MANOLITO AGRA, EDMUNDO P. AGUILAR, IMELDA I. AMERICA, EVELYN R. CONCEPCION, DIOSDADO A. CORSIGA, PERCIVAL G. CRISOSTOMO, CESAR E. FAELDON, MA. REGINA C. FILOTEO, ZARINA O. HIPOL...

G.R. No. 167807. December 06, 2011

Ponente: LEONARDO-DE CASTRO, J.

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LEONARDO-DE CASTRO, J.:

This is a special civil action via certiorari under Rule 65 in relation to Rule 64 of the 1997 Revised Rules of Civil Procedure from the Decision [1] of the Commission on Audit (COA) No. 2003-134 dated October 9, 2003, which denied the grant of rice allowance to employees of the National Electrification Administration (NEA) who were hired after June 30, 1989 (petitioners) and COA's Resolution [2] No. 2005-010 dated February 24, 2005, which likewise denied petitioners' Motion for Reconsideration.

On July 1, 1989, Republic Act No. 6758 (the Compensation and Position Classification Act of 1989) took effect, Section 12 of which provides:

> 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.
>
> Existing additional compensation of any national government official or employee paid from local funds of a local government unit shall be absorbed into the basic salary of said official or employee and shall be paid by the National Government. (Emphasis ours.)

Pursuant to its authority to implement Republic Act No. 6758 under Section 23 thereof, the Department of Budget and Management (DBM) on October 2, 1989 issued Corporate Compensation Circular No. 10 (DBM-CCC No. 10), otherwise known as the "Implementing Rules and Regulations of R.A. No. 6758." Paragraph 5.5 of DBM-CCC No. 10 reads:

> 5.5 The following allowances/fringe benefits authorized to GOCCs/GFIs pursuant to the aforementioned issuances are not likewise to be integrated into the basic salary and allowed to be continued only for incumbents of positions as of June 30, 1989 who are authorized and actually receiving said allowances/benefits as of said date, at the same terms and conditions prescribed in said issuances[:]
> 5.5.1 Rice Subsidy;
> 5.5.2 Sugar Subsidy;
> 5.5.3 Death Benefits other than those granted by the GSIS;
> 5.5.4 Medical/dental/optical allowances/benefits;

5.5.5 Children's Allowance;
5.5.6 Special Duty Pay/Allowance;
5.5.7 Meal Subsidy;
5.5.8 Longevity Pay; and
5.5.9 Teller's Allowance. (Emphasis added.)

A group of NEA employees who were hired after October 31, 1989 [3] claimed that they did not receive meal, rice, and children's allowances. Thus, on July 23, 1999, they filed a special civil action for mandamus against NEA and its Board of Administrators before the Regional Trial Court (RTC), Branch 88, Quezon City, docketed as SP. Civil Action No. Q-99-38275, alleging violation of their right to the equal protection clause under the Constitution.

On December 15, 1999, the RTC rendered its Decision [4] in their favor, disposing of the case in the following manner:

> WHEREFORE, foregoing considered, the petition is hereby GRANTED directing the respondent NEA, its Board of Administrators to forthwith settle the claims of the petitioners and other employees similarly situated and extend to them the benefits and allowances to which they are entitled but which until now they have been deprived of as enumerated under Section 5 of DBM CCC No. 10 and their inclusion in the Provident Funds Membership, retroactive from the date of their appointments up to the present or until their separation from the service. [5]

At the instance of the complainants, the Branch Clerk of Court of RTC Branch 88, Quezon City, Lily D. Labarda, issued a CERTIFICATION [6] dated January 24, 2000, which states:

> This is to certify that the Decision dated December 16, 1999 [7] of the above-entitled case which reads the dispositive portion:
>
> x x x x
>
> is now final and executory.

This certification [is] issued upon the request of Ms. Blesilda B. Aguilar for whatever legal purpose/s it may serve. [8]

Afterwards, the Presiding Judge of RTC Branch 88, Quezon City issued a Writ of Execution [9] in SP. Civil Action No. Q-99-38275 on February 22, 2000. [10] Thereafter, the RTC issued a Notice of Garnishment against the funds of NEA with Development Bank of the Philippines (DBP) to the extent of P16,581,429.00. [11]

NEA questioned before the Court of Appeals the Orders of the lower court, and the case was docketed as CA-G.R. SP No. 62919. On July 4, 2002, the Court of Appeals rendered a Decision [12] declaring null and void the December 11, 2000 Resolution as well as the January 8, 2001 Order of the RTC, and ordering the implementation of a writ of execution against the funds of NEA. Thus, NEA filed a Petition for Review on Certiorari with this Court, docketed as G.R. No. 154200. Meanwhile, the RTC held in abeyance the execution of its December 15, 1999 Decision pending resolution of this Court of the review on certiorari in National Electrification Administration v. Morales. [13]

On July 24, 2007, this Court reversed and set aside the Court of Appeals decision and described the subsequent events relating to the case in this manner [14]:

> Meanwhile, in a letter dated June 28, 2000, former DBM Secretary Benjamin E. Diokno informed NEA Administrator Conrado M. Estrella III of the denial of the NEA request for a supplemental budget on the ground that the claims under R.A. No. 6758 which the RTC had ordered to be settled cannot be paid because

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> Morales, et al. are not "incumbents of positions as of July 1, 1989 who are actually receiving and enjoying such benefits."
>
> Moreover, in an Indorsement dated March 23, 2000, the Commission on Audit (COA) advised NEA against making further payments in settlement of the claims of Morales, et al. Apparently, COA had already passed upon claims similar to those of Morales, et al. in its earlier "Decision No. 95-074" dated January 25, 1995. Portions of the Indorsement read as follows:
>
> This Office concurs with the above view. The court may have exceeded its jurisdiction when it entertained the petition for the entitlement of the after-hired employees which had already been passed upon by this Commission in COA Decision No. 95-074 dated January 25, 1995. There, it was held that: "the adverse action of this Commission sustaining the disallowance made by the Auditor, NEA, on the payment of fringe benefits granted to NEA employees hired from July 1, 1989 to October 31, 1989 is hereby reconsidered. Accordingly, subject disallowance is lifted."
>
> Thus, employees hired after the extended date of October 31, 1989, pursuant to the above COA decision cannot defy that decision by filing a petition for mandamus in the lower court. Presidential Decree No. 1445 and the 1987 Constitution prescribe that the only mode for appeal from decisions of this Commission is on certiorari to the Supreme Court in the manner provided by law and the Rules of Court. Clearly, the lower court had no jurisdiction when it entertained the subject case of mandamus. And void decisions of the lower court can never attain finality, much less be executed. Moreover, COA was not made a party thereto, hence, it cannot be compelled to allow the payment of claims on the basis of the questioned decision.
>
> PREMISES CONSIDERED, the auditor of NEA should post-audit the disbursement vouchers on the bases of this Commission's decision particularly the above-cited COA Decision No. 94-074 [sic] and existing rules and regulations, as if there is no decision of the court in the subject special civil action for mandamus. At the same time, management should be informed of the intention of this Office to question the validity of the court decision before the Supreme Court through the Office of the Solicitor General.

Parenthetically, the records at hand do not indicate when Morales, et al. were appointed. Even the December [15], 1999 RTC Decision is vague for it merely states that they were appointed after June 30, 1989, which could mean that they were appointed either before the cut-off date of October 31, 1989 or after. Thus, there is not enough basis for this Court to determine that the foregoing COA Decision No. 95-074 adversely affects Morales, et al.. Moreover, the records do not show whether COA actually questioned the December 16, 1999 RTC Decision before this Court. [15]

The Court ruled that respondents therein could not proceed against the funds of NEA "because the December [15], 1999 RTC Decision sought to be satisfied is not a judgment for a specific sum of money susceptible of execution by garnishment; it is a special judgment requiring petitioners to settle the claims of respondents in accordance with existing regulations of the COA." [16] The Court further held as follows:

> In its plain text, the December [15], 1999 RTC Decision merely directs petitioners to "settle the claims of [respondents] and other employees similarly situated." It does not require petitioners to pay a certain sum of money to respondents. The judgment is only for the performance of an act other than the payment of money, implementation of which is governed by Section 11, Rule 39 of the Rules of Court, which provides:
>
> Section 11. Execution of special judgments. - When a judgment requires the performance of any act other than those mentioned in the two preceding sections, a certified copy of the judgment shall be attached to the writ of execution and shall be served by the officer upon the party against whom the same is rendered, or upon any other person required thereby, or by law, to obey the same, and such party or person may be punished for contempt if he disobeys such judgment.
>
> x x x x

Garnishment is proper only when the judgment to be enforced is one for payment of a sum of money.

The RTC exceeded the scope of its judgment when, in its February 22, 2000 Writ of Execution, it directed petitioners to "extend to [respondents] the benefits and allowances to which they are entitled but which until now they have been deprived of as enumerated under Sec. 5 of DBM CCC No. 10 and x x x to cause their inclusion in the Provident Fund Membership." Worse, it countenanced the issuance of a notice of garnishment against the funds of petitioners with DBP to the extent of P16,581,429.00 even when no such amount was awarded in its December 16, 1999 Decision.

However, in its subsequent Orders dated May 17, 2000 and January 8, 2001, the RTC attempted to set matters right by directing the parties to now await the outcome of the legal processes for the settlement of respondents' claims.

That is only right.

Without question, petitioner NEA is a GOCC -- a juridical personality separate and distinct from the government, with capacity to sue and be sued. As such GOCC, petitioner NEA cannot evade execution; its funds may be garnished or levied upon in satisfaction of a judgment rendered against it. However, before execution may proceed against it, a claim for payment of the judgment award must first be filed with the COA.

Under Commonwealth Act No. 327, as amended by Section 26 of P.D. No. 1445, it is the COA which has primary jurisdiction to examine, audit and settle "all debts and claims of any sort" due from or owing the Government or any of its subdivisions, agencies and instrumentalities, including government-owned or controlled corporations and their subsidiaries. With respect to money claims arising from the implementation of R.A. No. 6758, their allowance or disallowance is for COA to decide, subject only to the remedy of appeal by petition for certiorari to this Court.

All told, the RTC acted prudently in halting implementation of the writ of execution to allow the parties recourse to the processes of the COA. It may be that the tenor of the March 23, 2000 Indorsement issued by COA already spells doom for respondents' claims; but it is not for this Court to preempt the action of the COA on the post-audit to be conducted by it per its Indorsement dated March 23, 2000.

In fine, it was grave error for the CA to reverse the RTC and direct immediate implementation of the writ of execution through garnishment of the funds of petitioners,

WHEREFORE, the petition is GRANTED. The July 4, 2002 Decision of the Court of Appeals is REVERSED and SET ASIDE. The Resolution dated December 11, 2000 and Order dated January 8, 2001 of the Regional Trial Court, Branch 88, Quezon City in Special Civil Action No. Q-99-38275 are REINSTATED. [17]

Meantime, the Civil Service Commission issued Resolution No. 001295 dated June 1, 2001 [18] and interpreted Section 12 of Republic Act No. 6758 in this manner:

Material to the resolution of this instant request is Section 12 of SSL x x x.

x x x x

The Commission, x x x is of the view that this provision of law does not imply that such other additional compensation not integrated into the salary rates shall not be received by employees appointed after July 1, 1989. The word "only" before the phrase "as of July 1, 1989" does not refer to incumbents but qualifies what additional compensation can be continued together with the qualifying words "not integrated into the standardized rates shall continue to be authorized." The correct interpretation therefore is that, additional compensation being received by employees not integrated into the standardized rates as of July 1, 1989 shall continue to be authorized and received/enjoyed by said employees, whether or not said employee was appointed prior to or after July 1, 1989.

> A different interpretation will result in the creation of two classes of employees, i.e., one class receiving less pay than another class for substantially equal work. Said interpretation will violate Section 2 of the SSL which provides, thus:
>
> x x x x
>
> Additionally, this interpretation will also violate the constitutional precept that no person shall be denied the equal protection of law (Section 1, Article III of the 1987 Constitution). Applying this precept the Supreme Court declared that "equal protection of the law is against unde favor on an individual or class (Tiu vs. Court of Appeals, GR No. 127410, January 20, 1999). [19]

The Office of the Government Corporate Counsel (OGCC), in response to the request of then NEA Administrator Manuel Luis S. Sanchez, issued on August 14, 2001 its Opinion No. 157, s. 2001 [20] declaring that the RTC decision, not having been appealed, had become the law of the case which must now be applied. The pertinent portion of such opinion reads:

> HON. MANUEL LUIS S. SANCHEZ
> Administrator
> National Electrification Administration
> NEA Road, Diliman, Quezon City
>
> Re: Request for legal opinion on the propriety and applicability to NEA employees hired after July 1, 1989 of OGCC Opinion NO. 086, s. 2001
>
> x x x x

Pursuant to law, subject Decision became final and executory fifteen (15) days after its rendition, there being no appeal or motion for reconsideration filed in the interim, as certified to by Atty. Lily D. Labarda, Branch 88, Quezon City, on January 24, 2000.

The foregoing considered, this Office therefore cannot opine otherwise save to uphold the supremacy and finality of the aforequoted Decision of the Court on the matter. Its judgment is now res judicata, hence, the controlling legal rule, as far as Petitioners NEA employees are concerned, is that they must be extended the benefits and allowances "to which they are entitled but which until now they have been deprived of as enumerated under Section 5 of DBM CCC No. 101 x x x, retroactive from the date of their appointments up to the present or until their separation from the service." This is the law of the case which must now be applied. At any rate, we have stated in OGCC Opinion No. 086, S. 2001 that even employees hired after July 1, 1989 may receive the subject benefits provided there is determination by the DBM that the same have not been actually integrated into their basic salaries.

Hence, your query is therefore answered in the affirmative. [21]

Pursuant to the above opinion in its favor, the NEA Board of Administrators issued Resolution No. 29 on August 9, 2001 [22] approving the entitlement to rice, medical, children, meal, and other related allowances to NEA employees hired after October 31, 1989, [23] and the payment of these benefits, chargeable to its Personnel Services Savings. This resolution was the outcome of the meeting of the NEA Board of Administrators on the same date, and reads:

> RESOLUTION NO. 29
>
> x x x x
>
> RESOLVED THEREFORE TO APPROVE, as it hereby approves, the entitlement to rice, medical, children,

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> meal and other related allowances of NEA employees hired after October 31, 1989 and payment of these benefits;
>
> RESOLVED FURTHER TO CONFIRM, as it hereby confirms, the initial appropriation and payment of One Million Six Hundred Forty Six Thousand One Hundred Twenty Seven Pesos and Thirty Centavos (P1,646,127.30) for this purpose chargeable against the Personnel Services Savings. [24]

Thus, NEA granted the questioned allowances to its employees who were not receiving these benefits/allowances, including rice allowance amounting to P1,865,811.84 covering the period January to August 2001. [25]

However, the resident auditor of COA, Carmelita M. Agullana (Agullana), did not allow the payment of rice allowance for the period January to August 2001 to NEA employees who were not incumbents as of June 30, 1989, under Notice of Disallowance [26] No. 2001-004-101 dated September 6, 2001. Agullana indicated the "Facts and/or Reasons for Disallowance" as follows:

> Payment of Rice Allowance for the period January, 2001 to August, 2001 to employees who were not incumbents as of June 30, 1989 not allowed pursuant to RA #6758 as implemented by Corporate Compensation Circular No. 10 prescribing the Rules and Regulations for the Implementation of the Revised Compensation and Position Classification System for Government-Owned and/or Controlled Corporations (GOCCs) and Financial Institutions (GFIs) specifically Sections 5.4 and 5.5 thereof. x x x. [27]

NEA, through then Acting Administrator Francisco G. Silva, and assisted by counsel, appealed Agullana's disallowance to the COA on September 27, 2001, [28] arguing that the disallowance had no basis in law and in fact, and that the subject disbursement was anchored on a court decision that had become final and executory.

The COA denied the appeal from the disallowance in a Decision [29] dated October 9, 2003 (Decision No. 2003-134). The COA stated that:

> The Director of x x x Corporate Audit Office II recommended the affirmance of the subject disallowance contending that Section 12 of Republic Act (RA) No. 6758 (Salary Standardization Law) x x x remains applicable on the matter since Department of Budget and Management-Corporate Compensation Circular No. 10, s. 1989 (DBM-CCC No. 10) was declared ineffective by the Supreme Court in the case of De Jesus, et al. vs. COA, et al. (G.R. No. 109023, August 13, 1998) due to its non-publication in the Official Gazette or in a newspaper of general circulation. She pointed out that the alleged discriminatory effect and violation of the policy to provide equal pay for substantially equal work in the above-quoted provision have been sufficiently considered in Philippine Ports Authority vs. COA, 214 SCRA 653 and later confirmed in Philippine International Trading Corporation vs. COA, G.R. No. 132593, June 25, 1999, wherein the Supreme Court ruled that:
>
> "x x x we must mention that this Court has confirmed in Philippine Ports Authority vs. Commission on Audit the legislative intent to protect incumbents who are receiving salaries and allowances over and above those authorized by RA 6758 to continue to receive the same even after RA 6758 took effect. In reserving the benefit to incumbents, the legislature has manifested its intent to gradually phase out this privilege without upsetting the policy of non-diminution of pay and consistent with the rule that laws should only be applied prospectively in the spirit of fair play."

She also conformed to the OGCC Opinion No. 52, s. 1999 dated March 22, 1999, edifying the implication of the De Jesus Case which enunciated thusly:

> "Notwithstanding the ruling in the De Jesus Case, the applicable law is still Section 12 of R.A. No. 6758 which allows additional compensation being received by incumbents as of July 1, 1989 not integrated into the standard rates to continue. The recent nullification of DBM-CCC No. 10 applies favorably only to those incumbent employees (hired prior to July 1, 1989) and does not in any way change the position or situation of

> those employees hired after the cut-off date. With the issuance of R.A. 6758, employees hired after July 1, 1989 must follow the revised and unified compensation and position classification system in the government, for which the DBM was directed to establish and administer and which shall be applied for all government entities.
>
> x x x x
>
> The new hirees having accepted their employment, aware of such a condition that they are not entitled to additional benefits and allowances, they would be estopped from complaining."

Moreover, the Director noted that when the rice allowance to the claimants was granted in the year 2001, the DBM had already published CCC No. 10.

Anent the contention that the subject decision of the RTC has become the law of the case which must be applied, she stressed that the said doctrine is one of the policies only and will be disregarded when compelling circumstances call for a redetermination of the point of law. As cited in Black's Law Dictionary, 6[th]Edition, 1990, "the doctrine is merely a rule of procedure and does not go to the power of the court, and will not be adhered to where its application will result in unjust decision."

x x x x

PREMISES CONSIDERED, the instant appeal is hereby DENIED and the disallowance in the total amount of P1,865,811.84 is accordingly affirmed. [30]

NEA filed a Motion for Reconsideration of the said Decision, but this was denied in COA Decision No. 2005-010 [31] dated February 24, 2005, the pertinent portions of which read:

> After a careful re-evaluation, this Commission finds herein motion devoid of merit, the issues raised therein being a mere reiteration of the previous arguments of the movant in his appeal and which were already considered and passed upon by this Commission in the assailed decision.
>
> WHEREFORE, there being no new and material evidence adduced as would warrant a reversal or modification of the decision herein sought to be reconsidered, the instant motion for reconsideration has to be, as it is hereby, denied with finality. [32]

Thus, petitioners came to this Court questioning the COA's decision and resolution on the disallowance of their rice subsidy.

Petitioners claim that the COA's reliance on DBM-CCC No. 10 is totally misplaced, alleging that this interpretation had been "squarely debunked" by the Supreme Court in a number of cases, including Cruz v. Commission on Audit. [33] Furthermore, petitioners claim that in a similar case involving Opinion No. 086, s. 2001 of the OGCC, it wrote: "[It] is our considered opinion that employees of COA, whether appointed before or after July 1, 1989, are entitled to the benefits enumerated under Section 5.5 of DBM-CCC No. 10 x x x." [34]

We quote portions of Opinion No. 086, s. 2001 of the OGCC below:

> Please be informed that our Office had previously rendered legal opinions involving the same issue upon the request of some of our client corporations similarly situated. In our Opinion No. 55, Series of 2000, we stated:
>
> "At the outset we would like to clarify that the amount of the standardized salary vis-à-vis the pre-SSL salary (plus allowance) is not conclusively determinant of whether or not a certain allowance is deemed integrated into the former. Section 12 of R.A. 6758 expressly provides:
>
> x x x x

> The law is thus clear. The general rule is that all allowances are deemed included in the standardized rates set forth in R.A. 6758. This is consistent with the primary intent of the Act to eliminate wage inequities. The law, however, admits of certain exceptions and as stated in the second sentence of the aforecited provision, such other additional compensation in cash or in kind not integrated into the standardized rates being received by incumbents as of July 1, 1989 shall continue to be authorized. It is our view, however, that a government agency, in this case NDC, does not have discretion to determine what allowances received by incumbent employees prior to SSL are deemed included or integrated in the standardized rates. It is the DBM which has the mandate and authority under the SSL to determine what additional compensation shall be integrated and it is precisely why it issued NCC No. 10."

The foregoing opinion is consistent with our Opinion No. 52, Series of 1999, wherein we opined:

"x x x Nonetheless, as Section 12 of RA 6758 expressly provides that such additional compensation, whether in cash or in kind, being received by incumbent employees as of July 1, 1989 not integrated to the standardized salary rates as may be determined by the DBM shall continue to be authorized, the question becomes a matter of fact, on whether or not the aforementioned allowances have been integrated into the salaries of employees." [35] (Emphases in the quoted text.)

Petitioners claim that "the Civil Service Commission, the Office of the Government Corporate Counsel and the highest court of the land, the Supreme Court, chose not to distinguish the entitlement of benefits to those hired before and after October 31, 1989 (or in this case, July [1], 1989)," while "the COA sweepingly does so by just a wave of the hand." [36] To support this claim, petitioners erroneously cite Javier v. Philippine Ports Authority, CA-G.R. No. 67937, March 12, 2002, as a decision by this Court, but said decision was rendered by the Court of Appeals.

Petitioners argue that assuming that they are not entitled to the rice allowance in question, they should not be required to refund the amounts received, on grounds of fairness and equity. In connection with this, petitioners allege as follows:

> Prior to December 31, 2003, NEA consists of 720 employees more or less who received the rice allowance. Upon [the] restructuring of NEA in December 2003, all NEA employees were legally terminated. Out of 720 employees, only 320 employees are now left with to operate NEA. Most of the (sic) them are rehired while minority of them are newly hired. Thus, the refund of P1,865,811.84, shall be shouldered by those who remained as NEA employees. Secondly, those who received the said rice allowance accepted it in good faith believing that they are entitled to it as a matter of law. [37]

In its Comment [38] dated September 21, 2005, COA's lone argument is that "[t]he assailed COA decision is not tainted with grave abuse of discretion. The disallowance of payment for the rice [subsidy] by the COA is in accord with the law and the rules." COA maintains that the law on the matter, Section 12 of Republic Act No. 6758, is clear, as its last sentence provides reservation of certain allowances to incumbents. COA argues in this wise:

> The Supreme Court in Philippine Ports Authority vs. Commission on Audit confirmed the legislative intent to protect incumbents who are receiving salaries and/or allowances over and above those authorized by R.A. 6758 to continue to receive the same even after the law took effect. In reserving the benefit to incumbents, the legislature has manifested its intent to gradually phase out this privilege without upsetting the policy of non-diminution of pay and consistent with the rule that laws should only be applied prospectively in the spirit of fairness and justice.
>
> Thus, pursuant to its authority under Section 23 of R.A. No. 6758, the DBM x x x issued on October 2, 1989, DBM-CCC No. 10. Section 5.5 of DBM-CCC No. 10 enumerated the various allowances/fringe benefits

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> authorized to GOCCs/GFIs which are not to be integrated into the basic salary and allowed to be continued only for incumbents of positions as of June 30, 1989 who are authorized and actually receiving said allowances/benefits as of said date. Among these was the rice subsidy/allowance.
>
> Hence, in light of the effectivity of DBM-CCC No. 10 on March 16, 1999 following its reissuance (in its entirety on February 15, 1999) and publication in the Official Gazette on March 1, 1999, the disallowance by the COA of the rice allowance for the period beginning January 2001 up to August 2001 is not tainted with grave abuse of discretion but in accord with the law and the rules. [39]

Petitioners, in their Reply, [40] anchor their petition on their allegation that the RTC Decision had already become final and executory, could no longer be disturbed, and must be respected by the parties. To support their claim, they cite Arcenas v. Court of Appeals [41] wherein this Court held:

> For, it is a fundamental rule that when a final judgment becomes executory, it thereby becomes immutable and unalterable. The judgment may no longer be modified in any respect, even if the modification is meant to correct what is perceived to be an erroneous conclusion of fact or law, and regardless of whether the modification is attempted to be made by the court rendering it or by the highest Court of the land. The only recognized exceptions are the correction of clerical errors or the making of so-called nunc pro tunc entries which cause no prejudice to any party, and, of course, where the judgment is void. Any amendment or alteration which substantially affects a final and executory judgment is null and void for lack of jurisdiction, including the entire proceedings held for that purpose. [42] (Emphasis ours.)

Petitioners likewise cite Panado v. Court of Appeals [43]wherein the Court held that “[i]t is axiomatic that final and executory judgments can no longer be attacked by any of the parties or be modified, directly or indirectly, even by the highest court of the land.” [44] From the foregoing jurisprudence, petitioners conclude that the acts of COA in disallowing the claims and ordering refund of benefits already received clearly constitute grave abuse of discretion amounting to lack of jurisdiction inasmuch as said acts frustrated the final and executory decision of the trial court.

The pivotal issues as determined by the COA are:

> - Whether or not the immutability of final decision doctrine must prevail over the exclusive jurisdiction of [the COA] to audit and settle disbursements of funds; and
>
> - Whether or not the NEA employees hired after June 30, 1989 are entitled to rice allowance. [45]

The COA resolved these issues in this manner:

> As to the first issue, the immutability rule applies only when the decision is promulgated by a court possessed of jurisdiction to hear and decide the case. Undoubtedly, the petition in the guise of a case for mandamus is a money claim falling within the original and exclusive jurisdiction of this Commission. Noting the propensity of the lower courts in taking cognizance of cases filed by claimants in violation of such primary jurisdiction, the Supreme Court issued Administrative Circular 10-2000 dated October 23, 2000 enjoining judges of lower courts to exercise caution in order to prevent “possible circumvention of the rules and procedures of the Commission on Audit” and reiterating the basic rule that: “All money claims against the Government must be filed with the Commission on Audit which shall act upon it within sixty days. Rejection of the claim will authorize the claimant to elevate the matter to the Supreme Court on certiorari and in effect sue the State thereby.”
>
> Under the doctrine of primary jurisdiction, when an administrative body is clothed with original and exclusive jurisdiction, courts are utterly without power and authority to exercise concurrently such jurisdiction. Accordingly, all the proceedings of the court in violation of that doctrine and all orders and decisions reached thereby are null and void. It will be noted in the cited Supreme Court Circular that money claims are

> cognizable by the COA and its decision is appealable only to the Supreme Court. The lower courts have nothing to do with such genus of transactions.
>
> Anent the issue of entitlement to rice allowance by employees hired after June 30, 1989, this Commission is left with no option but to affirm the disallowance in the face of the explicit provisions of DBM-CCC No. 10. After its publication on March 9, 1999 in the Official Gazette, rice allowance was allowed only for incumbents as of July 1, 1989. Obviously, there is no violation of the equal protection clause as cited in the PITC case, supra, because whatever increments the incumbents are enjoying over those of non-incumbents are transitory, for the same law provides that such difference shall be deducted from the salary increase the former should receive under Section 17. Thus, the equalization or standardization of what the two categories of employees will be receiving in terms of benefits is ensured.
>
> PREMISES CONSIDERED, the instant appeal is hereby DENIED and the disallowance in the total amount of P1,865,811.84 is accordingly affirmed. [46]

We agree with the findings of the COA.

In National Electrification Administration v. Morales, the order of garnishment against the NEA funds to implement the RTC Decision was in issue, and we said that the COA had exclusive jurisdiction to decide on the allowance or disallowance of money claims arising from the implementation of Republic Act No. 6758. We observed therein that "the RTC acted prudently in halting implementation of the writ of execution to allow the parties recourse to the processes of the COA." [47] In fact, we even stated there that "it is not for this Court to preempt the action of the COA on the post-audit to be conducted by it per its Indorsement dated March 23, 2000." [48]

We find that the COA had ruled in accordance with law and jurisprudence, and we see no reason to reverse its decision.

Section 5.5 of DBM-CCC No. 10 is clear that rice subsidy is one of the benefits that will be granted to employees of GOCCs [49] or GFIs [50] only if they are "incumbents" as of July 1, 1989. We reproduce the first paragraph of Section 5.5 below:

> 5.5 The following allowances/fringe benefits authorized to GOCCs/GFIs pursuant to the aforementioned issuances are not likewise to be integrated into the basic salary and allowed to be continued only for incumbents of positions as of June 30, 1989 who are authorized and actually receiving said allowances/benefits as of said date, at the same terms and conditions prescribed in said issuances[:]
>
> 5.5.1 Rice Subsidy; x x x. [51]

We have defined an incumbent as "a person who is in present possession of an office; one who is legally authorized to discharge the duties of an office." [52] There is no question that petitioners were not incumbents as of June 30, 1989. We have likewise characterized NEA as a GOCC in National Electrification Administration v. Morales. Thus, Section 5.5 quoted above, issued pursuant to the authority given to the DBM under Section 12 of Republic Act No. 6758, was correctly applied by the COA.

We find our pronouncements in Philippine National Bank v. Palma [53] to be applicable and conclusive on this issue now before us:

> During these tough economic times, this Court understands, and in fact sympathizes with, the plight of ordinary government employees. Whenever legally possible, it has bent over backwards to protect labor and favor it with additional economic advantages. In the present case, however, the Salary Standardization Law clearly provides that the claimed benefits shall continue to be granted only to employees who were "incumbents" as of July 1, 1989. Hence, much to its regret, the Court has no authority to reinvent or modify the

law to extend those benefits even to employees hired after that date.

x x x x

Stare Decisis

The doctrine "stare decisis et non quieta movere (Stand by the decisions and disturb not what is settled)" is firmly entrenched in our jurisprudence. Once this Court has laid down a principle of law as applicable to a certain state of facts, it would adhere to that principle and apply it to all future cases in which the facts are substantially the same as in the earlier controversy.

The precise interpretation and application of the assailed provisions of RA 6758, namely those in Section 12, have long been established in Philippine Ports Authority v. COA. The essential pronouncements in that case have further been fortified by Manila International Airport Authority v. COA, Philippine International Trading Corporation v. COA, and Social Security System v. COA.

This Court has consistently held in those cases that allowances or fringe benefits, whether or not integrated into the standardized salaries prescribed by RA 6758, should continue to be enjoyed by employees who (1) were incumbents and (2) were receiving those benefits as of July 1, 1989.

In Philippine Ports Authority v. COA, the x x x Court said that the intention of the framers of that law was to phase out certain allowances and privileges gradually, without upsetting the principle of non-diminution of pay. The intention of Section 12 to protect incumbents who were already receiving those allowances on July 1, 1989, when RA 6758 took effect was emphasized thus:

"An incumbent is a person who is in present possession of an office.

"The consequential outcome, under sections 12 and 17, is that if the incumbent resigns or is promoted to a higher position, his successor is no longer entitled to his predecessor's RATA privilege x x x or to the transition allowance."

Finally, to explain what July 1, 1989 pertained to, we held in the same case as follows:

"x x x. The date July 1, 1989 becomes crucial only to determine that as of said date, the officer was an incumbent and was receiving the RATA, for purposes of entitling him to its continued grant. x x x."

In Philippine International Trading Corporation v. COA, this Court confirmed the legislative intention in this wise:

"x x x [T]here was no intention on the part of the legislature to revoke existing benefits being enjoyed by incumbents of government positions at the time of the passage of RA 6758 by virtue of Sections 12 and 17 thereof. x x x."

The Court stressed that in reserving the benefits to incumbents alone, the legislature's intention was not only to adhere to the policy of non-diminution of pay, but also to be consistent with the prospective application of laws and the spirit of fairness and justice.

x x x x

In consonance with stare decisis, there should be no more misgivings about the proper application of Section 12. In the present case, the payment of benefits to employees hired after July 1, 1989, was properly withheld, because the law clearly mandated that those benefits should be reserved only to incumbents who were already enjoying them before its enactment. Withholding them from the others ensured that the compensation of the incumbents would not be diminished in the course of the latter's continued employment with the government agency. [54] (Emphasis ours, citations omitted.)

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As petitioners were hired after June 30, 1989, the COA was correct in disallowing the grant of the benefit to them, as they were clearly not entitled to it. As quoted above, we have repeatedly held that under Section 12 of Republic Act No. 6758, the only requirements for the continuous grant of allowances and fringe benefits on top of the standardized salary rates for employees of GOCCs and GFIs are as follows: (1) the employee must be an incumbent as of July 1, 1989; and (2) the allowance or benefit was not consolidated in the standardized salary rate as prescribed by Republic Act No. 6758. [55]

We hereby reiterate our ruling in Philippine National Bank v. Palma as regards Section 12 of Republic Act No. 6758, as follows:

In sum, we rule thus:

> - Under Section 12 of RA 6758, additional compensation already being received by the employees of petitioner, but not integrated into the standardized salary rates -- enumerated in Section 5.5 of DBM-CC[C] No. 10, like "rice subsidy, sugar subsidy, death benefits other than those granted by the GSIS," and so on -- shall continue to be given.
>
> - However, the continuation of the grant shall be available only to those "incumbents" already receiving it on July 1, 1989.
>
> - Thus, in PPA v. COA, this Court held that PPA employees already receiving the RATA granted by LOI No. 97 should continue to receive them, provided they were already "incumbents" on or before July 1, 1989.
>
> - PITC v. COA held that in enacting RA 6758, Congress was adhering to the policy of non-diminution of existing pay. Hence, if a benefit was not yet existing when the law took effect on July 1, 1989, there was nothing to continue and no basis for applying the policy.
>
> - Neither would Cruz v. COA be applicable. In those cases, the COA arbitrarily set a specific date, October 31, 1989; RA 6758 had not made a distinction between those hired before and those after that date. In the present case, the law itself set July 1, 1989, as the date when employees should be "incumbents," because that was when RA 6758 took effect. It was not an arbitrarily chosen date; there was sufficient reason for setting it as the cutoff point. [56]

Notwithstanding our ruling above, however, we take up as another matter the refund ordered by the COA on the rice subsidy that petitioners had already received. As regards the refund, we rule in favor of petitioners and will not require them to return the amounts anymore.

This is because, to begin with, the officials and administrators of NEA themselves had believed that their employees were entitled to the allowances, and this was covered by Resolution No. 29 of the NEA Board of Administrators. The petitioners thus received in good faith the rice subsidy together with other allowances provided in said Resolution. For reasons of equity and fairness, therefore, and considering their long wait for this matter to be resolved with finality, we will no longer require a refund from these public servants.

Our pronouncements on refund in De Jesus v. Commission on Audit, [57] wherein we cited Blaquera v. Hon. Alcala, [58] are applicable:

> 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. [59] (Emphasis supplied.)

As in the cases above quoted, we cannot countenance the refund of the rice subsidies given to petitioners by NEA for the period January to August 2001 at this late time, especially since they were given by the government agency to its employees in good faith.

WHEREFORE, premises considered, the petition is hereby PARTIALLY GRANTED. COA Decision No. 2003-134 dated October 9, 2003 and COA Resolution No. 2005-010 dated February 24, 2005 are hereby AFFIRMED with the CLARIFICATION that the petitioners shall no longer be required to refund the rice subsidies for the period January to August 2001, which they had received from NEA but were later disallowed by the COA.

SO ORDERED.

Corona, Carpio, Brion, Peralta, Bersamin, Del Castillo, Abad, Villarama, Jr.,Perez, Mendoza, Sereno, Reyes, and Perlas-Bernabe, JJ., concur.
Velasco, Jr., J., on leave.

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[1] Rollo, pp. 31-35.

[2] Id. at 36-37.

[3] A note on the cutoff date of hiring for purposes of this case. The reckoning date should be the effectivity of Republic Act No. 6758, and not October 31, 1989, as this was the cutoff date previously used by the COA. Subsequently, in Cruz v. Commission on Audit (420 Phil. 102 [2001]), the Court held that the COA had acted without or in excess of its authority in choosing October 31, 1989, as the cutoff date for according the allowances. (See Philippine National Bank v. Palma, 503 Phil. 917 (2005).

[4] Id. at 38-41.

[5] Id. at 41.

[6] Id. at 85.

[7] Should be December 15, 1999.

[8] Rollo, p. 85.

[9] Id. at 72.

[10] The Writ of Execution reads in part as follows:

> "NOW, THEREFORE, you are hereby directed to cause respondents National Electrification Administration (NEA) and its Board of Administrators with principal office address at 1050 CDC Bldg., Quezon Avenue, Quezon City to forthwith settle the claims of the petitioners and other employees similarly situated and extend to them the benefits and allowances to which they are entitled but which until now they have been deprived of as enumerated under Sec. 5 of DBM CCC No. 10 and you are further directed to cause their inclusion in the Provident Fund Membership, retroactive from the date of their appointments up to the present or until their separation from the service." (See National Electrification Administration v. Morales, G.R. No. 154200, July

24, 2007, 528 SCRA 79, 81.)

[11] Id. at 82.

[12] Rollo, pp. 71-76; penned by Associate Justice Eliezer R. de los Santos with Associate Justices Hilarion L. Aquino and Danilo B. Pine, concurring.

[13] Supra note 10.

[14] Id.

[15] Id. at 83-85.

[16] Id. at 87-88.

[17] Id. at 88-92.

[18] Rollo, pp. 42-46.

[19] Id. at 44-45.

[20] Id. at 47-50.

[21] Id. at 49-50.

[22] Id. at 53-54.

[23] See note 3.

[24] Rollo, p. 54.

[25] Id. at 13.

[26] Id. at 55.

[27] Id.

[28] Id. at 57-60.

[29] Id. at 31-35.

[30] Id. at 32-35.

[31] Id. at 36.

[32] Id.

[33] 420 Phil. 102 (2001).

[34] Rollo, p. 81.

[35] Id. at 80-81.

[36] Id. at 21.

[37] Id.

[38] Id. at 102-108.

[39] Id. at 106-107.

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[40] Id. at 115-119.

[41] 360 Phil. 122 (1998).

[42] Id. at 132.

[43] 358 Phil. 593 (1998).

[44] Id. at 604.

[45] Rollo, p. 34.

[46] Id. at 34-35.

[47] National Electrification Administration v. Morales, supra note 10 at 92.

[48] Id.

[49] As defined in Manila International Airport Authority, City of Pasay, G.R. No. 163072, April 2, 2009, 583 SCRA 234, 248-249.

The term "government-owned or controlled corporation" has a separate definition under Section 2(13) of the Introductory Provisions of the Administrative Code of 1987:

SEC. 2. General Terms Defined.– x x x.

(13) Government-owned or controlled corporation refers to any agency organized as a stock or non-stock corporation, vested with functions relating to public needs whether governmental or proprietary in nature, and owned by the Government directly or through its instrumentalities either wholly, or, where applicable as in the case of stock corporations, to the extent of at least fifty-one (51) percent of its capital stock: Provided, That government-owned or controlled corporations may further be categorized by the department of Budget, the Civil Service Commission, and the Commission on Audit for the purpose of the exercise and discharge of their respective powers, functions and responsibilities with respect to such corporations.

[50] GFIs are Government Financing Institutions.

[51] Corporate Compensation Circular No. 10, February 15, 1999 (Department of Budget and Management).

[52] Tejada v. Domingo, G.R. No. 91860, January 13, 1992, 205 SCRA 138, 153.

[53] Supra note 3.

[54] Id. at 920-932.

[55] De Jesus v. Commission on Audit, 497 Phil. 675, 688 (2005); Philippine National Bank v. Palma, supra note 3.

[56] Philippine National Bank v. Palma, id. at 935-936.

[57] 451 Phil. 812 (2003).

[58] 356 Phil. 678, 765-766 (1998).

[59] De Jesus v. Commission on Audit , supra note 57 at 823-824.

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