

**POMPEYO QUERUBIN, ERIBERTO LOSARIA, MA. AIDA TORRE,
HERNAN MAGLUPAY AND VICENTE PETIERRE, PETITIONERS, VS.
THE REGIONAL CLUSTER DIRECTOR, LEGAL AND ADJUDICATION
OFFICE, COA REGI...**

G.R. No. 159299. July 07, 2004

Ponente: YNARES-SANTIAGO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-159299/>

YNARES-SANTIAGO, J.:

This is a petition for review under Rule 45 of the Revised Rules of Civil Procedure seeking to annul the March 24, 2003 Decision[1] of the Legal and Adjudication Office-Corporate, Commission on Audit (COA), which affirmed the Decision[2] of the Regional Cluster Director, Legal and Adjudication Office, COA Regional Office No. VI, Pavia, Iloilo City, disallowing the payment of allowances and benefits to the Members of the Board of Directors of the Bacolod City Water District (BCWD). Likewise assailed is its June 24, 2003 Resolution[3] which denied petitioners' motion for reconsideration.

The undisputed facts show that pursuant to Resolution No. 313, series of 1995, of the Local Water Utilities Administration (LWUA), petitioners, Members of the Board of the BCWD, received between January 1-December 31, 1999, the following allowances, namely – Personal Economic Relief Allowance (PERA), Representation and Transportation Allowance (RATA), Uniform Allowance, Rice Allowance, Mid-Year Bonus, Centennial Bonus, Extra-ordinary and Miscellaneous Expenses, Anniversary Bonus, Productivity Incentive Bonus, Cash Gift, Amelioration Bonus, and Year End Assistance.[4] The said benefits and allowances were, however, disallowed by the State Auditor in his post-audit of BCWD's 1999 accounts, on the ground that they ran counter to the provision of Section 13 of Presidential Decree No. 198, as amended, otherwise known as the Provincial Water Utilities Act of 1973.

Petitioners appealed to the COA Regional Office No. VI, but the Regional Cluster Director denied the appeal on August 21, 2002.[5] Unfazed, they filed a petition for review[6] with the COA Central Office but the same was likewise denied by the Director of the Legal and Adjudication Office-Corporate in a Decision dated March 24, 2003. The motion for reconsideration filed by petitioners suffered the same fate.

Hence, the instant petition raising the following issues:

Are the allowances and bonuses granted to petitioners prohibited under Section 13 of PD 198, as amended? Should petitioners refund the disallowed disbursements?

These queries have already been settled in the case of *De Jesus v. Commission on Audit*.^[7] Applying *Baybay Water District v. Commission on Audit*,^[8] it was held in *De Jesus* that Section 13 of PD 198, as amended,^[9] categorically forbids the grant of bonuses and allowances other than payment of per diems. *De Jesus* likewise declared that LWUA Resolution No. 313, series of 1995, which grants compensation and other benefits to the members of the Board of Directors of Local Water Districts, is not in conformity with Section 13 of PD 198, as

amended. Nevertheless, it was held therein that the disallowed monetary benefits received by the Board Members concerned in 1997 and 1998 need not be refunded by the recipient Board Members because they received the same before Baybay Water District was promulgated on January 23, 2002. They were therefore of the honest belief that LWUA Board Resolution No. 313 was valid, thus –

This issue was already resolved in the similar case of *Baybay Water District v. Commission on Audit*. In *Baybay Water District*, the members of the board of Baybay Water District also questioned the disallowance by the COA of payment of RATA, rice allowance and excessive per diems. The Court ruled that PD 198 governs the compensation of members of the board of water districts. Thus, members of the board of water districts cannot receive allowances and benefits more than those allowed by PD 198. Construing Section 13 of PD 198, the Court declared: x x x Under S[ection] 13 of this Decree, per diem is precisely intended to be the compensation of members of board of directors of water districts. Indeed, words and phrases in a statute must be given their natural, ordinary, and commonly-accepted meaning, due regard being given to the context in which the words and phrases are used. By specifying the compensation which a director is entitled to receive and by limiting the amount he/she is allowed to receive in a month, and, in the same paragraph, providing “No director shall receive other compensation” than the amount provided for per diems, the law quite clearly indicates that directors of water districts are authorized to receive only the per diem authorized by law and no other compensation or allowance in whatever form.

Section 13 of PD 198 is clear enough that it needs no interpretation. It expressly prohibits the grant of compensation other than the payment of per diems, thus preempting the exercise of any discretion by water districts in paying other allowances and bonuses.

x x x x x x x x

Nevertheless, our pronouncement in *Blaquera v. Alcala* supports petitioners’ position on the refund of the benefits they received. In *Blaquera*, the officials and employees of several government departments and agencies were paid incentive benefits which the COA disallowed on the ground that Administrative Order No. 29 dated 19 January 1993 prohibited payment of these benefits. While the Court sustained the COA on the disallowance, it nevertheless declared that:

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.

This ruling in *Blaquera* applies to the instant case. Petitioners here received the additional allowances and bonuses in good faith under the honest belief that LWUA Board Resolution No. 313 authorized such payment. At the time petitioners received the additional allowances and bonuses, the Court had not yet decided *Baybay Water District*. Petitioners had no knowledge that such payment was without legal basis. Thus, being in good faith, petitioners need not refund the allowances and bonuses they received but disallowed by the COA.

Accordingly, the Court sustains the disallowance of the monetary benefits granted to petitioners Members of the Board of the BCWD in accordance with LWUA Resolution No. 313, series of 1995. Having been granted said allowances and bonuses in 1999, before the Court declared in *Baybay Water District* the illegality of payment of additional compensation other than the allowed per diem in Section 13, of PD 198, as amended, they can thus be considered to have received the same in good faith. Hence, they need not refund them.

One final note. In his Comment, the Solicitor General pointed out that petitioners erroneously sought the review of the Legal and Adjudication Office-Corporate’s Decision and Resolution directly with this Court via Rule 45.

In effect, the Solicitor General would want the Court to deny the petition and order the petitioners to refund the allowances and bonuses disallowed by the COA Auditor. Indeed, COA Memorandum No. 2002-053,[10] states that appeals from the decision of the Legal and Adjudication Office shall be filed with the Commission Secretary and shall be decided by the Commission Proper. Moreover, under Section 2, Rule 64, of the Revised Rules of Civil Procedure, a judgment or final order or resolution of the Commission on Audit may be brought by the aggrieved party to the Supreme Court on certiorari under Rule 65. Nevertheless, we deem it wise to overlook procedural technicalities in order to rule speedily on this case.[11] In the interest of substantial justice, petitioners should not be denied of the Court's favorable ruling in De Jesus modifying the decision of the COA on the matter of refund.

WHEREFORE, in view of all the foregoing, the March 24, 2003 Decision and the June 24, 2003 Resolution of the Legal and Adjudication Office-Corporate, Commission on Audit, which sustained the disallowance of the payment of Personal Economic Relief Allowance (PERA), Representation and Transportation Allowance (RATA), Uniform Allowance, Rice Allowance, Mid-Year Bonus, Centennial Bonus, Extra-ordinary and Miscellaneous Expenses, Anniversary Bonus, Productivity Incentive Bonus, Cash Gift, Amelioration Bonus, and Year End Assistance to petitioners Members of the Board of Bacolod City Water District, are **AFFIRMED** with the **MODIFICATION** that petitioners need not refund said additional compensation received in the year 1999, per Resolution No. 313, series of 1995, of the Local Water Utilities Administration.

No costs.

SO ORDERED.

Davide, Jr., C.J., Puno, Vitug, Panganiban, Quisumbing, Sandoval-Gutierrez, Carpio, Austria-Martinez, Corona, Carpio-Morales, Callejo, Sr., Azcuna, and Tinga, JJ., concur.

[1] Rollo, p. 25.

[2] Id., p. 70.

[3] Id., p. 29.

[4] The total disallowance for each petitioner Director are as follows: Pompeyo Querubin – P261,702.92; Eriberto Losaria – P224,274.10; Herman Maglupay – P276,488.52; Ma. Aida Torre – P140,369.10 and Vicente Petierre – P103,578.00 (Rollo, p. 70).

[5] Rollo, p. 70.

[6] Id., p. 75.

[7] G.R. No. 149154, 10 June 2003.

[8] G.R. Nos. 147248-49, 23 January 2002, 374 SCRA 482.

[9] Section 13 of PD 198, as amended, reads as follows:

Compensation. – Each director shall receive a per diem, to be determined by the board, for each meeting of the board actually attended by him, but no director shall receive per diems in any given month in excess of the equivalent of the total per diems of four meetings in any given month. No director shall receive other compensation for services to the district.

Any per diem in excess of P50 shall be subject to approval of the Administration. (Emphasis supplied)

[10] Effective September 1, 2002.

[11] Spouses Go v. Tong, G.R. No. 151942, 27 November 2003.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.