice under Commonwealth Act 327, the same had already become final and executory; and that, accordingly, Puyat's claim could no longer be entertained.

Reconsideration having been denied, Puyat registered the present petition for review.

1. It may be well to start with the statement that the Auditor General is a constitutional officer[1] called upon "to examine, audit, and settle all accounts pertaining to the revenues and receipts from whatever source, x x x and audit, in accordance with law and administrative regulations, all expenditures of funds or property pertaining to x x x the Government or the provinces or municipalities thereof." [2] Pursuant to Section 534 of the Revised Administrative Code, as amended by Republic Act 2266, the Auditor General is the ex-officio auditor of all corporations, owned or controlled by the Philippine Government as well as all other self-governing boards, commissions, or agencies of the government. SQA is an agency of the Philippine Government. [3]

2. Did Puyat file a claim upon which the disputed Auditor General's decision was rendered? To be recalled is that as early as December 18, 1962, Puyat wrote SQA Auditor Benjamin Costes asking for immediate settlement of its claim against SQA for unpaid rental for the period from "December 1-15, 1962" amounting to P2,325. Puyat there contended that the "contract [of lease] states clearly that the lease is for one (1) year and that therefore the rentals for the premises must be up to the expiry date of the contract of lease." A controversy was thus generated between Puyat and SQA. Because having surrendered the premises on December 1, it was SQA's contention that there was no rental payment due for the period December 1-15, 1962 in the amount of P2,325. By law, that controversy had to be decided by the Auditor General.

The first problem that crops up is whether the December 18, 1962 letter of Puyat's counsel to the SQA Auditor is a claim properly filed. The Auditor of SQA is a representative of the Auditor General, [4] not an employee of SQA. The nature of his office indeed prevents him from being an SQA employee. In fact, he is under the supervision and control of, and receives orders and instructions from, the Auditor General. [5] Stated the other way, the SQA Auditor is but an officer of the General Auditing Office, a subordinate of the Auditor General. [6]

Puyat filed his claim with the SQA Auditor. SQA's Auditor is a representative of the Auditor General in SQA. Therefore, the claim filed by Puyat was a claim filed with the Auditor General.

3. Correctly did the SQA Auditor refer the Puyat claim to SQA. Not only is this proper; the law authorizes him to do so. [7] With SQA's comment, the matter was then submitted by SQA's Auditor to the Auditor General. No

question of fact was involved. The undisputed facts are there: The contract calls for the termination of the lease on December 15, 1962. Puyat, the lessee, notified SQA that the contract would not be renewed. SQA in turn wrote Puyat that it would vacate the premises on November 30, 1962 and that someone be sent by Puyat to receive the premises. On December 1, SQA turned over the premises to one Bienvenido Jose, who purportedly was Puyat's representative. It is upon these facts that the Auditor General ruled out Puyat's rental claim for December 1-15, 1962.

4. But Puyat says that the 4th indorsement of the Deputy Auditor General of March 7, 1963 is not a decision but a mere opinion. A sufficient answer to this contention is that an indorsement of the Auditor General deciding a controversy is a decision.^[8] There is the controversy: Puyat's claim for unpaid rentals and opposition thereto by SQA. There is the Auditor General empowered by law to resolve that claim. And, the Auditor General did decide that SQA "is not liable to pay" such rental. That a decision has been reached is emphasized by the last paragraph of the 4th indorsement, thus: "The date claimant receives notice of this decision should be made of record." All the elements of a judgment are there: the controversy, the authority to decide, and the decision. After all, a judgment is the law's final word pronounced by a competent authority in a controversy submitted to it.^[9]

5. In its proper sequence, the next problem to be resolved is whether or not the Auditor General's decision of March 7, 1963 has become final. Notice of this decision was received by counsel for Puyat on the 26th of March. It is true that Puyat, on June 8, 1963, wrote the Auditor General presenting its claim for the same rentals subject of the Auditor General's decision of March 7, 1963. That came too late. By constitutional precept, "[w]hen the aggrieved party is a private person or entity, an appeal from the decision of the Auditor General may be taken directly to a court of record in the manner provided by law."^[10] It is in implementation of this constitutional authority that Section 2, Commonwealth Act 327, did provide that such aggrieved private person may take an appeal in writing to the Supreme Court of the Philippines, "within thirty days from receipt of the decision." Complementary thereto is Section 1, Rule 44, of the Rules of Court which directs that an appeal from a final decision of the General Auditing Office shall be taken within thirty (30) days from notice of such decision.

Since no appeal from the decision of the Auditor General has been taken by Puyat within the 30-day period from March 7, 1963, that decision has become final. Denial of a second claim certainly does not revive the right to appeal.^[11]

6. Puyat cries lack of due process - denial of opportunity to be heard.

We look back at Puyat's claim of December 18, 1962 filed with the Auditor of SQA. We find that such claim was predicated upon undisputed facts, namely, although the premises were vacated by SQA on December 1, the lease contract calls for a term which was to expire on December 15. Puyat then averred that it was the contract that must have to be followed; and that, therefore, it is entitled to rentals from December 1 to December 15 in the sum of P2,325. A pure question of law was thus raised.

In the aforesaid claim filed by Puyat with the Auditor of SQA on December 18, 1962, no intimation was ever made of the alleged fact that Bienvenido Jose, who received the premises on December 1, 1962, was without authority to receive the same from SQA. The first time that assertion was ever made that this man was "a person devoid of any authority to represent" Puyat was on June 8, 1963, when the new attorneys of Puyat wrote the Auditor General. At that time, the Auditor General's decision of March 7, 1963 had become final. Because, Puyat's former counsel did not appeal within the 30-day period which expired on April 25, 1963.

No factual issue as to the authority of Bienvenido Jose may thus be belatedly asserted to enable Puyat to claim right to a hearing. First, because that question was never raised prior to the decision; and second, Puyat has had opportunity to raise the same within the 30-day period following receipt of notice of the decision. Which was not

done. All that due process requires is an opportunity to be heard. Puyat cannot now complain of lack of due process.[12]

For the reasons given, judgment is hereby rendered affirming the decision of the Deputy Auditor General of March 7, 1963 and his ruling of July 12, 1963 declaring that Puyat's claim "of June 8, 1963 may no longer be entertained."

Costs against petitioner.

SO ORDERED.

Concepcion, C.J., Reyes, J.B.L., Dizon, Makalintal, Zaldivar, Castro, Fernando, Teehankee, and Barredo, JJ., concur.

[1] Section 1, Article XI, Constitution.

[2] Section 2, id.

[3] Commonwealth Act 236; Executive Order No. 118 dated September 16, 1937; Executive Order No. 94, dated October 4, 1947; Executive Order No. 392 dated December 31, 1950.

[4] Section 584, Revised Administrative Code, as amended by Republic Act 2266.

[5] *Batungbakal vs. National Development Company*, 93 Phil. 182, 191; *National Marketing Corporation vs. Court of Industrial Relations* (1963), 7 SCRA 125, 131; *De la Rea vs. Subido* (1968), 22 SCRA 953, 965.

[6] *Francia vs. Pecson*, 87 Phil. 100, 110-111.

[7] Section 1, Commonwealth Act 327.

[8] *Espino vs. Gimenez* (1964), 10 SCRA 757, 758-759, 764-765.

[9] *Gotamco vs. Chan Seng*, 46 Phil. 542, 550; 49 C.J.S., p. 25.

[10] Section 3, Article XI, Constitution.

[11] *Sambo vs. Auditor General*, 105 Phil. 1257. See also: *Espino vs. Gimenez*, *supra*; *Smith, Bell & Co. (Phils.), Inc. vs. Gimenez* (1963), 8 SCRA 407, 410-413.

[12] *Batangas Laguna Tayabas Bus Company vs. Cadio* (1968), 22 SCRA 987, 994, citing authorities. See also: *Philippine Long Distance Telephone Company vs. Public Service Commission* (1968), 26 SCRA 427, 433; *Hernando vs. Francisco* (1966), 17 SCRA 82, 90, citing *Cornejo vs. Gabriel*, 41 Phil. 188.

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