

HOME DEVELOPMENT MUTUAL FUND REPRESENTED BY ITS ACTING PRESIDENT AND CHIEF EXECUTIVE OFFICER, ATTY. ROMERO FEDERICO S. QUIMBO, PETITIONER, VS. COMMISSION ON AUDIT REPRESENTED BY...

G.R. No. 157001. October 19, 2004

Ponente: CARPIO, J.

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CARPIO, J.:

The Case

Before the Court is a special civil action for certiorari[1] to reverse the Decision dated 22 August 2002[2] and the Resolution dated 30 January 2003[3] of the Commission on Audit (“COA”). The COA sustained the decision of the Corporate Audit Office, which affirmed the disallowance of payment of amelioration allowance by the Home Development Mutual Fund (“HDMF”) to the DBP Service Corporation (“DBPSC”) personnel.

The Antecedent Facts

The HDMF is a government-owned and controlled corporation created under Presidential Decree No. 1752 (“PD 1752”),[4] as amended. On 25 March 1995, the HDMF entered into a Contract for Manpower Services with DBPSC for a period starting from 1 January 1995 to 31 December 1995 (“1995 Contract”). On 2 May 1996, the HDMF renewed the Contract for another year under the same terms and conditions, from 1 January 1996 to 31 December 1996 (“1996 Contract”). The HDMF again renewed the Contract on 18 March 1997 for a period starting from 1 January 1997 to 31 December 1997 (“1997 Contract”). The Contracts provide that DBPSC shall supply HDMF temporary manpower services, such as the services rendered by clerks, encoders, messengers and janitors, in accordance with the schedules required by HDMF.

On 2 June 1997, the HDMF Board of Trustees approved Resolution No. 1313, Series of 1997, granting amelioration allowance to its employees, including the DBPSC personnel assigned to its head office. The grant covered employees who were in HDMF’s service on 31 December 1996, provided they were still in the service at the time of its approval. The amelioration allowance was chargeable against HDMF’s 1996 approved budget.[5] The amelioration allowance, equivalent to one month basic salary but not less than P10,000, was released on 24 June 1997.

On 29 September 1997, State Auditor IV Delma M. Villaflor conducted a post audit of the payment of P1,376,666.67 amelioration allowance to the DBPSC personnel. She found that there was no legal basis for the grant of such allowance to employees of an independent contractor and thus disallowed the same.[6]

The HDMF sought to lift the notice of disallowance in a letter dated 21 October 1997 addressed to Corporate Auditor Winnie Rose H. Encallado (“Encallado”).[7] Encallado replied in a letter dated 12 November 1997 to HDMF President and Chief Executive Officer, Ms. Zorayda Amelia C. Alonzo (“Alonzo”), that she would not reconsider the disallowance. Encallado advised Alonzo to seek further remedy with the COA by an appeal.[8]

Alonzo again moved for the reconsideration of the disallowance in a letter dated 13 February 1998 to then COA Chairman Celso D. Gangan.[9] The COA, in a letter dated 24 April 1998 sent by Commission Secretary Sofronio L. Flores, Jr., returned Alonzo's letter "without action" for failure to comply with the provisions of the 1997 Revised Rules of Procedure of the Commission on Audit.[10]

Alonzo wrote another letter dated 8 May 1998 to Encallado, justifying the grant of the amelioration allowance and requesting reconsideration of the disallowance.[11] Encallado denied Alonzo's request in a letter dated 15 May 1998, and recommended recourse by appeal to the Director of the Corporate Audit Office I pursuant to the 1997 Revised Rules of Procedure of the COA.[12]

Alonzo filed a notice of appeal dated 20 May 1998.[13]

On 29 December 1998, the Corporate Audit Office ("CAO") rendered a Decision denying HDMF's appeal.[14] The CAO ruled:

This Office finds the foregoing contentions untenable. The doctrine of autonomy of contracts is not challenged in the case at bar. Records show that the Contract for Manpower Services dated March 18, 1997 which is being cited by Appellant to have contained stipulations that HDMF could grant additional benefits to DBPSC personnel is the Renewal Service Contract for the year 1997. This is the pivotal point in this case since COA Auditor asserts that what has been paid on June 24, 1997 was the amelioration allowance for 1996. And this is corroborated by the Affidavit dated October 17, 1997 of Mr. Vicente D. Julian, Jr. who is the Chief of Division of the Benefits and Compensation, Human Resources Management and Development Department, HDMF, that the proposal and subsequent Board Approval (Board Resolution No. 1313, series 97) for the grant of an amelioration allowance covers employees of the Fund as of December 31, 1996.

It is worth stressing that the 1996 Renewal Contract for Manpower Services did not provide or stipulate that HDMF could grant additional allowance/benefits whatsoever to DBPSC personnel who are under contract with HDMF.

Assuming arguendo that what has been paid on June 24, 1997 was the 1997 amelioration allowance, still the same is bereft of legal basis since Administrative Order No. 365 dated October 10, 1997 which authorized the grant of amelioration assistance to government personnel expressly prohibits payment of said benefit to those serving under service contract (Section 1, AO 365). Such being the case, the principle of vested right cannot be invoked since there is no legal right to receive the allowance in question.

Premises considered, the within appeal of the Home Development Mutual Fund (HDMF) is hereby denied. Accordingly, the disallowance on the payment of amelioration allowance to DBP Service Corporation personnel assigned at HDMF embodied under ND No. 97-006-101(97) in the aggregate amount of P1,376,666.67 is hereby affirmed. Likewise, ND No. 97-001-101(97) which pertains to amelioration allowance paid to DBPSC personnel assigned at HDMF Baclaran Branch is affirmed.[15]

Dissatisfied with the decision, the HDMF appealed to the COA for relief through a petition for review.

The Ruling of the Commission on Audit

In its decision dated 22 August 2002, the COA affirmed the disallowance of amelioration benefits to DBPSC personnel. The COA ruled:

The Director, Corporate Audit Office I correctly opined that under Section 2 of Administrative Order No. 365, all Heads of NGA's, LGU's including GOCC's and GFI's as well as their governing boards are enjoined and prohibited from authorizing/granting amelioration assistance or any other similar benefit without prior approval and authorization as specifically provided by the Office of the President. Granting that Administrative Order No. 365 is not applicable in this case, petitioner's contention on the legality of the payment of

amelioration allowance is largely dependent on its contract with DBPSC. The Contract for Manpower Services dated March 18, 1997 cited by petitioner to have contained stipulations that HDMF could grant additional benefits to DBPSC personnel is actually the Renewal Service Contract for the year 1997. The Original Service Contract in 1995 as well as the Renewal Contract for 1996 did not contain any stipulation that DBPSC personnel are allowed to receive benefits from HDMF. Records, however, disclosed that in an affidavit dated October 17, 1997 executed by the Chief of Division of the Benefits and Compensation, Human Resources Management and Development of the HDMF, what has been paid on June 24, 1997 using the 1997 funds was the amelioration allowance for the year 1996. Moreover, it is without doubt that the HDMF Board of Trustees possesses the usual corporate powers for their effective governance. However, unlike private corporations, government corporations are circumscribed by laws which limit their governing boards' power in the adoption of rules and regulations as well as the authorization of expenditures. Every expenditure must have a legal basis and should not be contrary to law, rules and regulations. The use of 1997 funds to pay amelioration allowance for the previous year without prior approval of the Office of the President is contrary to laws, rules and regulations.[16]

WHEREFORE, premises considered, the instant petition for review is hereby denied for lack of merit. Accordingly, the disallowance of the amelioration allowance granted to DBPSC personnel in the total amount of P1,376,666.67 is hereby affirmed.[17]

In a resolution dated 30 January 2003, the COA denied HDMF's motion for reconsideration and affirmed with finality its decision, prompting HDMF to come to this Court for relief.

The Issues

In its memorandum, HDMF raises the following issues:

- Whether Administrative Order No. 365 issued on October 10, 1997, which expressly prohibits the payment of amelioration allowance to those serving under service contract, has retroactive effect to the payment made on June 24, 1997;
- Whether the payment made in 1997 of the amelioration allowance for 1996, based on the stipulation for such benefit in the 1997 contract, is valid;
- Assuming that the COA correctly disallowed the amelioration allowance for lack of legal basis, whether the COA should nevertheless allow such payment in audit since HDMF paid the amelioration allowance to the employees in good faith.[18]

HDMF points out that it paid the amelioration allowance to the DBPSC personnel on 24 June 1997. Administrative Order No. 365 ("AO 365"),[19] prohibiting the payment of amelioration allowance to persons serving under service contracts, was issued only on 10 October 1997. Hence, AO 365 cannot apply retroactively to the payment of amelioration allowance in 1996. HDMF asserts that the payment of amelioration allowance to DBPSC personnel was part of its contractual obligation in the 1997 Contract. Finally, HDMF maintains that the employees should retain the amelioration allowance already paid following the ruling of this Court in *Association of Dedicated Employees of the Philippine Tourism Authority v. COA*. [20]

The COA[21] asserts that while the Contract between HDMF and DBPSC is the law between the contracting parties, the Contract cannot prevail over existing laws and regulations. Further, the COA insists that HDMF did not raise the defense of good faith in the proceedings below. The COA also argues that the case HDMF cites is not applicable to the present case for two reasons. First, the COA does not seek to make the HDMF officers personally liable for the refund of the amelioration allowance. Second, the DBPSC personnel are not government employees while the employees in *Association of Dedicated Employees of the Philippine Tourism Authority* were government employees. The COA also points out that existing laws limit the power of the governing boards of

government corporations to promulgate rules, adopt budgets and authorize expenditures.

The Ruling of the Court

The petition is partly meritorious.

The COA correctly ruled that the grant of amelioration allowance to DBPSC personnel has no legal basis.

The Applicability of Administrative Order No. 365

AO 365 authorized the grant of amelioration assistance to all government personnel for the fiscal year 1997, and prohibited payments of similar benefits in future years unless authorized by the President. AO 365 provides:

SECTION 1. All National Government Agencies, Government-Owned and Controlled Corporations (GOCCs) and Government Financial Institutions (GFIs), and Local Government Units are hereby authorized to grant Amelioration Assistance in the maximum amount of Seven Thousand Two Hundred Pesos (P7,200) each to their personnel, regardless of salary and appointment status, who have rendered at least four (4) months of service as of the payment of the said benefit except those serving under service contract.

Personnel who rendered less than four (4) months of service shall be entitled to an amount proportionate to the actual service rendered while part-time personnel shall be entitled to one-half (1/2) of the benefit of a full-time personnel.

SECTION 2. Heads of NGAs, LGUs including GOCCs and GFIs as well as their respective governing boards are hereby enjoined and prohibited from authorizing/granting Amelioration Assistance or any other similar benefit without prior approval and authorization via Administrative Order by the Office of the President. Henceforth, anyone found violating any of the provisions of this Order, including all officials/employees and the COA Resident Auditor of such government entity found to have taken part thereof, shall be accordingly and severely dealt with in accordance with the applicable provisions of existing administrative and penal laws.

Consequently, all administrative authorizations granting any and all forms of additional compensation paid outside of the prescribed basic salary under RA 6758 that are inconsistent with the legislated policy on the matter or are not covered by any legislative action are hereby revoked.

SECTION 3. All government entities which authorized the payment of Amelioration Assistance in 1997 in excess of the amount authorized herein are hereby directed to cause the refund of the excess within a period of three (3) months to commence after the issuance of this Order.

SECTION 4. Entities are hereby allowed to pay the benefit herein authorized out of any available savings for FY 1997. In case of deficiency, the benefit shall be partially and uniformly implemented. No additional funds for the purpose shall be released by the Department of Budget and Management. (Emphasis supplied)

AO 365 took effect on 10 October 1997. The HDMF Board of Trustees approved on 2 June 1997 Resolution No. 1313, Series of 1997, granting the amelioration allowance. A law or regulation has no retroactive application unless the law or regulation expressly provides for retroactivity.[22] Article 4 of the Civil Code is clear on the matter: "Laws shall have no retroactive effect, unless the contrary is provided." The Court explained the reason for the law in *Lopez and Lopez v. Crow*: [23]

x x x According to this provision of law, in order that a law may have retroactive effect it is necessary that an express provision to this effect be made in the law, otherwise nothing should be understood which is not embodied in the law. x x x. Furthermore, it must be borne in mind that a law is a rule established to guide our actions with no binding effect until it is enacted, wherefore, it has no application to past times but only to future time, and that is why it is said that the law looks to the future only and has no retroactive effect unless the legislator may have formally given that effect to some legal provisions.

AO 365 does not provide for any retroactive effect. Besides, AO 365 clearly applies only to FY 1997 since Sections 3 and 4 of AO 365 refer only to amelioration allowance paid in 1997 from “any available savings for FY 1997.” Thus, AO 365 cannot apply to 1996 and prior years.

The Authority of HDMF to Grant Amelioration Allowance

In approving the grant of amelioration allowance, the HDMF relied on Section 2,[24] Rule VIII of the Omnibus Rules (“Omnibus Rules”)[25] Implementing Executive Order No. 292.[26] Section 2 of the Omnibus Rules provides:

SEC. 2. Each department or agency shall prepare a career and personnel development plan which shall be integrated into a national plan by the Commission which shall serve as the basis for all career and personnel development activities in the government. The Career and Personnel Development Plan shall include provisions on merit promotions, performance evaluation; in-service training; overseas and local scholarships and training grants; suggestions, incentive awards systems; provisions for welfare, counseling, recreation and similar services; and other human resource development interventions such as on the job training, counseling, coaching, job rotation, secondment, job swapping and others.

This provision, however, refers to career and personnel development plans. It covers merit promotions, performance evaluation, in-service training, scholarships and training grants, suggestions and incentive awards systems, and provisions for welfare, counseling, recreation and similar services, as well as other human resource development interventions. In granting amelioration allowance to the DBPSC personnel, HDMF stretched the scope of the “welfare provision” beyond its meaning.

The COA points out that Section 2 of the Omnibus Rules does not provide for any grant of allowance. Even if we consider “welfare” as including economic welfare,[27] the grant of amelioration allowance should cover only the regular employees of HDMF. The Omnibus Rules specifically apply only “to all officers and employees both in the career and non-career service.”[28] The DBPSC personnel are neither career nor non-career service employees. They are not even employees of HDMF or the government. They are employees of DBPSC, a private corporation, which temporarily assigned them to HDMF to perform DBPSC’s contractual obligations to HDMF. The 1995 Contract clearly stipulates this, as follows:

02. It is expressly understood and agreed that the employees assigned by DBPSC to the FUND are, for all legal intents and purposes, the employees of DBPSC and not of the FUND, hence the FUND does not maintain any employee-employer relationship with said personnel of DBPSC. However, DBPSC employees assigned to the FUND shall be subject to the latter’s existing office rules, regulations and decorum.[29]

The 1996 and 1997 Contracts reiterated the same stipulation.[30]

HDMF also invokes Section 12 of its charter, Presidential Decree No. 1752, as amended, to support its cause:

SEC. 12.. – The Board shall have the following powers:

x x x

(c) To authorize expenditures of the Fund in the interest of effective administration and operations, to adopt from time to time the budget for said purposes.

Such power, however, is subject to existing laws and does not give the HDMF Board blanket authority to adopt budgets and authorize payments contrary to law.

Presidential Decree No. 985 (“PD 985”),[31] which took effect on 22 August 1976, established “a system of compensation standardization and position classification in the national government for all departments, bureaus,

agencies, and offices including government-owned or controlled corporations and financial institutions.”[32] Section 2 of PD 985 provides that:

x x x notwithstanding a standardized salary system established for all employees, additional financial incentives may be established by government corporation and financial institutions for their employees to be supported fully from their corporate funds and for such technical positions as may be approved by the President in critical government agencies. (Emphasis supplied)

PD 985 authorizes additional financial incentives only to employees of government corporations and financial institutions. Presidential Decree No. 1597 (“PD 1597”),[33] which took effect on 11 June 1978, reiterates the same condition. Section 5 of PD 1597 provides that:

x x x (a)llowances, honoraria and other fringe benefits which may be granted to government employees, whether payable by their respective offices or by other agencies of government, shall be subject to the approval of the President upon recommendation of the Commissioner of the Budget. x x x .

Republic Act No. 6758 (“RA 6758”)[34] further strengthened PD 985 and PD 1597. RA 6758 integrated all allowances, except those enumerated, in the standardized salary rates prescribed, thus:

SEC. 12. Consolidation of Allowances and Compensation. – All allowances, except for representation and transportation allowances; clothing and laundry allowances; subsistence allowance of marine officers and crew on board government vessels and hospital personnel; hazard pay; allowances of foreign service personnel stationed abroad; and such other additional compensation not otherwise specified herein as may be determined by the DBM, shall be deemed included in the standardized salary rates herein prescribed. Such other additional compensation, whether in cash or in kind, being received by incumbents only as of July 1, 1989 not integrated into the standardized salary rates shall continue to be authorized.

True, RA 6758 does not specifically prohibit the grant of other allowances. However, Section 21 of RA 6758 provides that the provisions of PD 985 and PD 1597, which are not expressly modified, repealed or otherwise inconsistent with RA 6758 shall remain in effect.

Finally, on 31 May 1988, then President Corazon C. Aquino issued Memorandum Order No. 177.[35] Section 3 of the Memorandum Order provides:

SEC. 3. Compliance with Legal Requirements. – All government-owned or controlled corporations are henceforth required to comply strictly with laws, rules and regulations governing the grant of salary increases, allowances and other benefits to their officials and employees. The head of the corporations shall be held responsible for any unauthorized grant without prejudice to requiring the refund by the employees concerned. (Emphasis supplied)

Clearly, the HDMF Board does not have the authority, except for 1997, to grant amelioration allowance to its own employees. Nothing in any existing law or presidential issuance grants authority to the HDMF Board to pay amelioration allowance to private employees of HDMF’s service contractors.

The Contractual Obligation of HDMF

The HDMF insists that the Contract obligates it to pay amelioration allowance to DBPSC personnel assigned to HDMF.

Contrary to the COA’s impression in its Decision of 22 August 2002, the HDMF did not use its 1997 funds to pay the amelioration allowance for 1996. Vicente D. Julian Jr., Chief of Division of the Benefits and Compensation of the Human Resources Management and Development Department, clarified that the amelioration allowance covers employees as of 31 December 1996 and is chargeable against HDMF’s 1996 approved budget. He

admitted there was an oversight in preparing the budget and the calendar year cited referred to the preparation year of the request instead of the year covered by the amelioration allowance.[36]

Since the amelioration allowance was for the year 1996, the applicable contract was the 1996 Contract, which merely adopted the same terms and conditions of the 1995 Contract. The contractual obligation invoked by HDMF is not part of the 1995 and 1996 Contracts. The contractual obligation is part of the 1997 Contract, which stipulates:

- The FUND, based on HDMF Board approval, may grant additional benefits/emoluments/bonuses to detailed DBPSC personnel. The grant may be in cash or in kind. Given the one-time nature of the grants, these shall not form part of the billing rate.[37]

Considering that the amelioration allowance was for the year 1996, HDMF could not justify extending the allowance to DBPSC personnel by invoking the 1997 contract. The stipulation states that HDMF “may grant additional benefits/emoluments/bonuses to detailed DBPSC personnel.” The use of the word “may” in contrast to “shall” used in the other provisions of the contract show that the grant of additional benefits, emoluments or bonuses is not a mandatory obligation of HDMF.

The 1996 Contract, which is a renewal of the 1995 Contract under the same terms and conditions, provides for the following consideration:

ARTICLE V
CONSIDERATION

01. For and in consideration of the service/s rendered. (sic) The Fund hereby agrees to pay DBPSC the agreed amount in pesos for services rendered in accordance with the statement of billing rates attached herewith as Annex “A” and forming part of the contract. The rate is based on an 8 hour work schedule, from Monday to Friday and includes the ten (10%) percent Value Added Tax. However, the rate shall be adjusted accordingly in case of future government mandated wage increase and other charges upon written request by DBPSC and approved by the FUND;

Provided however, that tardiness, undertime, half-days and absences incurred by the employees assigned to the FUND shall be deducted accordingly from the monthly billing of the DBPSC.

x x x.

ARTICLE VI
MANNER OF PAYMENT/BILLING

x x x

02. DBPSC shall be solely responsible for the payment of the employees’ monthly wages, which shall be paid every 15[th] and end of the month.[38] (Emphasis supplied)

The 1996 Contract does not obligate HDMF to pay the amelioration allowance, which is not a mandated wage increase. The payment of such allowance in 1997 for services rendered in 1996 is an ex gratia payment. Such payment constitutes a gratuity for past services.

The Applicability of *Blaquera v. Alcala*

The COA contends that the HDMF raised the defense of good faith for the first time on appeal. The COA is mistaken. While HDMF invoked the defense of good faith only in the motion for reconsideration before the COA, it is not accurate to say that the HDMF is changing the theory of its case at this late stage of the proceedings. The COA had an opportunity to pass upon the issue. However, the COA did not squarely rule on the defense of good

faith in its resolution of 30 January 2003.

We rule that *Blaquera v. Alcala*[39] applies in this case.

In *Blaquera*, the COA disallowed the productivity incentive bonus granted to officials and employees of different government departments and agencies. However, the Court, finding that the parties acted in good faith, no longer required the government officials and employees to refund the incentive benefits they received, thus:

Considering, however, that all the parties here acted in good faith, we cannot countenance the refund of subject incentive benefits for the year 1992, which amounts the petitioners have already received. Indeed, no indicia of bad faith can be detected under the attendant facts and circumstances. The officials and chiefs of offices concerned disbursed such incentive benefits in the honest belief that the amounts given were due to the recipients and the latter accepted the same with gratitude, confident that they richly deserve such benefits.[40]

In the case before us, the HDMF Board also acted in good faith. The Minutes of the HDMF Board meeting on 2 June 1997 showed that the grant of amelioration allowance originally covered only “direct-hired contractual employees” of the HDMF, or those directly hired by HDMF such as doctors and nurses. The grant of amelioration allowance did not include temporary manpower supplied by agencies like the DBPSC. There was a suggestion to delete the word “direct” to include employees of manpower agencies. A trustee seconded the suggestion in the interest of equity and fair play and on the ground that the DBPSC personnel perform the work normally done by regular employees.

Ma. Clara P. Fragada (“Fragada”), Senior Vice President of the Technical Support Group, also explained to the HDMF trustees that under a provision of the Contract, the HDMF may grant additional benefits or emoluments to DBPSC personnel detailed with the HDMF.[41] Fragada did not specify which contract she was referring to although she was obviously referring to the 1997 Contract.

The HDMF trustees did not bother to check if the contractual stipulation Fragada cited was also part of the 1996 Contract considering that the amelioration allowance was for the year 1996. There was also no evidence that Fragada knew that the stipulation was not in the 1996 Contract. The HDMF trustees were negligent in making a payment for services rendered in 1996 without verifying whether the 1996 Contract required such payment. However, the HDMF trustees did not act with malice or in bad faith in making such payment. They acted in the honest but mistaken belief that the DBPSC personnel may be granted the same benefits accruing to regular HDMF employees. Obviously, the HDMF trustees should have exercised more diligence in their work.

The DBPSC personnel also acted in good faith. It is true that they are not government employees but employees of an independent contractor. However, they performed the work of regular government employees. They received their amelioration allowances believing that they deserved the benefit, which is actually a gratuity since it was an *ex gratia* payment for past services. Hence, applying by analogy the ruling in *Blaquera*, the DBPSC personnel should no longer refund the amelioration allowances they received from HDMF.

WHEREFORE, we AFFIRM with MODIFICATION the Decision dated 22 August 2002 and Resolution dated 30 January 2003 of the Commission on Audit. The personnel of the DBP Service Corporation need not refund the amelioration allowances they received pursuant to Board Resolution No. 1313, Series of 1997.

SO ORDERED.

Davide, Jr., C.J., Puno, Panganiban, Quisumbing, Ynares-Santiago, Sandoval-Gutierrez, Austria-Martinez, Corona, Carpio-Morales, Callejo, Sr., Tinga, Chico-Nazario, and Garcia, JJ., concur.
Azcuna, J., on leave

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- [1] Under Rule 64 of the 1997 Rules of Civil Procedure.
- [2] COA Decision No. 2002-175, signed by COA Chairman Guillermo N. Carague and Commissioners Raul C. Flores and Emmanuel M. Dalman. Rollo, pp. 42-46.
- [3] COA Decision (should be Resolution) No. 2003-024. Rollo, pp. 39-41.
- [4] Home Development Mutual Fund Law of 1980.
- [5] Per affidavit of Vicente D. Julian, Jr., Chief of Division of the Benefits and Compensation, Human Resources Management and Development Department. Rollo, p. 161.
- [6] Rollo, p. 110. The Notice of Disallowance, although unnumbered, was subsequently referred to as COA Notice of Disallowance No. 97-006-101-(97).
- [7] Rollo, pp. 111-112.
- [8] Ibid., pp. 113-115.
- [9] Ibid., pp. 116-117.
- [10] Ibid., p. 118.
- [11] Ibid., pp. 121-123.
- [12] Ibid., pp. 124-127.
- [13] Ibid., pp. 128-129.
- [14] Penned by Director Amorsonia B. Escarda, Director III and Officer-in-Charge of Corporate Audit Office I. Rollo, pp. 47-50.
- [15] Rollo, p. 50.
- [16] The funds used were actually taken from the 1996 budget. See note 5.
- [17] Rollo, pp. 45-46.
- [18] Ibid., pp. 184-185.
- [19] Authorizing the Grant of Amelioration Assistance to All Government Personnel and Prohibiting Payments of Similar Benefits in Future Years Unless Authorized by the President.
- [20] HDMF was actually referring to *Blaquera v. Hon. Alcala* and its companion cases, 356 Phil. 678 (1998).
- [21] Represented by the Office of the Solicitor General.
- [22] See *Republic v. Sandiganbayan*, 355 Phil. 181 (1998).
- [23] 40 Phil. 997 (1919).
- [24] HDMF cited Section 31, Rule VIII of the Omnibus Rules. Petitioner might be referring to Section 31, Chapter 5, Subtitle A, Title I, Book V of Executive Order No. 292 which provides:
- SEC. 31. Career and Personnel Development Plans. – Each department or agency shall prepare a career and personnel development plan which shall be integrated into a national plan by the Commission. Such career and personnel development plans which shall include provisions on merit promotions, performance evaluation,

in-service training, including overseas and local scholarships and training grants, job rotation, suggestions and incentive award systems, and such other provisions for employees' health, welfare, counseling, recreation and similar services.

[25] Rules Implementing Book V of Executive Order No. 292 and Other Pertinent Civil Service Laws.

[26] Administrative Code of 1987.

[27] Welfare, after all, is defined as "well-doing or well-being in any respect; the enjoyment of health and common blessings of life; xxx prosperity; x x x. (Blacks' Law Dictionary, Fifth Edition, p. 1430).

[28] Section 1, Rule I.

[29] Rollo, p. 87.

[30] Ibid., p. 100.

[31] The Budgetary Reform Decree on Compensation and Position Classification of 1976.

[32] Section 2.

[33] Further Rationalizing the System of Compensation and Position Classification in the National Government."

[34] Compensation and Position Classification Act of 1989.

[35] Prescribing the Policies and Guidelines in Rationalizing the Compensation Structures in Certain Government-Owned and/or Controlled Corporations.

[36] Supra, see notes 5 and 16.

[37] Rollo, p. 101.

[38] Ibid., pp. 86-87.

[39] Supra, see note 19.

[40] See also *De Jesus v. Commission on Audit*, G.R. No. 149154, 10 June 2003, 403 SCRA 666.

[41] Rollo, pp. 104-106.

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