

**ESTRELLA C. ASERON, ELMER J. MANZANA, LIGAYA M. ANURI,
JOSELITO L. ROSAS, JOSEPHINE M. VILORIA, AND RODELLA T.
BUENAFLOR, PETITIONERS, VS. COMMISSION ON AUDIT,
RESPONDENT.**

G.R. No. 274126, April 15, 2026

Ponente: INTING, J.

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INTING, J.:

Before the Court is a Petition[1] for Certiorari under Rule 64, in relation to Rule 65, of the Rules of Court, filed by Estrella C. Aseron (Aseron), Elmer J. Manzana (Manzana), Ligaya M. Anuri (Anuri), Joselito L. Rosas (Rosas), Josephine M. Viloria (Viloria), and Rodella T. Buenaflor (Buenaflor) (collectively, Aseron et al.), assailing the Decision No. 2020-497[2] dated January 31, 2020 (assailed Decision), and Notice of Finality of Decision[3] dated February 29, 2024, both issued by the Commission on Audit (COA) Commission Proper (COA Proper). The COA Proper upheld the disallowance of the disbursement amounting to PHP 1,393,520.21 for the repair and rehabilitation works undertaken at Muntinlupa National High School (MNHS) during 2013. Aseron et al., as approving and certifying school officials, were held liable for the disallowance.

The Antecedents

On August 25, 2016, the COA auditor[4] issued Notice of Disallowance No. 2016-001-101(13/14) (ND),[5] disallowing the amount of PHP 1,393,520.21, net of taxes, representing the payments for the repair and rehabilitation of retaining walls in the MNHS quadrangle (Project).

The Project was undertaken pursuant to three separate Owner-Contractor Agreements (Contracts) executed between MNHS, as the owner, and JLR Builders and Trading (JLR Builders), as the contractor. The Contracts divided the Project into Phases I, II, and III.

The COA auditor found the payments irregular[6] for noncompliance with the mandatory procedures set forth in the Government Procurement Reform Act (GPRA).[7] In the main, the COA auditor found that MNHS resorted to the splitting of contracts, prohibited under Section 54.1[8] of the Revised Implementing Rules and Regulations of the GPRA, to justify resort to Small Value Procurement as an alternative to competitive public bidding.

The contract prices and related payments for each phase are broken down as follows:

Phase

Contract Price

Payments

Date

Amount

I

September 26, 2013

PHP 190,058.33

October 24, 2013

90,492.91

November 19, 2013

179,635.38

PHP 490,865.73

Subtotal

PHP 460,186.62

II

December 23, 2013

PHP 296,151.26

III

January 20, 2014

170,159.44

497,398.07

Subtotal

PHP 466,310.70

February 12, 2014

PHP 233,458.43

February 26, 2014

233,564.46

498,157.74

Subtotal

PHP 467,022.89

Total

PHP 1,486,421.54

PHP 1,393,520.21

The COA noted that the Project was divided into three phases, each costing below PHP 500,000.00, despite involving similar scopes of work. Although MNHS posted the procurements on the Philippine Government Electronic Procurement System (PhilGEPS), it did not conduct a competitive public bidding. Instead, Aseron—acting as Principal and Physical Facilities Coordinator—signed, a resolution outside the Bids and Awards Committee (BAC) process, stating that prospective bidders were invited, a canvass was conducted, and Crissally Construction, St. Gerrard Construction, and JLR Builders were pre-qualified contractors.[9]

The school officials found to have participated in the transaction and JLR Builders were held liable under the ND:

Name

Position/Designation

Nature of Participation in the Transaction

Estrella C. Aseron

Former Principal

Approved for payment

Josephine M. Viloria

Senior Bookkeeper

Certified that cash was available and that supporting documents were complete

Leonila M. Balbague

Cashier I

Prepared and released the check in spite of incomplete documentation

Elmer J. Manzana

Physical Facilities Coordinator

Technical Inspector and affixed signature to the following:

a) as witness to the agreement

b) resolution

c) abstract of canvass

d) scope of work; and

e) approved agency estimate

Ligaya M. Anuri

Property Officer/Supply Officer I

Posted in the PhilGEPS and affixed signature as witness to the contract

Rodella T. Buenaflor

Administrative Officer IV

Certified portion of the Obligation Request that charges to appropriation/allotment were necessary, lawful, and under her supervision, and that supporting documents were valid, proper, and legal

Joselito L. Rosas

Contractor/General Manager

Payee / Claimant

Aseron and JLR Builders received the ND on October 20, 2016, while Manzana, Anuri, Vilorio, and Buenaflor received it on September 27, 2016.[10] They filed their respective appeals before the COA National Government Sector (NGS)-Cluster 5 on March 27, 2017.[11]

In their defense, Aseron and JLR Builders maintained that, at the time of procurement, soil erosion had occurred within the MNHS quadrangle, causing soil accumulation and cracks that threatened structural collapse. They argued that this emergency prompted MNHS to adopt alternative procurement methods. Initially, the BAC recommended Direct Contracting through a formal resolution; however, upon determining that the Project did not qualify for this mode, they proceeded with procurement via Request for Quotation/Proposal from three qualified contractors. Aseron and JLR Builders contended that MNHS divided the Project into three phases solely to accommodate the limits of their Maintenance and Other Operating Expenses (MOOE) budget.[12]

Ruling of the COA Director

In NGS-Cluster 5 Decision No. 2018-012[13] dated May 10, 2018, the COA Director upheld the disallowance and the liability of the persons held liable in the ND.[14]

The COA Director explained that, first, the Contracts for Phases I, II, and III of the Project were unauthorized by the BAC or the Department of Education (DepEd). Although BAC Resolution No. 13-022 authorized Direct Contracting for Phase I, it neither empowered the MNHS Principal to enter into contracts nor covered Phases II and III.[15]

Second, the COA Director found that the Project was split into phases solely to circumvent the competitive bidding requirement. Contract splitting is a prohibited practice under the GPRA.[16]

Moreover, the Project did not meet the conditions required for Direct Contracting (e.g., procurement of proprietary goods, critical components from specific manufacturers, items sold by exclusive dealers). Nor was there an emergency to justify the transaction. Thus, noncompliance with the mandatory requirements in the government procurement process rendered the subject transaction void ab initio.[17]

Regarding liability, the COA Director held that public officers who certified the availability of funds or the legality of the transactions (i.e., Vilorio, Balbago, and Buenaflor) cannot be excused from secondary liability, unless they had objected to the irregularities in writing, as required under Section 106[18] of Presidential Decree No. 1445 (1978), otherwise known as the Government Auditing Code of the Philippines[19] (Government Auditing Code). Good faith is also not a defense; it cannot override legal violations or justify the retention of unduly delivered funds as it would result in unjust enrichment.[20]

Thereafter, Aseron et al. and JLR Builders filed a petition for review before the COA Proper.[21]

Ruling of the COA Proper

In the assailed Decision dated January 31, 2020, the COA Proper denied the petition for review for having been

filed out of time.[22]

The COA Proper found that Aseron et al. filed their appeal beyond the six-month reglementary period provided under Section 48[23] of the Government Auditing Code and Rule VII, Section 3 of the 2009 Revised Rules of Procedure of the COA (COA Rules). Their belated appeal rendered the disallowance final and executory; thus, the COA Proper no longer had jurisdiction to alter the same or entertain the petition for review. Having attained finality, the disallowance can no longer be altered or modified in any respect.[24]

Even on the merits, the COA Proper found their petition for review unmeritorious. It reiterated that the project was not procured through a competitive public bidding, but through Small Value Procurement. The Project was divided into three artificial phases, each phase costing below PHP 500,000.00, even though all phases pertain to similar scopes of work. Aseron acknowledged that they purposely divided the Project into Phases II and III so that the contract cost would not exceed the threshold for small value procurement. Thus, there was a splitting of contracts, in violation of the GPRA. The subject payment was properly disallowed.[25]

On February 29, 2024, the COA Proper Secretariat issued the Notice of Finality,[26] stating that the assailed Decision dated January 31, 2020, has become final and executory.

Hence, the present Petition.

The COA, through the Office of the Solicitor General (OSG), filed its Comment[27] on September 27, 2024. Despite the Court's directive in the Resolution dated October 22, 2024, petitioners failed to file their Reply to the Comment, even after the Court granted two requests for extensions.[28]

Independent Proceedings Before the Office of the Ombudsman (OMB)

Meanwhile, on January 18, 2017, the Field Investigation Office (FIO) filed criminal and administrative complaints before the OMB against petitioners and the proprietor of JLR Builders. The complaints alleged violation of Section 3(e) of the Anti-Graft and Corrupt Practices Act[29], as well as Grave Misconduct and Conduct Prejudicial to the Best Interest of the Service.[30]

In a Joint Resolution[31] dated January 26, 2021, the OMB dismissed the complaints.

The OMB held that the mere act of dividing a contract into smaller quantities or phases does not automatically constitute contract splitting; there must also be an intent to circumvent the requirement of a public bidding under the GPRA.[32]

It observed that MNHS charged the Project cost to its MOOE under the 2013 Annual Procurement Plan. The MOOE was mainly used to cover MNHS's regular maintenance and operation expenses (e.g., electricity and water consumption, sewer maintenance). The Department of Budget and Management (DBM) allotted the following amounts to cover additional operating requirements per semester: (1) PHP 2,726,976.00 for the first semester of calendar year 2013; (2) PHP 2,726,974.00 for the second semester of calendar year 2013; and (3) PHP 3,103,176.00 for the first semester of calendar year 2014. While the allotments were semestral, the funds were released to MNHS in monthly tranches.[33]

Thus, the OMB opined that petitioners split the Project into three phases primarily due to the staggered release of funds, and not to circumvent public bidding rules. These circumstances negated any finding of evident bad faith or gross inexcusable negligence in the performance of their official duties.[34]

Further, the OMB cited the COA's observation that there was actual implementation of the Project. This, in addition to the lack of overpricing, led the OMB to conclude that the transaction did not cause undue injury to any party; nor were there unwarranted benefits given to JLR Builders.[35]

Consequently, the OMB found neither probable cause to prosecute petitioners for the crime charged, nor substantial evidence to hold them administratively liable.[36]

Petitioners' Arguments

In the instant Petition, petitioners impute grave abuse of discretion amounting to lack or excess of jurisdiction to the COA Proper for declaring the finality of the assailed Decision despite the fact that neither they nor their counsel ever received a copy thereof.

Petitioners assert that since 2019, after they filed their petition for review and a motion for early resolution, they were not notified as to the status of their appeal, until the Notice of Finality was eventually served on them. This was a violation of their right to due process as they were prevented from challenging the assailed Decision or seeking reconsideration thereof.[37]

Even assuming that the COA Proper was correct in affirming the disallowance, petitioners insist that such decision would constitute unjust enrichment in favor of the State.[38] They emphasize that the Project was completed and certified; the retaining walls remain intact and have ensured student safety since 2013. They contend that the return of PHP 1,393,520.21 would be unjust, as the government has already enjoyed the benefits of the Project for over a decade without incurring additional repair costs. They further contend that compelling teachers with modest incomes to refund the amount would be gravely unfair, especially because the State suffered no prejudice.[39]

Finally, petitioners pray for the issuance of a temporary restraining order and/or writ of preliminary injunction to enjoin the implementation of the Notice of Finality. They anchor their entitlement to injunctive relief on the following grounds: First, petitioners were deprived of their right to due process by the issuance of the Notice of Finality. The assailed Decision should not have become final as they did not receive it. Second, they have a meritorious case considering that they are raising unjust enrichment on the part of the State if the disallowance and return of the questioned amount is allowed. It would result in injustice if the assailed Decision will be implemented. Third, considering that it has become final through the issuance of the Notice of Finality and service of the 1st Indorsement to petitioners, the COA is ready to implement it.[40]

Respondent COA's Arguments

In its Comment, COA, represented by the OSG, counters that petitioners failed to appeal the COA Director's Decision to the COA Proper within the mandatory six-month reglementary period; thus, the disallowance had already become final and executory.[41]

Even assuming that their belated petition for review was given due course, the COA argues that the present Petition must still be dismissed. As shown by the attached registry receipts, copies of the assailed Decision were sent to petitioners via registered mail on March 16, 2022. Further, petitioners' respective local post offices certified that they received said registered mail by August 16, 2022.[42]

Thus, the COA maintains that petitioners received copies of the assailed Decision and consequently, were not deprived of their right to due process.[43]

The Issue

The core issue for the Court's resolution is whether the COA Proper committed grave abuse of discretion amounting to lack or excess of jurisdiction in affirming the disallowance and holding petitioners liable therefor.

Specifically, the Court shall resolve: (1) whether the disallowance has attained finality, and if so, whether there is a justifiable reason for the Court to review the same; (2) whether the disallowance on account of noncompliance

with procurement rules, was proper; and (3) whether petitioners are civilly liable for the disbursement despite the completion of the Project.

The Ruling of the Court

The Court grants the petition.

The COA's disallowance of the subject disbursement and finding of liability against petitioners became final and executory even before they appealed to the COA Proper. However, there is sufficient reason for the Court to review the assailed Decision and set aside the Notice of Finality.

A.

The disallowance has attained finality

i.

Petitioners' appeal to the COA Proper was belated

The Government Auditing Code and COA Rules allow parties who have been held liable under an ND to, first, appeal to the COA Director and, thereafter, elevate their case to the COA Proper, if they so desire. However, these appeals are time bound; the parties must ensure that both appeals are lodged within the six-month reglementary period,[44] counted from the date of receipt of the notice of disallowance and tolled upon filing an appeal with the COA Director;[45] thereafter, the time to proceed to the COA Proper shall be then limited to the remainder of the same six-month period.[46]

Parties must be mindful of the reglementary period and strategic in timing their appeals. Delays in appealing to the COA Director shorten the time left to prepare and file a petition for review before the COA Proper.

The COA Proper laid out the following relevant dates:

Petitioner

Mr. Elmer J. Manzano, Ms. Ligaya M. Anuri, Ms. Josephine M. Vitoria, and Ms. Rodella T. Buenaflor

Ms. Estrella C. Aseron and Mr. Joselito L. Rosas

Date of Receipt of ND No. 2016-001-101 (13/14) dated August 25, 2016

September 27, 2016

October 20, 2016

Date of Filing of Appeal Before COA NOS-Cluster 5

March 27, 2017

Days elapsed

180

157

Date of receipt of the COA NGS-Cluster 5 decision

May 30, 2018

Date of filing of Petition for Review

August 17, 2018

Days elapsed

79

79

Total days elapsed

259

236

As early as their appeal to the COA Director, herein petitioners Manzana, Anuri, Vilorio, and Buenaflor, had already completely exhausted the six-month appeal period. To preserve their right to elevate the case to the COA Proper, they needed to file their petition for review on the very day they received the Director's ruling. Instead, they waited another 79 days—well beyond the period allowed.

On the other hand, petitioner Aseron still had 23 days remaining, having already used 157 out of the 180 days of the period in appealing the disallowance to the COA Director. However, when she filed the petition before the COA Proper together with the other co-petitioners 79 days after receipt, she had already exceeded the allowable period by 56 days.

Petitioners' recourse to the COA Proper was plainly untimely. Their failure to file a timely appeal rendered COA NGS-Cluster 5 Decision No. 2018-012 dated May 10, 2018, which upheld the disallowance and their liability, final and executory under Section 51 of the Government Auditing Code.[47]

ii.

The present Petition is also defective

Even setting aside petitioners' lapse at the COA level, their recourse to the Court was also belated.

An aggrieved party challenging the ruling of the COA Proper is given 30 days from receipt thereof within which to file either a motion for reconsideration[48] before the COA Proper, or a petition for certiorari before the Court.[49] The timeliness of filing determines the Court's jurisdiction over the certiorari petition. Accordingly, as explained in *Angeles v. Commission on Audit*,[50] the petitioner is required to "state the specific material dates" showing that it was filed within the 30-day reglementary period,[51] as well as attach to the petition a clearly legible duplicate original or certified true copy of the assailed COA Proper ruling.[52] Petitioners' failure to observe these formal requirements shall be sufficient ground for dismissal of the certiorari petition.[53]

Precisely, the present petition suffers from these defects. Petitioners failed to state the material dates and did not attach a copy of the assailed Decision. These procedural lapses appear to be consistent with their contention that

they did not receive a copy thereof and only learned of it upon receipt of the Notice of Finality.[54] However, the records contradict their claim.

The Certificate of Service issued by the COA[55] attested that copies of the assailed Decision were served upon petitioners. This is further supported by the related Registry Receipts[56] and Certifications issued by the respective post offices of Pasig City[57] and Muntinlupa City,[58] which attested that registered mails corresponding to the reference numbers in the Certificate of Service and Registry Receipts were all delivered by their letter carriers to the addressees/petitioners.

Petitioners were even given the opportunity to dispute matters relating to their receipt of the assailed Decision by filing a Reply to the COA's Comment,[59] yet despite extensions granted by the Court, they still failed to respond.

The above-mentioned certifications and registry receipts are unrefuted; these demonstrate that copies of the assailed Decision were duly served upon petitioners via registered mail on March 16, 2022. Thus, they had 30 days therefrom, or until April 19, 2022,[60] to file either; a motion for reconsideration before the COA Proper or Rule 64 petition before the Court. Petitioners' failure to act within the reglementary period rendered the assailed Decision—and the corresponding disallowance—final and executory by operation of law as of April 19, 2022. As a general rule, the Court cannot entertain a petition filed belatedly on June 27, 2024, seeking review of a judgment that has long become immutable and unappealable.[61]

iii.

There is sufficient reason to relax the rule of immutability of final judgments

It must be underscored, nonetheless, that there are recognized exceptions to the doctrine of immutability of judgment.[62] The Court has, on occasion, looked past the finality and immutability of a disallowance, especially when the judgment would cause manifest injustice to the parties.[63]

The recent case of *Cabreros v. Commission on Audit*[64] also dealt with a disbursement that was disallowed on account of non-compliance with the GPRA. The disallowance attained finality after therein petitioners failed to appeal within the reglementary period under the COA Rules. Nonetheless, the Court relaxed the rule on immutability, after finding that the disallowed amount corresponded to goods that were actually delivered to the requesting agency, and received and used by the end-users on time and for their intended purpose. Further, several individuals held liable under the ND in that case had been exonerated in the related criminal and administrative cases arising from the same transactions, viz.:

Here, several circumstances are present which compel the Court to relax the procedural rules of the COA and to apply the exception to immutability of judgments, viz.: (1) the CCIE items procured by the Philippine Army worth PHP5,103,000.00 were actually delivered and issued to their respective requisitioning units and received by the end-users right in time before the celebration of the Philippine Army Day, Veterans Week, Independence Day, and other AFP-related activities in 2003; (2) L/C Cabreros, et al. were later acquitted by the Sandiganbayan from the charges of violation of Section 3 (e) of Republic Act No. 3019 and Falsification of Public Documents under Article 171 of the Revised Penal Code; and (3) the Court of Appeals exonerated L/C Dosado from his administrative case and found L/C Cabreros liable only for simple misconduct.[65] (Emphasis supplied)

Similar excepting circumstances exist in the present case, compelling the Court to set aside the doctrine of immutability of final judgments:

First, the OMB dismissed criminal charges against petitioners for lack of probable cause, and the administrative charges for lack of sufficient evidence.

Second, it appears from the records, specifically the Post-Audit Working Papers,[66] the OMB Joint Resolution,[67] and photographs[68] taken on April 29, 2024, that the Project was actually implemented.

The records indicating that the Project was completed are sufficient reason for the Court to take cognizance of the present Petition, as actual implementation necessarily bears on petitioners' liability under the ND.

B.

The COA Proper did not commit grave abuse of discretion amounting to lack or excess of jurisdiction in disallowing an irregular disbursement

At the outset, the Court stresses that the Court's power to review COA decisions under Rule 64 is limited to jurisdictional errors; the Court shall uphold the COA's ruling, especially in the absence of grave abuse on its part.[69] The petitioner must demonstrate "not merely reversible error" committed by the COA, but rather "such a capricious and whimsical exercise of judgment as is equivalent to lack of jurisdiction." [70]

However, petitioners' imputations upon the COA Proper are merely errors of judgment, which are outside the scope of the Court's review sought via certiorari.[71]

Be that as it may, it is well-within the COA's authority to disallow "expenditures or uses of government funds and properties" when found to be irregular or "incurred without adhering to established rules, regulations, procedural guidelines, policies, principles or practices that have gained recognition in law," or "in violation of applicable rules and regulations other than the law." [72]

In the present case, the COA correctly disallowed the subject payments for being irregular, on account of MNHS's violation of the prohibition against contract splitting and noncompliance with relevant requirements under the GPRA.

i.

Contract splitting

Contract splitting is the fragmentation of a procurement agreement into smaller segments or artificial phases to make it appear that the cost of each segment or phase falls below regulatory thresholds, thereby sidestepping stricter rules, oversight mechanisms, and procedural safeguards. "Within the sphere of government procurement, splitting is associated with requisitions, purchase orders, deliveries, and payments." [73]

The prohibition against contract splitting is in line with the general rule that all government procurement shall be done through competitive bidding.[74] While the use of alternative methods of procurement is permitted in exceptional circumstances, such as Small Value Procurement[75] for projects not exceeding PHP 500,000.00, contract splitting is often employed to "do away with and circumvent control measures promulgated by the government," such as the inspection of deliveries and action, review, or approval by higher authorities.[76]

In COA Circular No. 2009-002[77] dated May 18, 2009, in response to the rise in the incidence of irregular,

illegal, wasteful, and anomalous disbursements of government funds,[78] the COA reimplemented pre-audit procedures to correct deficiencies in internal controls over spending.[79] To this end, government officials were directed to ensure that there will be "no splitting of requisitions, purchase orders, vouchers, and the like ... in order to circumvent the control measures provided in this circular and other laws and regulations. For this purpose, a project funded under a single obligating authority and implemented in several phases whether by the same or different contractors shall be deemed splitting of contracts." [80]

According to Re: Contracts with Artes International, Inc.,[81] there is contract splitting if the following conditions concur:

- That there is a government contract or procurement project;
- That the requisitions, purchase orders, vouchers, and the like, of the project are broken up into smaller quantities and amounts, or the implementation thereof is broken into subcontracts or artificial phases; and
- That the splitting of contract falls under any of the following or similar purposes, namely:
 - evading the conduct of a competitive bidding;
 - circumventing the control measures provided in the circulars and other laws and regulations; and
 - making the contract or project fall below the threshold for shopping or [Small Value Procurement].[82] (Emphasis supplied)

The following circumstances suggest a deliberate effort to make it appear that MNHS had three smaller infrastructure projects, in order to avoid more stringent procedures and requirements. Notably, petitioners admit that the Project was divided into three phases, costing PHP 490,865.73, PHP 497,398.07, and PHP 498,157.74, respectively. They justify this by citing MNHS's limited monthly MOOE allocation,[83] which averaged PHP 500,000.00.[84] However, that cost per phase remained just below the Small Value Procurement threshold cannot be dismissed as a mere consequence of budget constraints or coincidence. Petitioners deny any intent to circumvent the GPRA, yet this is contradicted by their own admission:[85] that they initially intended to use Direct Contracting, but only shifted to Small Value Procurement upon realizing the Project did not qualify, viz.:

27. Further, the MNHS Bids and Awards Committee (BAC hereafter) issued three BAC Resolutions recommending the procurement of construction services for the Project through the use of Alternative Modes of Procurement. It was decided that Direct Contracting, as provided under Section 50 of IRR of R.A. No. 9184 or the Government Procurement Reform Act, would be undertaken to address the urgency of the project and the need of construction services. Copies of BAC Resolutions for phase 1, 2 and 3 are attached as ANNEXES "K", "L" and "M", respectively.

28. The BAC Resolution was signed by BAC Chairman Buenaflor, Secretariat Anuri and Members Manzana and Zarate, duly noted by Aseron.

29. It was later realized by the BAC that Direct Contracting could not be applied since such procurement procedure refers only to goods. The intended project to be undertaken did not qualify for Direct Contracting.

30. In order to resolve this problem, the BAC decided to send out Requests for Proposals to three different contractors of known qualification. This was to ensure that the procurement procedure was still competitive as compared to Direct Contracting in order to obtain [the] lowest most responsive advantageous bid.

....

80. First, there was no division or breaking up of the contract or project into smaller quantities and amounts or its implementation into artificial phases or sub-contracts for the purpose of evading or circumventing the

requirements of R.A. No. 9184 and the Revised IRR because the MNHS budget was limited during the phases when it was planned and implemented.

81. It should be noted that the budget for the project was taken from MOOE of MNHS. While budget for whole project was above threshold provided in ANNEX "H" projects that are subject to Small Value Procurement, availability and release of such budgets [for] each of the three phases were below Five Hundred Thousand Pesos ([PHP] 500,000.00). The petitioners, however, had to rely on the availability and budget installment release [of the] MOOE budget. (See ANNEXES "G" and "G-1.")

82. Clearly, the hands of the petitioners at the time were tied by the available budget and they never intended that the budget would be below [PHP] 500,000.00. They merely relied on the MOOE budget given to them for the implementation of the project.

83. Second, there was no circumvention of the Revised IRR or law. In fact, petitioners satisfied the requirements under Small Value Procurement. There was [a] semblance of public bidding, albeit a different nature of procedure.[86] (Emphasis supplied)

Verily, the OMB had concluded that MNHS's mere act of dividing a contract into smaller quantities or phases did not amount to contract splitting. However, as pointed out by Associate Justice Maria Filomena D. Singh (Justice Singh), the OMB's findings are not conclusive upon the COA, particularly in the determination of civil liability arising from disallowed expenditures.

ii.

Noncompliance with other requirements under the GPRA

Competitive bidding being the general rule,[87] alternative procurement methods cannot be adopted arbitrarily; any shift from competitive bidding must only be in accordance with the entity's annual procurement plan, justified under the conditions set by law, and approved in advance by the head of the procuring entity or their duly authorized representative based on a BAC resolution.[88] The procuring entity bears the burden to prove the definite and particular alternative method of procurement it availed of under Section 48 of the GPRA,[89] as well as demonstrate its compliance with the relevant requirements for the method resorted to.[90]

Petitioners failed to discharge this burden.

By their own admission,[91] petitioners were unclear on their chosen procurement method, shifting from Direct Contracting to Small Value Procurement, suggesting a lack of deliberate compliance with the procedural requirements of the GPRA. Moreover, the COA aptly found that the requirements for Small Value Procurement were not met.

First, the Project was not in the 2013 Annual Procurement Plan and only PHP 20,000.00 from the MOOE was allotted for repairs and maintenance.[92] Petitioner Aseron acknowledged that MNHS had been planning to repair the retaining walls since 2010; yet, petitioners failed to include the Project formally in any of the succeeding Annual Procurement Plans.[93]

Second, there was no BAC resolution recommending Small Value Procurement. While there are BAC resolutions dealing with each phase of the Project, the recommended procurement method was Direct Contracting.[94]

Third, the resolutions recommending the award of the contracts in favor of JLR Builders were signed only by Aseron, as head of the procuring entity, and Manzano, as BAC member, violating Section 12 of the GPRA

implementing rules, which requires the BAC to act as a collegial body through a BAC resolution.[95]

Fourth, there was irregular compliance with Government Procurement Policy Board (GPPB) Resolution No. 09-09:[96] the requests for quotation lacked the required information and the opening of price quotations was done before the requests for quotations were even posted on PhilGEPS.[97]

Fifth, the requests for quotation on PhilGEPS indicated public bidding as the procurement mode despite the actual use of Small Value Procurement.

These findings are supported by substantial evidence and explained, at length, in the ND, the Decision of the COA Director, and the assailed Decision. In the absence of grave abuse of discretion, the Court shall not deviate from these findings.[98] To be sure, there had been contract splitting, unjustified and unauthorized resort to Small Value Procurement, and, all in all, non-observance of the relevant procurement rules and procedures. Consequently, the subject payments relative to the Project were irregular expenditures; disallowance thereof was warranted.

Nonetheless, while the Court affirms the basis of the disallowance, a finding of liability in an ND is not absolute; it yields to the principle of equity when the government has received and utilized the goods or services. Consequently, the amount to be returned must be adjusted, or even extinguished, taking into consideration the Project's percentage of completion.

C.

The approving/certifying officers held solidarity liable shall only answer to the extent of the net disallowed amount; when there is actual completion or delivery of the project, enforcement of liability for the disallowance is unwarranted

i.

The Rules of Return

The rules of return in the disallowance of payments of salaries and benefits were established in *Madera v. Commission on Audit*.^[99] Subsequently, more specific guidelines applying to disallowance cases involving irregular government contracts were set out in *Torreta v. Commission on Audit*:^[100]

Accordingly, we hereby adopt the proposed guidelines on return of disallowed amounts in cases involving unlawful/irregular government contract, submitted by herein Justice Perlas-Bernabe, to wit:

- If a Notice of Disallowance is set aside by the Court, no return shall be required from any of the persons held liable therein.
- If a Notice of Disallowance is upheld, the rules on return are as follows:
 - Approving and certifying officers who acted in good faith, in the regular performance of official functions, and with the diligence of a good father of the family are not civilly liable to return consistent with Section 38 of the Administrative Code of 1987.

- Pursuant to Section 43 of the Administrative Code of 1987, approving and certifying officers who are clearly shown to have acted with bad faith, malice, or gross negligence, are solidarily liable together with the recipients for the return of the disallowed amount.
- The civil liability for the disallowed amount may be reduced by the amounts due to the recipient based on the application of the principle of quantum meruit on a case to case basis.
- These rules are without prejudice to the application of the more specific provisions of law, COA rules and regulations, and accounting principles depending on the nature of the government contract involved.[101]

The principle of quantum meruit, referenced under Guideline 2(c) of Torreta, is ordinarily applied in COA cases involving money claims seeking compensation for services rendered or goods delivered to the government.[102] This principle entitles a contractor to reasonable compensation for services or goods already delivered, which the government has already benefited from, notwithstanding formal irregularities in the underlying contract or disbursement. It applies where no payment has yet been made and the value of compensation remains undetermined.

It is different in disallowance cases, where public funds have already been released to payees—such as employees, contractors, or suppliers. In these cases, the issue is not the amount of compensation/fees the government should pay, but whether the payee must return or restore to the government what has already been received.

Strictly speaking, quantum meruit is inapplicable where the question is restitution as in disallowance cases,[103] not compensation. Nonetheless, it remains relevant in the disallowance of an irregular payment to a contractor or supplier who, in fact, has rendered the service or delivered the goods, in whole or in part.

In such cases, civil liability for the disallowance, to the extent of value of the actual work accomplished, should not be enforced against the contractor or supplier. If anything, the amount to be returned to the government must only be the extent of the unfulfilled portion of the agreement. In the interest of substantial justice and equity, the contractor or supplier shall be entitled to keep the amount commensurate with what it has rendered or delivered.[104]

The principle of unjust enrichment is paramount. This prohibition applies with equal force to the State;[105] the government is not exempt from the equitable maxim that no one ought to enrich themselves at the expense of another.

The principal responsibility for returning the disallowed amount is borne by the payee; only that, when there are erring approving or certifying government officials involved in the transaction, they shall also be made to answer for the principal obligation in a solidary capacity, when shown to have acted in bad faith, malice, or gross negligence in the performance of their functions in the disbursement process.[106]

The approving/certifying officer's liability for a disallowance is of a distinct character: the officer is not a debtor in the ordinary sense, having received no part of the disallowed amount.[107] Neither do they act as a surety for the actual recipient of the proceeds, as they did not bind themselves to ensure the principal obligor's performance. Nonetheless, their liability is primary and direct—not by reason of personal gain, but by reason of the law that penalizes their failure to exercise the diligence required in the discharge of official duties.

Given this legal relation, the contractor/supplier's actual performance of its contractual obligation to render services or deliver goods, entitles them to retain the amount received and extinguishes the civil liability over the disallowance.[108] In which case, there shall be no legal justification to further oblige the approving/certifying officers to pay the disallowed amount; they cannot be held liable for an amount the principal debtor has already been excused from returning, on account of actual fulfillment or delivery.

This was the case in *Cabrerros v. Commission on Audit*,^[109] where the erring approving/certifying officers, notwithstanding irregular compliance with procurement procedures, were no longer required to return the disallowed amount that "they have not received in the first place," given that "the items procured were actually delivered and issued to their respective requisitioning units and received by the end-users."^[110]

To this end, the extent of actual completion must be established with substantial evidence,^[111] e.g., final billing, key plan, photographs, certificate of completion. This must be determined via substantive verification—such as ocular inspection, physical inventory, and other field-based procedures—not merely through the submission of forms or paper documentation.

The Court recognizes that audit working papers may serve as *prima facie* evidence of misappropriation and civil liability;^[112] and that, in accordance with international auditing standards, it is sufficient for the COA to obtain reasonable assurance^[113] that the transaction, as reported, provides a true and fair view, in accordance with the applicable criteria. However, enforcing liability for a disallowance entails deprivation of property. In line with due process and substantial justice, the COA must first verify and ensure the actual physical existence of the property or supplies involved before it can lawfully proceed against the persons liable.

The actual existence of the property or supplies involved is, most especially, determinative of the liability of approving or certifying officers, who received no part of the contract fee, but shall nonetheless answer for the disallowance by reason of their office and participation in the disbursement process. If the property exists or existed, it is presumed to have served its intended purpose and to have benefited the government. Requiring the contractor or supplier to return payment for a project that was completed or delivered, or holding the officers liable for it, would result in unjust enrichment by the government.

The Government Auditing Code itself mandates the verification of the physical existence of property, plant, and equipment—including infrastructure and construction-in-progress—through ocular inspection, and not merely through the examination of documentary evidence:

Section 44. Check and audit of property or supplies. The auditor shall from time to time conduct a careful and thorough check and audit of all property or supplies of the agency to which he is assigned. Such check and audit shall not be confined to a mere inspection and examination of the pertinent vouchers, inventories, and other papers but shall include an ocular verification of the existence and condition of the property or supplies. The recommendation of the auditor shall be embodied in the proper report.

....

Section 58. Audit of assets. The examination and audit of assets shall be performed with a view to ascertaining their existence, ownership, valuation and encumbrances as well as the propriety of items composing the respective asset accounts, determining their agreement with records; proving the accuracy of such records; ascertaining if the assets were utilized economically, efficiently and effectively; and evaluating the adequacy of controls over the accounts. (Emphasis supplied)

Substantive verification procedures are essential, particularly in confirming the existence of government assets and the actual implementation of infrastructure projects. Government spending cannot be justified by issued certificates, signed vouchers, or receipts alone; there must be tangible proof of delivery or completion. This is especially critical in an environment where public funds are often alleged to have been diverted for non-existent or substandard goods and services, benefiting those who exploit a system reliant solely on paper documentation.

As steward of public funds, the COA is duty-bound to obtain sufficient and reliable audit evidence^[114] to ascertain the existence of government assets. This obligation is time-sensitive, as verification becomes increasingly difficult when assets are subject to wear, deterioration, or perishability. Timely and substantive

verification is therefore essential to uphold accountability and prevent the loss of audit trail.

The failure of persons held liable under an ND to produce proof of actual performance should not automatically undermine their defense, particularly when the notice was served after a substantial delay. This delay may have already rendered relevant documents inaccessible, lost, or unavailable due to the passage of time; perishable or consumable goods or property with a limited serviceable life may have also ceased to exist. Inasmuch as the delay compromises their ability to set up a full defense, the Court shall give due regard to the surrounding circumstances in the final determination of civil liability, especially when requiring the approving/certifying officers to answer for disallowances arising from irregular government contracts. This is in line with similar considerations set in *Cagayan De Oro Water District v. Commission on Audit*[115] relative to the return of disallowed salaries and benefits.

However, quantum meruit has limited application in disallowance cases involving government contracts. Nonetheless, this principle remains as an acceptable measure in determining the entitlement of a contractor or service provider in money claims against the government filed before the COA Proper.

First, to guard against overpricing, the Court qualifies that the reduction in civil liability is limited to the reasonable value of the work accomplished, and not necessarily the contract price. The completion of a government project does not validate an inflated cost. Thus, if the project is found to be completed, the contractor or supplier is not required to return the amount that is equivalent to the actual and reasonable value of the work performed at the time of completion or delivery. Should the services or goods be only partially completed or delivered, the reduction shall be based on the actual and reasonable value at the time of the issuance of the Notice of Suspension by the COA, without prejudice to the applicable terms of the government contract in cases of non-completion attributable to the fault of a party. Consequently, any payment in excess of this established value constitutes an overprice—a definitive loss to the government—and remains a civil liability that must be restituted.

Second, the value of actual work performed may be considered as a reduction or extinguishment of civil liability under an ND only when the irregularity involved is procedural. It will not inure to the benefit of those held liable in cases involving manifest violations of law, particularly constitutional breaches or clear contraventions of public policy.[116]

Third, as Justice Singh emphasized, a contractor may retain only the actual and reasonable value of work performed or goods delivered when it acted in good faith in the performance or delivery of its contractual obligations. Conversely, a contractor that knew of, or colluded in, a palpable violation of law attending the government transaction must be required to return the amounts received under the illegal contract.

Upon these considerations, the Court takes this opportunity to refine the guidelines previously set in *Torreta*, as well as incorporate further qualifications introduced by subsequent jurisprudence, to the extent that these are relevant to government contracts, viz.:

Rules of Return
in cases involving irregular government contracts

1.

If a Notice of Disallowance is set aside by the Court, no return shall be required from any of the persons held liable therein.

2.

If a Notice of Disallowance is upheld, the rules on return are as follows:

a.

The civil liability arising from the disallowance shall be reduced or extinguished, as the case may be, by the actual and reasonable value of the services rendered and/or goods delivered by the contractor/supplier to the government, determined at the time of completion or delivery, or at the time of the issuance of the Notice of Suspension by the COA.

i.

The contract has proper basis in law but is only disallowed due to irregularities that are merely procedural in nature;^[117]

ii.

The contractor/supplier must establish actual work performed/completed through certificate of completion, key plan, progress billings, photographs, video recordings, news articles, etc.

iii.

The COA shall verify the actual value of work performed/completed through substantive verification procedures (e.g., ocular inspection, physical inventory, etc.); irregular compliance with formal documentary requirements in approving/certifying the disbursement or completion/receipt of the project/services/goods shall not bar the contractor/supplier's entitlement to compensation/retention.

iv.

Any remainder shall be the net disallowed amount, representing the civil liability that must be settled by the persons found to be liable.

v.

Actual performance shall not be considered, and thus, shall not reduce civil liability when the transaction was disallowed due to manifest or palpable violations of law, especially those under the Constitution or those which involve clear public policy.^[118] A contractor that knew of, or colluded in, a palpable violation of law attending the government transaction must be required to return the amounts received under the illegal contract.

b.

Approving and certifying officers who acted in good faith, in the regular performance of official functions, and with the diligence of a good father of the family shall not be civilly liable to return consistent with Section 38 of the Administrative Code of 1987.

c.

Pursuant to Section 43 of the Administrative Code of 1987, approving and/or certifying officers who are clearly shown to have acted with bad faith, malice, or gross negligence, are solidarily liable together with the contractors/suppliers for the return of the disallowed/net disallowed amount, as the case may be.

d.

In the final determination of civil liability, the Court shall give due regard to the circumstances surrounding the lapse of time from the disbursement to the service of ND and the nature of the goods, property, or contract involved.

e.

These rules are without prejudice to the application of the more specific provisions of law, COA rules and regulations, and accounting principles depending on the nature of the government contract involved.[119]

ii.

Applied to the present case

Persons Liable

Whether or not a person shall be liable for unlawful expenditures is conditioned upon the extent of their participation in the disallowed transaction.[120]

Approvers and certifiers, as public officers, are presumed to have acted in good faith and in the regular discharge of their duties.[121] They incur solidary liability for a disallowance only upon a showing that they acted with bad faith, malice, or gross negligence. As clarified in *Celeste v. Commission on Audit*,^[122] an approving or certifying officer who acts in a purely ministerial capacity is not liable, as such capacity entails no decision-making authority, no exercise of independent judgment or discretion, and no participation that materially contributes to the illegal or irregular transaction.^[123]

On the other hand, the contractor, as the payee in the government transaction whose payments were later disallowed, may be allowed to retain the amounts received only upon a showing of good faith. If it had knowledge of, or participated in, any act that impaired the validity or regularity of the transaction, it is duty-bound to return the disallowed sums.

In the present case, the payments were disallowed due to contract splitting and disregard of procurement rules and regulations. These irregularities were made possible by the unauthorized and erroneous resolutions signed and issued by petitioners Aseron and Manzana. As underscored by Justice Singh, these were not mere procedural defects, but already amounted to palpable violations of the law.

In contrast, petitioners Vilorio, Anuri, and Buenaflor performed only ministerial functions. Their acts of certifying the availability of funds, preparing and releasing checks, posting on PhilGEPS, and serving as witnesses to the contract neither entailed decision-making authority nor required the exercise of independent judgment or discretion. Having played no role that contributed to the irregular transaction, they should be absolved of liability under the disallowance.

Lastly, nothing in the records supports the conclusion that JLR Builders, the contractor-payee, had knowledge of, or colluded with MNHS officials, in committing such palpable violations of procurement laws. In the absence of such proof, JLR Builders must be regarded to have acted in good faith and entitled to retain the amount it received, to the extent of the actual or reasonable value of the retaining walls built.

Net disallowed amount

The civil liability to return the total disallowed amount (PHP 1,393,520.21) shall be reduced or extinguished, as the case may be, by the actual and reasonable value of the services rendered by the contractor, determined at the time of completion or delivery, or at the time of the issuance of the Notice of Suspension by the COA.

Significantly, the Court notes that while the questioned payments were made in 2013 and the first half of 2014, the ND was issued only on August 25, 2016. More tellingly, from the time of payment until February 29, 2024, when the COA Proper issued the Notice of Finality of the assailed January 31, 2020 Decision, there is no showing

that the COA undertook an ocular inspection of the MNHS premises to verify the existence and condition of the retaining walls. This protracted interval between the payments and the purported project implementation, on one hand, and the belated or absent verification measures, on the other, renders any subsequent valuation unreliable and undermines the accuracy of the determination of the amounts subject to disallowance.

At this point, any substantial verification would no longer yield a reliable assessment of the project's value. Such delay cannot be allowed to prejudice either the contractor, in determining its entitlement to the actual or reasonable value of the work performed, or the approving and certifying officers, in fixing liability for the net disallowed amount. Accordingly, the Court is constrained to treat the project as fully completed; the net disallowed amount is thus deemed nil, with the result that petitioners Aseron and Manzana, although technically liable, have no amounts to return.

A final note

The fundamental objective of an ND is restitution—to restore to the government what it has lost due to an irregular transaction, among others. However, where the government has received the full value of the disbursement in the form of a completed and useful project, it has, in reality, suffered no loss or injury.

To compel public servants, such as petitioners, to reimburse the government for the full cost of a government contract while the State continues to own, possess, and utilize the fruits thereof would allow the government to unjustly enrich itself at the expense of its public servants. The State cannot claim the benefit of a government project while simultaneously demanding the return of the funds used to build it. Such a result is legally and equitably impermissible.

To this end, project completion or delivery of goods cannot be determined by documentary submissions alone; timely and substantive verification to confirm the actual existence of the goods or services delivered to the government is indispensable. The COA must discharge this duty with dispatch, as undue delay undermines the government's ability to recover amounts corresponding to services or goods that should have been, but were not, properly delivered, as illustrated in this case.

ACCORDINGLY, the Petition for Certiorari is PARTLY GRANTED. The Notice of Finality of Decision dated February 29, 2024, is VACATED and the assailed Decision No. 2020-497 dated January 31, 2020, of the Commission on Audit Commission Proper is hereby MODIFIED.

Notice of Disallowance No. 2016-001-101(13/14) disallowing the amount of PHP 1,393,520.21 representing the aggregate payments for the repair and rehabilitation of retaining walls of Muntinlupa National High School is UPHELD.

However, considering the net disallowed amount is deemed nil, petitioners Estrella C. Aseron and Elmer J. Manzana, while liable as approving officers of MNHS, are not required to return any amount.

Meanwhile, petitioners Josephine M. Vilorio, Ligaya M. Anuri, and Rodella T. Buenaflor are ABSOLVED from the liability to return, their participation being merely ministerial in nature.

SO ORDERED.

Gesundo, C.J., Leonen, S.J., Caguioa, Hernando, Lazaro-Javier, Zalameda, Gaerlan, Rosario, Dimaampao, Marquez, Kho, Jr., and Villanueva, JJ., concur.

Lopez,[*] J., on official leave.

Singh,[**] J., on leave but left a concurring vote.

[*] On official leave.

[**] On leave but left a concurring vote.

[1] Rollo, pp. 3-21.

[2] Id. at 507-514. Signed by COA Chairperson Michael G. Aguinaldo and COA Commissioner Roland C. Pondoc; Commissioner Jose A. Fabia participated.

[3] Id. at 505-506. Signed by Director IV Commission Secretary Joel S. Estolatan.

[4] Id. at 159-163. Signed by Audit Team Leader Leah Z. Hwang and Supervising Auditor Marivel C. Bronola.

[5] Id.

[6] Section 3.0 of COA Circular No. 2012-003 prescribing the Updated COA Guidelines for the Prevention and Disallowance of Irregular, Unnecessary, Excessive, Extravagant, and Unconscionable Expenditures.

[7] Republic Act No. 9184 (2003).

[8] SECTION 54. Terms and Conditions for the Use of Alternative Methods. — 54.1. Splitting of Government Contracts is not allowed. Splitting of Government Contracts means the division or breaking up of Government Contracts into smaller quantities and amounts, or dividing contract implementation into artificial phases or sub-contracts for the purpose of evading or circumventing the requirements of law and this IRR-A, especially the necessity of public bidding and the requirements for the alternative methods of procurement.

[9] Rollo, p. 162.

[10] Id. at 508.

[11] Id. at 56.

[12] Id. at 56-58.

[13] Id. at 52-65.

[14] Id. at 64.

[15] Id. at 60.

[16] Id. at 60-61.

[17] Id. at 62.

[18] SECTION 106. Liability for acts done by direction of superior officer. — No accountable officer shall be relieved from liability by reason of his having acted under the direction of a superior officer in paying out, applying, or disposing of the funds or property with which he is chargeable, unless prior to that act, he notified the superior officer in writing of the illegality of the payment, application, or disposition. The officer directing any illegal payment or disposition of the funds or property shall be primarily liable for the loss, while the accountable officer who fails to serve the required notice shall be secondarily liable.

[19] Rollo, pp. 63-64

[20] Id.

[21] Id. at 25-51.

[22] Id. at 513.

[23] SECTION 48. Appeal from the decision of auditors. Any person aggrieved by the decision of an auditor of any government agency in the settlement of an account or claim may within six months from receipt of a copy of the decision appeal in writing to the Commission.

[24] Rollo, p. 509.

[25] Id. at 510-511, 513.

[26] Id. at 505-506. Through Joel S. Estolatan, Director IV.

[27] Id. at 525-538.

[28] See Resolution dated January 28, 2025, and Resolution dated February 4, 2025, id. at 553-554 and 562-563, respectively.

[29] Republic Act No. 3019 (1960).

[30] Rollo, p. 222.

[31] Rollo, pp. 221-247.

[32] Id. at 239.

[33] Id.

[34] Id. at 242.

[35] Id. at 244.

[36] Id.

[37] Id. at 12.

[38] Id.

[39] Id. at 13.

[40] Id. at 14-15.

[41] Id. at 529

[42] Id. at 532.

[43] Id. at 533.

[44] 2009 Revised Rules of Procedure of the Commission on Audit, Rule V, sec. 4; Rule VII, sec. 3.

[45] Id. at Rule V, sec. 5.

[46] *Philippine Health Insurance Corp. v. Commission on Audit*, 895 Phil. 259, 263 (2021) [Per J. Inting, En Banc].

[47] Id. at 265-266. *Aguilar v. Commission on Audit*, 954 Phil. 441, 457 (2024) [Per J. Inting, En Banc]. *Canlas v. Commission on Audit*, 949 Phil. 908, 916 (2023) [Per J. Kho, Jr., En Banc].

[48] COA Rules, Rule X, sec. 10.

[49] RULES OF COURT, Rule 64, sec. 3.

[50] 891 Phil. 44 (2020) [Per J. Lopez, J., En Banc].

[51] RULES OF COURT, Rule 64, sec. 5, par. 3.

[52] RULES OF COURT, Rule 64, sec. 5, par. 2.

[53] RULES OF COURT, Rule 64, sec. 5, par. 5.

[54] Rollo, p. 12.

[55] Id. at 536-537.

[56] Id. at 538.

[57] Id. at 539.

[58] Id. at 540.

[59] Id. at 544.

[60] The 30th day counted from March 16, 2022 was April 15, 2022, which fell on a Good Friday. The immediately succeeding business day was April 19, 2022.

[61] See *Castañeda, Jr. v. Commission on Audit*, G.R. No. 263014, February 25, 2025 [Per .I. Inting, En Banc] at 4. This pinpoint citation refers to the copy of the Decision uploaded to the Supreme Court website.

[62] In *Delos Santos v. Commission on Audit*, 909 Phil. 317, 328-329 (2021) [Per J. Zalameda, En Banc], the Court held, "Nonetheless, like most procedural rules, the doctrine of immutability of judgment has exceptions, namely: (1) the correction of electrical errors; (2) the so-called nunc pro tunc entries which cause no prejudice to any party; (3) void judgments; (4) whenever circumstances transpire after the finality of the decision rendering its execution unjust and inequitable. Similarly, while it is doctrinally entrenched that certiorari is not a substitute for a lost appeal, the Court has allowed the resort to a petition for certiorari despite the existence of or prior availability of an appeal, such as: (1) where the appeal does not constitute a speedy and adequate remedy; (2) where the orders were also issued either in excess of or without jurisdiction; (3) for certain special considerations, as public welfare or public policy; (4) where in criminal actions, the court rejects rebuttal evidence for the prosecution as, in case of acquittal, there could be no remedy; (5) where the order is a patent nullity; and (6) where the decision in the certiorari case will avoid future litigations. In view of the most exceptional circumstances, courts may still review the COA's decisions, particularly if the judgment would cause manifest injustice to the parties."

[63] *Delos Santos v. Commission on Audit*, id. at 329.

[64] 956 Phil. 1030 (2024) [Per J. Lazaro-Javier, En Banc].

[65] Id. at 1043-1044.

[66] Rollo, p. 205, see Item 38.

[67] Id. at 242-244.

[68] Id. at 216-220.

[69] *National Tobacco Administration v. Commission on Audit*, 913 Phil. 205, 214 (2021) [Per J. Inting, En Banc].

[70] Zamboanga City Water District v. Commission on Audit, 891 Phil. 29, 37 (2020) [Per J. Inting, En Banc].

[71] Id.

[72] Manankil v. Commission on Audit, 887 Phil. 1043, 1057 (2020) [Per J. Inting, En Banc].

[73] COA Circular No. 76-41 dated July 30, 1976, Subject: Prohibition against splitting of requisitions, purchase orders, vouchers and others. Signed by Acting COA Chairman, Francisco S. Tantuico, Jr. available at <https://www.coa.gov.ph/download/1261/cy-1976/15302/coa-circular-no-76-41-july-30-1976.doc> (last accessed on September 15, 2025).

[74] GPRA, sec. 10.

[75] Section 53.9 and Paragraph 2(a) of Annex "H," Rules Implementing GPRA.

[76] COA Circular No. 76-41 dated July 30, 1976, Subject: Prohibition against splitting of requisitions, purchase orders, vouchers and others. Signed by Acting COA Chairman, Francisco S. Tantuico, Jr. available at <https://www.coa.gov.ph/download/1261/cy-1976/15302/coa-circular-no-76-41-july-30-1976.doc> (last accessed on September 15, 2025).

[77] Subject: Reinstating Selective Pre-Audit on Government Transactions.

[78] COA Circular No. 2009-002, par, 1.3.

[79] Id., par. 1.4.

[80] Id., par. 6.8.

[81] 838 Phil. 355 (2018) [Per J. Bersamin, En Banc].

[82] Id. at 406-407.

[83] Rollo, p. 29.

[84] See Petition for Review before COA Proper and OMB Joint Resolution dated January 26, 2021, id. at 41, 239, and 242, respectively.

[85] Id. at 25-49, see Petition for Review filed by Aseron, Manzana, Anuri, JLR, Vilorio, and Buenaflor before the COA Proper.

[86] Id. at 29, 41.

[87] GPRA, sec. 10.

[88] GPRA, secs. 7 and 48. See also Rule XVI, sec. 48.3 of the GPRA implementing rules, viz.:

RULE XVI

Alternative Methods of Procurement

....

48.3. The method of procurement to be used shall be as indicated in the approved [annual procurement plan]. If the original mode of procurement recommended in the APP was public bidding but cannot be ultimately pursued, the BAC, through a resolution, shall justify and recommend the change in the mode of procurement to be approved by the Head of the procuring entity.

[89] Subic Bay Metropolitan Authority v. Commission on Audit, 845 Phil. 982, 1000 (2019) [Per J. Gesmundo,

En Banc].

[90] *Avanceña v. Commission on Audit*, 955 Phil. 559, 587 (2024) [Per J. Singh, En Banc].

[91] Rollo p. 29. See paragraphs 29 and 30 of Aseron et al.'s Petition for Review before the COA Proper.

[92] *Id.* at 28.

[93] *Id.* at 511.

[94] *Id.* at 512.

[95] *Id.*

[96] Paragraph 2(b), GPPB Resolution No. 09-09, Approving, by Referendum, the Guidelines for Shopping and Small Value Procurement, November 23, 2009.

[97] Rollo, p. 512.

[98] *Melloria v. Jimenez*, 944 Phil. 300, 307 (2023) [Per J. Dimaampao, En Banc].

[99] 882 Phil. 744 (2020) [Per J. Caguioa, En Banc].

[100] 889 Phil. 1119 (2020) [Per J. Gaerlan, En Banc].

[101] *Id.* at 1149.

[102] *Metro Laundry Services v. The Commission Proper*, 919 Phil. 1010, 1016-1017 (2022) [Per J. Lopez, M., En Banc]; *RG Cabrera Corp., Inc. v. Department of Public Works and Highways*, 894 Phil. 734, 747 (2021) [Per J. Delos Santos, En Banc]; *Gregorio v. Commission on Audit*, 875 Phil. 758, 770-771 (2020) [Per J. Carandang, En Banc]; *Geronimo v. Commission on Audit*, 844 Phil. 651, 662 (2018) [Per J. Reyes, Jr., En Banc].

[103] *Biong v. Commission on Audit*, 955 Phil. 68, 92-93 (2024) [Per J. Inting, En Banc].

[104] *Eslao v. Commission on Audit*, 273 Phil. 97, 107 (1991) [Per J. Gancayco, En Banc].

[105] See J. Puno, Concurring Opinion in *Republic v. Court of Appeals*, 359 Phil. 530, 665 (1998) [Per J. Purisima, En Banc], citing CIVIL CODE, art. 19.

[106] See ADM. CODE (1987), sec. 43.

[107] Except in cases where the disallowance involves compensation, benefits, and allowances, where it is possible for the officer to have approved/certified the disbursement and, at the same time, received proceeds from the same.

[108] Section 5.4 of the Rules and Regulations on Settlement of Accounts (COA Circular No. 006-09, September 15, 2009), provides, "An audit suspension or disallowance/charge shall be settled by the persons responsible or liable therefor through compliance with the requirements, or payment/restitution or by any of the modes of extinguishment of obligation provided by law, respectively. A Notice of Settlement of Suspension/Disallowance/Charge (NSSDC) shall be issued for such settlement."

[109] 956 Phil. 1030 (2024) [Per J. Lazaro-Javier, En Banc].

[110] *Id.* at 1055.

[111] The Court shall affirm the COA's findings and conclusions to the extent that these are supported by substantial evidence, *Navarro v. Commission on Audit*, 946 Phil. 221, 231 (2023) [Per J. Singh, En Banc], citing

Theo-Pam Trading Corp. v. Bureau of Plant Industry, 894 Phil. 247, 261-262 (2021) [Per J. Inting, En Banc]. Further, Rule 2d of the Rules of Return in Madera v. Commission on Audit, 882 Phil. 744, 814 (2020) [Per J. Caguioa, En Banc].

[112] Section 86 of the Government Audit Code provides, "Section 83. Transcript of auditor's record as evidence of liability. In any criminal or civil proceeding against an officer for the embezzlement or misappropriation of government funds or properly, or to recover an amount due the government from an accountable officer, it shall be sufficient, for the purpose of showing a balance against him, to produce the working papers of the auditor concerned. A showing in this manner of any balance against the officer shall be prima facie evidence of the misappropriation of the funds or property unaccounted for or of civil liability of the officer as the case may be. The existence or contents of bonds, contracts, or other papers relating to or connected with the settlement of any account may be proved by the production of certified copies thereof but the court may require the production of the original when this appears to be necessary for the attainment of justice."

[113] What is Reasonable Assurance?, available at <https://www.coa.gov.ph/FAQS/what-is-reasonable-assurance/> (last accessed on June 9, 2026).

[114] COA Financial Audit Manual defines audit evidence as "information used by the auditor in arriving at the conclusions on which the auditor's opinion is based. It includes both information contained in the accounting records underlying the financial statements and information obtained from other sources." Par. 58 of said manual enumerates the different ways an auditor can obtain evidence, such as: "inspection or observation evidenced by photographs, inspection reports; formal analysis performed by expert/s, and even the object or a portion of the object itself such as substandard materials." The COA Financial Audit Manual, available at <https://www.coa.gov.ph/issuances/manuals/#110-2299-financial-audit-manual> (last accessed on September 26, 2025).

[115] 900 Phil. 460 (2021) [Per J. Gaerlan, En Banc].

[116] Macalino v. Commission on Audit, 949 Phil. 517, 534-535 (2023) [Per J. Marquez, En Banc].

[117] Abellanos v. Commission on Audit, 890 Phil. 413, 430 (2020) [Per J. Perlas-Bernabe, En Banc].

[118] Macalino v. Commission on Audit, 949 Phil. 517, 534-535 (2023) [Per J. Marquez, En Banc].

[119] Id. at 530.

[120] Advincula v. Commission on Audit, 897 Phil. 177, 191 (2021) [Per J. Inting, En Banc].

[121] Patadon v. Commission on Audit, 920 Phil. 916, 934 (2022) [Per J. Inting, En Banc].

[122] 904 Phil. 199 (2021) [Per J. Caguioa, En Banc].

[123] Id. at 211.

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