



Republic of the Philippines
Supreme Court
Manila

EN BANC

REPUBLIC OF THE
PHILIPPINES, represented by
THE DEPARTMENT OF PUBLIC
WORKS AND HIGHWAYS
(DPWH),

Petitioner,

-versus-

ESPINA & MADARANG, CO.
AND MAKAR AGRICULTURAL
CORP.,

Respondents.

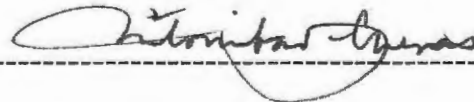
G.R. No. 226138

Present:

GESMUNDO, *Chief Justice*,
LEONEN,
CAGUIOA,
HERNANDO,
LAZARO-JAVIER,
INTING,
ZALAMEDA,
LOPEZ, M.,
GAERLAN,
ROSARIO,
LOPEZ, J.,
DIMAAMPAO,
MARQUEZ,
KHO, JR., and,
SINGH, *JJ*.

Promulgated:

February 27, 2024



X-----X

RESOLUTION

LOPEZ, J., *J*:

This Court resolves a Motion for Partial Reconsideration¹ filed by respondents Espina and Madarang, Co. (Espina) and Makar Agricultural Corp. (Makar) assailing this Court's Decision,² which partly granted the

¹ *Rollo*, pp. 705–717.

² *Id.* at 645–669. The March 23, 2022 Decision was penned by Associate Justice Josep Y. Lopez and concurred in by Senior Associate Justice Marvic M.V.F. Leonen and Associate Justices Amy C. Lazaro-Javier, Mario V. Lopez, and Antonio S. Kho, Jr. of the Third Division of this Court.

Petition of the Republic of the Philippines (Republic), through the Department of Public Works and Highways (DPWH). The dispositive portion of the Decision states:

WHEREFORE, premises considered[,] the petition is **PARTLY GRANTED**. The Decision dated January 25, 2016 and the Resolution dated July 22, 2016 of the CA in CA-G.R. SP No. 06472-MIN is **AFFIRMED WITH MODIFICATION** to read as follows:

The Orders dated December 16, 2013, February 24, 2014, and July 21, 2014 of the Regional Trial Court of General Santos City, Branch 36 in Civil Case No. 7788 are **REVERSED and SET ASIDE** in so far as they directed the Sheriff to reimplement the Writ of Execution dated June 2, 2010 and to levy, garnish, seize, and deliver to the respondents Espina & Madarang, Co. and Makar Agricultural Corp., or to the court whatever funds, money, or assets of the Department of Public Works and Highways susceptible to execution found anywhere in the Philippines to satisfy the judgment in favor of the respondents.

Respondents Espina & Madarang, Co. and Makar Agricultural Corp. are hereby enjoined to file a money claim before the Commission on Audit for the satisfaction and enforcement of the money judgment validating their claim to the Road Right of Way compensation.

SO ORDERED.³ (Emphasis in the original)

The Antecedents

In an undated letter, Vincente L. Olarte (Vincente), as attorney-in-fact of the Olarte Hermanos y Cia Estate (Olartes), wrote to the regional director of the DPWH, Region XII, Cotabato City to claim Road Right of Way (RROW) compensation for Lots A, G, and F, Plan Lot SC-6834, Subdivision Plan SWO-12-000103, located along the National Highway, General Santos City (subject property).⁴ The subject property involved a 3.5-kilometer road with an area of approximately 186,856 square meters that was taken by the government for public use as it was traversed by the Cotabato-Kiamba-General Santos-Koronadal National Highway.⁵

The DPWH then received the June 4, 2007 Order from Branch 14, Regional Trial Court of Cotabato City (RTC), in relation to a case docketed as Spec Proc. No. 2004-074 entitled "In Re: Matter of Insolvencia Voluntaria de [Olarte] Hermanos [y] Cia, Heirs of the late Alberto P. Olarte, etc." The said Order enjoined the DPWH to pay the RROW claim of the Olartes. On November 13, 2007, an Order was again issued instructing DPWH to release the partial payment in the amount of PHP 44,891,140.65 within 10 days from notice. As such, the DPWH began paying the Olartes in installment.⁶

³ *Id.* at 668.

⁴ *Id.* at 114.

⁵ *Id.* at 115-116.

⁶ *Id.* at 115.

On May 7, 2008, Espina and Makar filed a Complaint (With [prayer for a] temporary restraining order)⁷ docketed as Civil Case No. 7788 against the heirs of Alberto Pelayo Olarte and Jose Pelayo Olarte (heirs of Olarte), the DPWH, and the Register of Deeds of General Santos City. They alleged that Original Certificate of Title (OCT) No. 12 registered in the name of Olarte Hermanos, under which the heirs of Olarte were laying claim to the RROW compensation, had been mortgaged to El Hogar Filipino (El Hogar). Due to nonpayment of the loan, the subject property was sold at public auction and OCT No. 12 was cancelled. Transfer Certificate of Title (TCT) No. 886 was issued in favor of El Hogar who then sold the subject property to the Espina sisters, namely, Salud, Soledad, Mercedes, and Asuncion. Thus, TCT No. 886 was cancelled and TCT No. (T-635)(T-19)T-2 was issued in favor of the Espina sisters. In 1949, Asuncion sold her share to Soledad and TCT No. (T0636)(T-20)T-3 was issued in the name of Salud, Mercedes, and Asuncion. In 1958, the subject property was sold to Makar and TCT No. (T-5288)(T-433)T-118 was issued in its favor. Makar then sold a 195.18-hectare portion of the subject property to Espina which, in turn, subdivided it into 600 lots, 300 of which had already been sold. Of the 300 lots sold, 67 were already in the names of the vendees.⁸

The RTC granted a 72-hour Temporary Restraining Order (TRO). Subsequently, in its June 24, 2008 Order, it issued a Writ of Preliminary Injunction (WPI) in Civil Case No. 7788.⁹

The DPWH filed a “Manifestation and Motion (in lieu of Answer),”¹⁰ alleging, among others, that it had already made payments to the heirs of Olarte upon the latter’s representation that they owned the subject property. Considering the dispute on the ownership of the subject property, the DPWH manifested that it would support any proceeding that would settle the issue and that it would cease from paying the heirs of Olarte until it was resolved.¹¹

Meanwhile, Espina and Makar filed a Manifestation to render Civil Case No. 7788 moot and academic in view of the July 22, 2009 Decision of the CA in CA-G.R. SP No. 02303-MIN¹² entitled “*Espina & Madarang, Co. & Makar Agricultural Corp., represented by Rodrigo A. Adtoon v. Hon. Cedar P. Indar Al Haj, Judge*” They insisted that in the said Decision, the CA affirmed their ownership over the subject property.¹³ CA-G.R. SP No. 02303-MIN was an offshoot of Spec Pro. No. 2004-074.¹⁴

⁷ *Id.* at 140-154.

⁸ *Id.* at 115-116.

⁹ *Id.* at 116.

¹⁰ *Id.* at 155-161.

¹¹ *Id.* at 647.

¹² The docket number was erroneously stated as CA-G.R. SP No. 02302-MIN in this Court’s March 23, 2022 Decision. The correct docket number is CA-G.R. SP No. 02303-MIN.

¹³ *Rollo*, p. 647.

¹⁴ *Id.* at 646.

On October 5, 2009, the RTC issued an Order¹⁵ in Civil Case No. 7788 ruling that the injunction case was already moot and academic in view of the Decision of the CA in CA-G.R. SP No. 02303-MIN.¹⁶ It also upheld Espina and Makar's ownership over the subject property and ordered the DPWH to pay their RROW compensation claim.¹⁷

In an Order,¹⁸ the RTC denied the Motion for Reconsideration filed by the DPWH. Accordingly, on October 30, 2009, a Notice of Garnishment¹⁹ was issued by the RTC through Sheriff-IV Alfredo T. Pallanan.²⁰

A Supplemental Order²¹ was issued clarifying the amount to be paid by the DPWH to Espina and Makar. The dispositive portion of the Supplemental Order states:

WHEREFORE, premises considered, this Supplemental Order is issued to clarify the amount to be paid by DPWH to the plaintiffs.

Accordingly, the Regional Director, DPWH Regional Office XII in Koronadal City is hereby directed, under pain of judicial sanctions, to deliver and pay plaintiffs the amount of [PHP] 218,839,455.00 representing the market value of the aforementioned properties reflected in the master list of a revalidated road right of way claim of Olarte Hermanos y Cia represented by Mercedita Dumlao as of June 30, 2007, and further, whose claim thereto has no legal basis since the said claimants are no longer the owner of said properties but plaintiffs and their predecessors-in-interest as ruled by the Honorable Supreme Court and reiterated and re-affirmed by the Honorable Court of Appeals, Cagayan De Oro City, including all other appropriations and allotments for Lots A, G & F, Swo-12-000103, National Highway, General Santos City, re-valued using the 2009 BIR Zonal Valuation.

Finally, and in order not to render illusory the Court's directive above-mentioned, Atty. Marion Gay C. Mirabueno, Clerk of Court and Ex-Officio Provincial Sheriff is hereby directed to assist Sheriff Alfred T. Pallanan in the implementation of the positive injunctions contained in this Supplemental Order and abovementioned.

SO ORDERED.²² (Emphasis in the original)

¹⁵ *Id.* at 167–169. The October 5, 2009 Order in Civil Case No. 7788 was penned by Presiding Judge Isaac Alvero V. Moran of Branch 36, Regional Trial Court, General Santos City.

¹⁶ *Id.* at 167.

¹⁷ *Id.* at 168, 648.

¹⁸ *Id.* at 170–175. The October 30, 2009 Order in Civil Case No. 7788 was penned by Presiding Judge Isaac Alvero V. Moran of Branch 36, Regional Trial Court, General Santos City.

¹⁹ *Id.* at 176.

²⁰ *Id.*

²¹ *Id.* at 177–178. The November 13, 2009 Supplemental Order in Civil Case No. 7788 was penned by Presiding Judge Isaac Alvero V. Moran of Branch 36, Regional Trial Court, General Santos City.

²² *Id.* at 178.

Aggrieved, the Republic filed a Petition with Urgent Prayer for TRO and/or WPI²³ before the CA docketed as CA-G.R. SP No. 03310-MIN. During the pendency of this Petition, the RTC issued a June 1, 2010 Order,²⁴ directing the issuance of a new writ of execution to implement the October 5, 2009 and November 13, 2009 Orders.²⁵ A Writ of Execution²⁶ was then issued on June 2, 2010.²⁷

After, the CA rendered a Decision²⁸ denying the Petition filed by the Republic for lack of merit.²⁹ The CA held that there was no more dispute regarding the transfer of ownership from El Hogar to Espina and Makar.³⁰ Thus, their title was presumed valid in view of the Decision of the CA in CA-G.R. SP No. 025132, which this Court affirmed in G.R. No. 73457, G.R. Nos. 80784 and 82801, as well as in CA-G.R. SP No. 02303-MIN.³¹

The Republic moved for reconsideration³² but this was denied by the CA in its June 29, 2012 Resolution.³³

Unsatisfied, the Republic elevated the matter to this Court through a Petition for Review on *Certiorari* docketed as G.R. No. 202416.³⁴

In a Resolution,³⁵ this Court denied the Petition of the Republic for raising factual issues and for failure to sufficiently show that the CA committed any reversible error in the challenged Decision and Resolution in CA-G.R. SP No. 03310-MIN to warrant the exercise of this Court's discretionary appellate jurisdiction.³⁶ In another Resolution,³⁷ this Court denied the Republic's Motion for Reconsideration with finality.³⁸

Considering the finality of G.R No. 202416, Espina and Makar filed an *Ex-Parte* Motion to Direct Sheriff for Prompt and Immediate

²³ *Id.* at 180–214.

²⁴ *Id.* at 500–505. The June 1, 2010 Order in Civil Case No. 7788 was penned by Presiding Judge Isaac Alvero V. Moran of Branch 36, Regional Trial Court, General Santos City.

²⁵ *Id.* at 504.

²⁶ *Id.* at 506–507.

²⁷ *Id.*

²⁸ *Id.* at 215–230. The June 14, 2011 Decision in CA-G.R. SP No. 03310-MIN was penned by Associate Justice Rodrigo F. Lim, Jr. and concurred in by Associate Justices Pamela Ann Abella Maxino and Zenaida T. Galapate-Laguilles of the Twenty-Third Division, Court of Appeals, Cagayan de Oro City.

²⁹ *Id.* at 229.

³⁰ *Id.* at 225–226.

³¹ *Id.* at 648–649.

³² *Id.* at 525–540.

³³ *Id.* at 541–542. The June 29, 2012 Resolution in CA-G.R. SP No. 03310 was penned by Associate Justice Edgardo T. Lloren and concurred in by Associate Justices Maria Elisa Sempio Diy and Jhosep Y. Lopez (now a Member of the Court) of the Twenty-Third Division, Court of Appeals, Cagayan de Oro City.

³⁴ *Id.* at 649.

³⁵ *Id.* at 231. Resolution (Notice), November 28, 2012.

³⁶ *Id.*

³⁷ *Id.* at 232. Resolution (Notice), March 18, 2013.

³⁸ *Id.*

Implementation³⁹ with the RTC, praying that the June 2, 2010 Writ of Execution be reimplemented.⁴⁰

In its Order,⁴¹ the RTC directed the sheriff to immediately implement the Writ of Execution.

In an Order,⁴² the RTC denied the Omnibus Motion for Reconsideration filed by the heirs of Olarte and granted the Ex-parte Motion of Espina and Makar to re-implement the Writ of Execution. The sheriff was instructed to levy, garnish, seize, and deliver to them or to the court whatever funds, money, or assets of the DPWH susceptible to execution found anywhere in the Philippines to satisfy the judgment.⁴³

Subsequently, in an Order,⁴⁴ the respective Motions for Reconsideration of the heirs of Olarte and the Republic were denied by the RTC.⁴⁵

Undeterred, the Republic again filed a Petition with Urgent Prayer for TRO and/or WPI with the CA docketed as CA-G.R. SP No. 06472-MIN.⁴⁶

The CA issued its Decision⁴⁷ in CA-G.R. SP No. 06472-MIN. The dispositive portion of the Decision reads:

WHEREFORE, premises considered, the instant petition is DENIED. The assailed Orders dated December 16, 2013, February 24, 2014[,] and July 21, 2014 of the Regional Trial Court in General Santos City, Branch 36, in Civil Case No. 7788 are AFFIRMED in *TOTO*.

The writ of preliminary injunction issued by this Court on May 8, 2015 is hereby DISSOLVED.

SO ORDERED.⁴⁸

In affirming the issuances of the RTC, the CA held that the issues raised by the Republic involving the ownership of the subject property and the suability of the State had already been settled in CA-G.R. SP No.

³⁹ *Id.* at 545–551.

⁴⁰ *Id.* at 546.

⁴¹ *Id.* at 233–242. The December 16, 2013 Order in Civil Case No. 7788 was penned by Presiding Judge Isaac Alvero V. Moran of Branch 36, Regional Trial Court, General Santos City.

⁴² *Id.* at 243–250. The February 24, 2014 Order in Civil Case No. 7788 was penned by Presiding Judge Isaac Alvero V. Moran of Branch 36, Regional Trial Court, General Santos City.

⁴³ *Id.* at 248.

⁴⁴ *Id.* at 251–260. The July 21, 2014 Order in Civil Case No. 7788 was penned by Presiding Judge Isaac Alvero V. Moran of Branch 36, Regional Trial Court, General Santos City.

⁴⁵ *Id.* at 258.

⁴⁶ *Id.* at 261–317.

⁴⁷ *Id.* at 113–131. The January 25, 2016 Decision in CA-G.R. SP No. 06472-MIN was penned by Associate Justice Oscar V. Badelles and concurred in by Associate Justices Romulo V. Borja and Ronaldo B. Martin of the Twenty-First Division, Court of Appeals, Cagayan De Oro City.

⁴⁸ *Id.* at 130–131.

03310-MIN, which this Court affirmed with finality in G.R. No. 202416. Thus, *res judicata* had already set in.⁴⁹

The Republic moved for reconsideration, which was denied by the CA in a Resolution.⁵⁰

Hence, the Republic elevated the matter before this Court via a Petition for Review.⁵¹

In its Petition, the Republic, through the Office of the Solicitor General (OSG), pointed out that the case was of transcendental importance and paramount public interest that overrode technical rules of procedure.⁵² The OSG averred that the power of the Commission On Audit (COA) to examine the disbursement of public funds could not be barred by technical rules of procedure as this authority was derived from the Constitution and Section 26 of Presidential Decree No. 1445.⁵³ It argued that the immediate execution of the orders directing the DPWH to pay RROW compensation and garnishing the funds of DPWH effectively deprived the COA of its constitutional mandate to examine and audit the disbursement of public funds.⁵⁴

The OSG also claimed that the proceedings in the payment of RROW compensation over the subject property were tainted with irregularities.⁵⁵ It maintained that there was no proper determination that Espina and Makar were the owners of the subject property⁵⁶ and that it was not established that the amount of PHP 218,839,455.00 was the full and fair equivalent of the property taken.⁵⁷ The OSG also contended that the claim for RROW compensation was not raised in the proper pleadings.⁵⁸ Even assuming that the issue of ownership and just compensation were already established, it asserted that the execution of the monetary award could not proceed in the absence of an appropriation for the purpose and without the approval of the COA.⁵⁹ The OSG likewise maintained that the proper recourse of Espina and Makar was to recover the payments already made to the heirs of Olarte, and not to compel the DPWH to disburse public funds again for the same purpose.⁶⁰

⁴⁹ *Id.* at 127–130.

⁵⁰ *Id.* at 133–134. The July 22, 2016 Resolution in CA-G.R. SP No. 06472-MIN was penned by Associate Justice Oscar V. Badelles and concurred in by Associate Justices Romulo V. Borja and Ronaldo B. Martin of the Twenty-First Division, Court of Appeals, Cagayan De Oro City.

⁵¹ *Id.* at 66–111.

⁵² *Id.* at 77–80.

⁵³ *Id.* at 80–85.

⁵⁴ *Id.* at 85.

⁵⁵ *Id.* at 86.

⁵⁶ *Id.* at 87–90.

⁵⁷ *Id.* at 91–92.

⁵⁸ *Id.* at 93.

⁵⁹ *Id.* at 94–98.

⁶⁰ *Id.* at 100–102.

In their Comment,⁶¹ Espina and Makar emphasized that the issues raised by the Republic were already settled with finality and should no longer be disturbed in accordance with the rules on *res judicata* and the law of the case.⁶² They also insisted that they were entitled to compensation for RROW as their ownership over the subject property was established.⁶³ Espina and Makar also averred that as COA Circular No. 2011-002 effectively lifted the pre-audit activities on government transactions, there was no need for the approval of the COA before a certain government project might be implemented.⁶⁴ Espina and Makar also asserted that the claim for the RROW and its subsequent grant through a case of injunction was proper.⁶⁵

In its Reply,⁶⁶ the OSG restated the arguments raised in its Petition.⁶⁷

This Court issued a Decision⁶⁸ affirming with modification the Decision and Resolution of the CA in CA-G.R. SP No. 06472-MIN. This Court enjoined Espina and Makar to file a money claim before the COA for the satisfaction and enforcement of the money judgment validating their claim to the RROW compensation.⁶⁹

In adopting the findings of the CA in CA-G.R. SP No. 06472-MIN, this Court declared that *res judicata*, in its concept as bar by prior judgment, had already set in due to the September 28, 2012 Resolution in G.R. No. 202416. Thus, it was held that the issues concerning the ownership of Espina and Makar over the subject property and their entitlement to the RROW compensation should now be laid to rest and might no longer be relitigated upon.⁷⁰

As for the issue of whether the claim for RROW compensation of Espina and Makar must first be filed before the COA, this Court ruled that even if the court-adjudicated money judgment had become final and executory, the claimant was still required to file a money claim before the COA to effect payment. This Court explained that the authority of the COA rests in ensuring that public funds were not diverted from their legally appropriated purpose to answer for such money judgment. However, it was clarified that the jurisdiction of the COA was confined only to the execution stage and that it had no power or authority to overturn a court's final and executory judgment against the State.⁷¹

⁶¹ *Id.* at 374-415.

⁶² *Id.* at 381-386.

⁶³ *Id.* at 386-393.

⁶⁴ *Id.* at 399-400.

⁶⁵ *Id.* at 401-403.

⁶⁶ *Id.* at 600-620.

⁶⁷ *Id.* at 600-617.

⁶⁸ *Id.* at 645-669.

⁶⁹ *Id.* at 668.

⁷⁰ *Id.* at 660-661.

⁷¹ *Id.* at 664-665.

9

This Court also added that the Masterlist of Revalidated RROW Claims for DPWH-Region XII, which provided the amount that should be paid as RROW compensation to the heirs of Olarte was dated “as of 30 June 2007,” or approximately 15 years ago.⁷²

Hence, in the instant Motion for Partial Reconsideration,⁷³ Espina and Makar point out that COA issued Resolution No. 2021-008 on May 12, 2021 in which it was stated that it has no original jurisdiction over payment of just compensation based on a court judgment in expropriation proceedings and that it will only conduct post-audit.⁷⁴ They also posit that even granting that the Motion for Partial Reconsideration is filed out of time, this Court should still reconsider the case as it falls under one of the exceptions on the application of the doctrine of immutability of final judgment.⁷⁵ Espina and Makar also contend that due to the delay, the just compensation awarded to them should earn legal interest at the rate of 12% per annum from the date of taking until June 30, 2013, and 6% per annum from July 1, 2013 until full payment.⁷⁶

Meanwhile, in its Comment,⁷⁷ the OSG insisted that COA Resolution No. 2021-008 was not squarely applicable to the case. It argued that the said COA Resolution could not be interpreted as to sanction the disbursement of public funds without COA approval.⁷⁸ It maintained that the COA Resolution was intended to allow the prompt disbursement of appropriated public funds only.⁷⁹

Issues

First, whether this Court may take cognizance of the Motion for Partial Reconsideration of Espina and Makar despite being filed out of time;

Second, whether approval from the COA for the disbursement of just compensation in favor of Espina and Makar is no longer necessary in light of the issuance of Resolution No. 2021-008; and

Third, whether the just compensation awarded to respondents Espina and Makar should earn legal interest at the rate of 12% per annum from the date of taking until June 30, 2013, and 6% per annum from July 1, 2013 until full payment.

⁷² *Id.* at 666.

⁷³ *Id.* at 739–751.

⁷⁴ *Id.* at 741–742.

⁷⁵ *Id.* at 742–744.

⁷⁶ *Id.* at 744–746.

⁷⁷ *Id.* at 762–770.

⁷⁸ *Id.* at 765.

⁷⁹ *Id.* at 763–767.

This Court's Ruling

This Court may exercise its discretion to entertain the Motion for Partial Reconsideration of respondents

The doctrine of immutability of judgments holds that “a decision that has acquired finality becomes immutable and unalterable, and may no longer be modified in any respect, even if the modification is meant to correct erroneous conclusions of fact and law.”⁸⁰ Nevertheless, this doctrine is not an iron-clad rule as it is subject to several recognized exceptions such as:

(1) the correction of clerical errors; (2) the so-called *nunc pro tunc* entries which cause no prejudice to any party; (3) void judgments; and (4) whenever circumstances transpire after the finality of the decision rendering its execution unjust and inequitable.⁸¹ (Citation omitted)

In the past, this Court has also recognized other exceptions to the rule on immutability of judgments and ordered the recall of the entries in the interest of substantial justice and where there are special and compelling reasons that warrant such actions.⁸²

Considering that petitioner no longer filed a motion for reconsideration to challenge the March 23, 2022 Decision, this Court shall now focus on the arguments raised in the Motion for Partial Reconsideration. After taking a second hard look, this Court finds that the instruction in the March 23, 2022 Decision that the claim for just compensation be brought to the COA is worth revisiting.

Here, respondents argue that despite the finality of this Court's Decision on March 23, 2022, their Motion for Partial Reconsideration should still be entertained due to a circumstance made known after it was promulgated. Invoking the fourth exception enumerated above, they maintain that the execution of the ruling of this Court's Decision, particularly the instruction to file a money claim before the COA for the satisfaction and enforcement of the money judgment validating their claim to the RROW compensation, has become unjust and inequitable, if not impossible, due to the issuance of COA Resolution No. 2021-008.⁸³

⁸⁰ *Re: Adoption of Karen Herico Licerio*, 843 Phil. 647, 654 (2018) [Per J. A. Reyes, Jr., Second Division].

⁸¹ *Perez v. Office of the Ombudsman*, G.R. Nos. 225568-70, February 15, 2022 [Per C.J. Gesmundo, First Division] at 8. This pinpoint citation refers to the copy of the Decision uploaded to the Supreme Court website.

⁸² *Apo Fruits Corp. v. Land Bank of the Phils.*, 647 Phil. 251, 288 (2010) [Per J. Brion, *En Banc*].

⁸³ *Rollo*, pp. 742-744.

Admittedly, the issuance of COA Resolution No. 2021-008 transpired prior to the promulgation of this Court's Decision. Nonetheless, this Court is not precluded from exercising its discretion to entertain the Motion for Partial Reconsideration of respondents. In exercising discretion, this Court is guided by the tenets of justice and fair play, bearing in mind the circumstances obtaining in each case.⁸⁴ Here, this Court finds it appropriate to exercise this prerogative and resolve the compelling arguments raised in the Motion for Partial Reconsideration in light of the crucial consequence of the issuance of COA Resolution No. 2021-008 to the directive of this Court in the March 23, 2022 Decision, and in the interest of substantial justice. After all, the purpose of the rules of procedure is to facilitate the attainment of justice. When the strict and rigid application of the rules of procedure frustrates rather than promotes the efficient delivery of justice, this Court may suspend the rules in favor of substantial justice.⁸⁵

Approval from the COA for the disbursement of just compensation in favor of respondents is no longer necessary in light of the issuance of COA Resolution No. 2021-008

The basis of the State's inherent power of eminent domain is found in Article III, Section 9 of the 1987 Constitution, which states:

SECTION 9. Private property shall not be taken for public use without just compensation.

The requisites for the valid exercise of the power of eminent domain are as follows: (1) the property taken must be private property; (2) there must be genuine necessity to take the private property; (3) the taking must be for public use; (4) there must be payment of just compensation; and (5) the taking must comply with due process of law.⁸⁶ It is primarily exercised by the legislature. However, it may be delegated by Congress to the president, administrative bodies, local government units, and even to private enterprises performing public services.⁸⁷

At issue now in respondents' Motion for Partial Reconsideration is the fourth requisite—the payment of just compensation.

⁸⁴ *Perez v. Office of the Ombudsman*, G.R. Nos. 225568-70, February 15, 2022 [Per C.J. Gesmundo, First Division] at 8. This pinpoint citation refers to the copy of the Decision uploaded to the Supreme Court website.

⁸⁵ *Barnes v. Judge Padilla*, 482 Phil. 903, 915 (2004) [Per J. Austria-Martinez, Second Division].

⁸⁶ *Manapat v. Court of Appeals*, 562 Phil. 31, 47-48 (2007) [Per J. Nachura, Third Division].

⁸⁷ *More Electric and Power Corporation v. Panay Electric Company, Inc.*, G.R. Nos. 248061 and 249406, March 9, 2021 [Per J. Carandang, *En Banc*].

The concept of just compensation embraces not only the aspect of determining the correct amount to be paid to the owner affected by the expropriation. Another facet that must be considered is that the payment must be made within a reasonable time from the taking of the property for without prompt payment, compensation cannot be considered just.⁸⁸ In *Cosculluela v. Court of Appeals*,⁸⁹ this Court emphasized that:

Just compensation means not only the correct determination of the amount to be paid to the owner of the land but also the payment of the land within a reasonable time from its taking. Without prompt payment, compensation cannot be considered "just" for the property owner is made to suffer the consequence of being immediately deprived of [their] land while being made to wait for a decade or more before actually receiving the amount necessary to cope with [their] loss[.]⁹⁰

It must be stressed that respondents have been waiting to be compensated for more than 15 years.⁹¹ Under normal circumstances, the undue delay in the payment of RROW compensation warrants the return of the property to its rightful owner. However, given the fact that the subject property taken for public use is land now used as a national highway traversing Cotabato, Kiamba, General Santos, and Koronadal, it is now physically impossible to return it to respondents. More importantly, the people stand to suffer more losses should the property be returned at this stage of the proceedings.

In *Cosculluela*, this Court condemned the seeming practice of government agencies of initiating expropriation proceedings yet refusing to pay just compensation after a final and executory judgment has been rendered in favor of the property owner. This Court explained that:

In the present case, the irrigation project was completed and has been in operation since 1976. The project is benefitting the farmers specifically and the community in general. Obviously, the petitioner's land cannot be returned to him. However, it is high time that the petitioner be paid what was due him eleven years ago. It is arbitrary and capricious for a government agency to initiate expropriation proceedings, seize a person's property, allow the judgment of the court to become final and executory and then refuse to pay on the ground that there are no appropriations for the property earlier taken and profitably used. We condemn in the strongest possible terms the cavalier attitude of government officials who adopt such a despotic and irresponsible stance.⁹²

As the amount of just compensation is no longer in dispute, this Court shall now focus the discussion on the propriety of instructing respondents to

⁸⁸ JOAQUIN BERNAS, CONSTITUTIONAL LAW 412 (2009).

⁸⁹ 247 Phil. 359 [Per J. Gutierrez, Jr., Third Division].

⁹⁰ *Id.* at 366.

⁹¹ *Rollo*, p. 666.

⁹² *Cosculluela v. Court of Appeals*, 247 Phil. 359, 367 (1988) [Per J. Gutierrez, Jr., Third Division].

file their money claim with the COA before the judgment in their favor may be satisfied. In resolving this issue, this Court must correlate the constitutional mandate to pay just compensation with the propriety of the requirement of filing a claim before the COA.

It is settled that the COA is an independent constitutional body that possesses administrative or quasi-judicial functions in relation to its general audit power. This Court recognizes the general audit power of the COA that is vested by the Constitution. This power is found in Article IX-D, Section 2(1) of the Constitution, which states:

SECTION 2. (1) The Commission on Audit shall have the power, authority, and duty to examine, audit, and settle all accounts pertaining to the revenue and receipts of, and expenditures or uses of funds and property, owned or held in trust by, or pertaining to, the Government, or any of its subdivisions, agencies, or instrumentalities, including government-owned or controlled corporations with original charters, and on a post-audit basis: (a) constitutional bodies, commissions and offices that have been granted fiscal autonomy under this Constitution; (b) autonomous state colleges and universities; (c) other government-owned or controlled corporations and their subsidiaries; and (d) such non-governmental entities receiving subsidy or equity, directly or indirectly, from or through the Government, which are required by law or the granting institution to submit to such audit as a condition of subsidy or equity. However, where the internal control system of the audited agencies is inadequate, the Commission may adopt such measures, including temporary or special pre-audit, as are necessary and appropriate to correct the deficiencies. It shall keep the general accounts of the Government and, for such period as may be provided by law, preserve the vouchers and other supporting papers pertaining thereto.

In Section 26 of Presidential Decree No. 1445,⁹³ the jurisdiction of the COA was outlined as follows:

SECTION 26. *General Jurisdiction* — The authority and powers of the Commission shall extend to and comprehend all matters relating to auditing procedures, systems and controls, the keeping of the general accounts of the Government, the preservation of vouchers pertaining thereto for a period of ten years, the examination and inspection of the books, records, and papers relating to these accounts, and the audit and settlement of the accounts of all persons respecting funds or property received or held by them in an accountable capacity, as well as the examination, audit, and settlement of all debts and claims of any sort due from or owing to the Government or any of its subdivisions, agencies and instrumentalities. The said jurisdiction extends to all government-owned or controlled corporations, including their subsidiaries, and other self-governing boards, commissions, or agencies of the Government, and as herein prescribed, including non-governmental entities subsidized by the government, those funded by donations through the government, those required to pay levies or government share, and those for when the government has put up a counterpart fund or those partly funded by the government. (Emphasis supplied)

⁹³ Ordaining and Instituting a Government Auditing Code of the Philippines.

Admittedly, this Court has recognized that the filing of a money claim with the COA is a condition *sine qua non* before payment can be effected.⁹⁴ This Court has repeatedly recognized that money claims against the government is subject to the primary jurisdiction of the COA despite a final judgment rendered by the court. The prevailing rule prior to the promulgation of COA Resolution Nos. 2021-008 and 2021-040 is that court-adjudicated money claims against the government must be separately brought before the COA for their satisfaction.⁹⁵ Nevertheless, this rule must be appreciated in its proper context.

The cases previously relied upon in directing owners to file their respective money claims to the COA were decided before the COA issued COA Resolution No. 2021-008. The said issuance was later amended through COA Resolution No. 2021-040. In this regard, it is worthy to highlight COA Resolution No. 2021-008, which states:

WHEREAS, Section 2(1), Article IX-D of the 1987 Constitution provides that the Commission on Audit (COA) has the power, authority, and duty to examine, audit, and settle all accounts pertaining to the revenue and receipts of, and expenditures, or uses of funds and property, owned or held in trust by, or pertaining to, the Government, or any of its subdivision, agencies, or instrumentalities;

WHEREAS, Section 26 of Presidential Decree No. 1445 provides that the authority and power of the COA shall extend to and comprehend all matter[s] relating to the examination, audit, and settlement of all debts and claims of any sort due from or owing to the Government or any of its subdivision, agencies, and instrumentalities;

WHEREAS, pursuant to Section 6, Article IX-A of the 1987 Constitution, the COA *en banc* is vested with the power to promulgate its own rules concerning pleadings and practice before it or before any of its offices, which, however, shall not diminish, increase, or modify substantive rights;

WHEREAS, the COA promulgated its 2009 Revised Rules of Procedure of the COA (RRPC) which became effective on October 28, 2009. Section 1, Rule VIII thereof provides that the Commission Proper (CP) shall have original jurisdiction over money claims against the Government;

WHEREAS, there are petitions for money claim for the payment of just compensation filed before the CP which are based on final and executory judicial decisions;

WHEREAS, the determination of just compensation in eminent domain cases is a judicial prerogative and that no statute, decree, or executive order can mandate that its own determination shall prevail over

⁹⁴ See *Star Special Watchman and Detective Agency, Inc. v. Puerto Princesa City*, 733 Phil. 62, 82 (2014) [Per J. Mendoza, Third Division].

⁹⁵ *Star Special Corporate Security Mgm't, Inc. v. COA*, 880 Phil. 822, 837 (2020) [Per J. Leonen, *En Banc*].

the court's findings and much less preclude the courts from looking into the "just-ness" of the decreed compensation;

WHEREAS, this Commission is bound to respect the final character of the determination by the court on the reasonableness of just compensation and to be consistent with the concept that just compensation must be paid in full without delay;

WHEREAS, it is imperative that the 2009 RRPC shall be consistent with the doctrines laid down by the Supreme Court on the claim for just compensation in eminent domain cases;

NOW, THEREFORE, this Commission **RESOLVES**, as it does hereby **RESOLVE**, to modify Section 1, Rule VIII of the 2009 RRPC, to read as follows:

"Section 1. Original Jurisdiction – The Commission Proper shall have original jurisdiction over: a) money claim against the Government, except payment of just compensation based on a court judgment in expropriation proceedings; b) request for concurrence in the hiring of legal retainers by government agency; c) write off of unliquidated cash advances and dormant accounts receivable in amounts exceeding one million pesos ([PHP] 1,000,000.00); d) request for relief from accountability for losses due to acts of man, *i.e.*, theft, robbery, arson, etc., in amounts in excess of five million pesos ([PHP] 5,000,000.00)."

BE IT FURTHER RESOLVED, that disbursement of funds on the payment of just compensation shall be subject to post-audit.⁹⁶ (Emphasis in the original)

Meanwhile, COA Resolution No. 2021-040 supplemented COA Resolution No. 2021-008 and clarified the scope of its subject. Likewise, it delineated the procedure to facilitate claims for payment of just compensation. The relevant portion of COA Resolution No. 2021-040 states:

WHEREAS, pursuant to its rule-making authority vested under Section 6, Article IX-A in conjunction with its power, authority[,] and duty to examine and audit under Section 2(1), Article IX-D, both of the 1987 Philippine Constitution, the Commission on Audit issued COA Resolution No. 2021-008 dated May 12, 2021 to further amend Section 1, Rule VIII of the 2009 Revised Rules of Procedures of the COA (RRPC);

WHEREAS, COA Resolution No. 2021-008 recognized the final and executory character of the findings of the court on just compensation in eminent domain proceedings over which no statute, decree, or executive order shall prevail; and consequently, intended to modify and/or amend the original jurisdiction of the COA Commission Proper under Section 1, Rule VIII of the 2009 RRPC, specifically with respect to money claims against the Government, by excluding therefrom payment of just compensation based on a final judgment of the court in expropriation proceedings;

⁹⁶ *Rollo*, pp. 719–720.

WHEREAS, COA Resolution No. 2021-008 does not clearly state the intended specific modification and/or amendment. It merely restated the entirety of Section 1, Rule VIII of the 2009 RRPC and inserted the intended exception in item (a) thereof, thereby giving the impression that it reverted to the original jurisdiction of the COA Commission Proper those that were previously delegated to the lower adjudicating bodies of the Commission, such as: (1) request for concurrence in the hiring of legal retainers by the government under Section 3, Rule VIII of the 2009 RRPC; and (2) approval of requests for write-off of dormant accounts receivable, etc. under COA Resolution No. 2016-022 dated December 19, 2016;

WHEREAS, COA Resolution No. 2021-008 likewise does not provide as to how shall claimants be able to secure payment of the final and executory awards of the court on just compensation in expropriation proceedings, over which the COA Commission Proper has relinquished original jurisdiction;

WHEREAS, considering further that determination of just compensation in eminent domain proceedings is essentially a judicial function which is vested with the courts and not with administrative agencies, this Commission, an administrative agency, is therefore bereft of any jurisdiction over money claims for payment of just compensation not yet finally determined by the courts in expropriation proceedings in the exercise by the Government of the power of eminent domain;

NOW, THEREFORE, the Commission **RESOLVES**, as it hereby **RESOLVED**, to clarify the scope and subject of the amendment of, and to further amend, Section 1, Rule VIII of the 2009 RRPC under COA Resolution No. 2021-008 dated May 12, 2021 as follows:

1. Excluded from the original jurisdiction of the Commission Proper over money claim in Item (a) thereof are payment of just compensation arising from: (i) final and executory judgments of the courts in expropriation proceedings; and (ii) the exercise by the Government of the power of eminent domain but the amount of compensation has not yet been finally determined by the courts in expropriation proceedings; and
2. The amendment does not revert the original jurisdiction of the Commission Proper those that have been delegated to the other offices or lower adjudicating bodies of the Commission, such as: (a) written concurrence of the Commission in the hiring of legal retainer which has been delegated to the Office of the General Counsel under Section 3, Rule VIII of the 2009 RRPC; and (b) write-off of dormant accounts receivables, unliquidated cash advances and fund transfers under COA Resolution No. 2016-022 dated December 19, 2016. The delegation remains in effect unless expressly revoked in a subsequent issuance.

BE IT RESOLVED FURTHER, that claims for payment of just compensation shall be instituted in this manner:

1. Claimants in Item 1(i) of the preceding paragraph shall file their claims before the concerned national government agencies, local government units, or government-owned and controlled corporations adjudged to be liable to pay just compensation, duly supported by pertinent documents including, but not limited to, the

8

following:

- a. Copy of the final court decision and entry of judgment duly authenticated by the authorized court officer, and
 - b. Authenticated copies of the decisions/orders/judgments rendered by the lower courts in case the final decision is in the exercise of the appellate jurisdiction of the court whose judgment is being executed; and
2. Claimants in Item 1(ii) of the preceding paragraph shall file their claims before the courts of appropriate jurisdiction in accordance with the Rules of Court.

BE IT RESOLVED FINALLY, that the payment of the claims shall be subject to the availability of funds and the usual accounting and auditing rules and regulations; and the disbursements of funds therefor shall be subject to post-audit.⁹⁷ (Emphasis in the original, citation omitted).

The general audit power of the COA must be harmonized with this Court's ruling in *Taisei Shimizu Joint Venture v. Commission on Audit*,⁹⁸ in which it was recognized that "[t]he COA's audit review power over money claims already confirmed by final judgment of a court or other adjudicative body is necessarily limited."⁹⁹ In acknowledging such limitation, this Court underscored the following principles:

- A. Once a court or other adjudicative body validly acquires jurisdiction over a money claim against the government, it exercises and retains jurisdiction over the subject matter to the exclusion of all others, including the COA.
-
- B. The COA has no appellate review power over the decisions of any other court or tribunal.
-
- C. The COA is devoid of power to disregard the principle of immutability of final judgments.
-
- D. The COA's exercise of discretion in approving or disapproving money claims that have been determined by final judgment is akin to the power

⁹⁷ Clarification on, and addition to, the scope/subject of Commission on Audit Resolution No. 2021-008 dated May 12, 2021, which amended Section 1, Rule VIII of the 2009 Revised Rules of Procedures of the COA, December 20, 2021, available at https://www.coa.gov.ph/wpfd_file/coa-resolution-no-2021-040-dated-december-20-2021/ (last accessed on March 6, 2024).

⁹⁸ 873 Phil. 323 (2020) [Per J. Lazaro-Javier, *En Banc*].

⁹⁹ *Id.* at 346.

6

of an execution court.¹⁰⁰ (Emphasis in the original)

In *Spouses Roque and Fatima Ting v. COA*,¹⁰¹ this Court emphasized that “when a court or tribunal having jurisdiction over a money claim against the government renders judgment and the same becomes final and executory, the COA cannot alter the same and disregard the principle of immutability of final judgments.”¹⁰²

Based on COA Resolution Nos. 2021-008 and 2021-040, it is clear that the COA recognizes that the determination of just compensation in eminent domain cases is a judicial prerogative. Reconciling these issuances with the nature of this Court’s task of determining just compensation and the COA’s general audit power, we find it necessary to modify our March 23, 2022 Decision and incorporate the recent issuances of the COA. The COA’s prior approval is not required for every disbursement of public funds. As reflected in COA Resolution No. 2021-008, as amended by COA Resolution No. 2021-040, it is settled that the disbursement of funds for the payment of just compensation will be subject to post-audit instead.

Assuming that payments have been wrongfully made to the heirs of Olarte, the rightful owners of the subject property, respondents, should not be burdened by the mistake of the government. To stress, they have already been waiting for more than 15 years to be compensated. The error of the government, which respondents had no participation in, should not preclude them from recovering the RROW compensation rightfully awarded to them by the court. The government’s constitutional duty to reimburse the rightful owners of the expropriated property does not end simply because payments have been erroneously made to another claimant who turned out not to be the owner. Instead, the proper recourse of the government is to recover from the recipients of the erroneous payments and to fulfill its constitutional obligation to promptly pay respondents the RROW compensation due to them.

More, it would be irrational, at this point of the proceedings, to insist that the claim for RROW compensation should be brought to the COA first before respondents can be paid when the COA itself recognized that this task is not within the scope of its authority.

The just compensation awarded to respondents shall earn legal interest

Having settled that the approval of the COA is not necessary to carry out and execute the just compensation award in favor of respondents, an issue

¹⁰⁰ *Id.* at 346–347, 354.

¹⁰¹ G.R. No. 254142, July 27, 2021 [Per J. Zalameda, *En Banc*].

¹⁰² *Id.*

that now intrinsically comes up is whether the RROW compensation to be awarded to respondents may earn legal interest.

In deference to the constitutional right of respondents to receive the full and fair equivalent of just compensation due to them, this Court finds that the imposition of legal interest is proper.

In *Apo Fruits Corp. v. Land Bank of the Phils.*,¹⁰³ this Court relaxed the doctrine of immutability of judgment and ordered the imposition of legal interest on just compensation awarded to the owner of an expropriated property. We explained that:

We recognized in *Republic v. Court of Appeals* the need for prompt payment and the necessity of the payment of interest to compensate for any delay in the payment of compensation for property already taken. We ruled in this case that:

The constitutional limitation of “just compensation” is considered to be the sum equivalent to the market value of the property, broadly described to be the price fixed by the seller in open market in the usual and ordinary course of legal action and competition or the fair value of the property as between one who receives, and one who desires to sell, i[f] fixed at the time of the actual taking by the government. Thus, *if property is taken for public use before compensation is deposited with the court having jurisdiction over the case, the final compensation must include interest[s] on its just value to be computed from the time the property is taken to the time when compensation is actually paid or deposited with the court. In fine, between the taking of the property and the actual payment, legal interest[s] accrue in order to place the owner in a position as good as (but not better than) the position he was in before the taking occurred.*

Aside from this ruling, *Republic* notably overturned the Court’s previous ruling in *National Power Corporation v. Angas* which held that just compensation due for expropriated properties is not a loan or forbearance of money but indemnity for damages for the delay in payment; since the interest involved is in the nature of damages rather than earnings from loans, then Art. 2209 of the Civil Code, which fixes legal interest at 6%, shall apply.

In *Republic*, the Court recognized that *the just compensation due to the landowners for their expropriated property amounted to an effective forbearance on the part of the State.*¹⁰⁴ (Emphasis supplied, citations omitted)

¹⁰³ 647 Phil. 251, 288 (2010) [Per J. Brion, *En Banc*].

¹⁰⁴ *Id.* at 273–274.

Similarly, in *Republic v. Fetalvero*,¹⁰⁵ this Court imposed legal interest on the balance due to the owner of the expropriated property on account of the undue delay on the part of the government. Invoking substantial justice, we explained that:

[F]or almost 20 years now, petitioner had been enjoying the use of respondent's property without paying the full amount of just compensation under the Compromise Agreement. Respondent had been deprived of his property for almost two (2) decades. In keeping with substantial justice, this Court imposes the payment of legal interest on the remaining just compensation due to respondent[.]¹⁰⁶

In accordance with this Court's ruling in *Nacar v. Gallery Frames*¹⁰⁷ and *Lara's Gifts & Decors, Inc. v. Midtown Industrial Sales*,¹⁰⁸ this Court finds it proper to impose interest at the rate of 12% per annum from the time of taking until June 30, 2013, and 6% per annum from July 1, 2013 until fully paid.

Republic Act No. 8974 and Rule 67, Section 4 of the Rules of Court provide that the value of just compensation shall be determined as of the date of taking of property or of the filing of the complaint, whichever comes first. As it cannot be determined with certainty from the available records the actual date of taking of the subject property, this Court deems it equitable and just to set the reckoning date to compute the legal interest as June 30, 2007. Gleaned from the records, the recommended valuation of PHP 218,839,455.00 represents the market value of the subject property as of June 30, 2007. Given that at this point, the subject property had already been taken by the government, and its rightful owners had been deprived of its use and enjoyment, it is proper to fix the reckoning date to June 30, 2007.

ACCORDINGLY, the Motion for Partial Reconsideration is **GRANTED**. The March 23, 2022 Decision of this Court is **MODIFIED**. Respondents Espina & Madarang, Co. and Makar Agricultural Corp. are entitled to receive just compensation equivalent to PHP 218,839,455.00. This Court imposes interest at the rate of 12% per annum from June 30, 2007 until June 30, 2013, and 6% per annum from July 1, 2013 until full payment.

The portion of the assailed Decision enjoining respondents Espina & Madarang, Co. and Makar Agricultural Corp. to file a money claim before the Commission on Audit for the satisfaction and enforcement of the money judgment validating their claim to the Road Right of Way compensation is **DELETED**.

¹⁰⁵ 846 Phil. 327 (2019) [Per J. Leonen, Third Division].

¹⁰⁶ *Id.* at 353.

¹⁰⁷ 716 Phil. 267, 283 (2013) [Per J. Peralia, *En Banc*].

¹⁰⁸ G.R. No. 225433, September 20, 2022 [Per J. Leonen, *En Banc*] at 17. This pinpoint citation refers to the copy of the Resolution uploaded to the Supreme Court website.

8

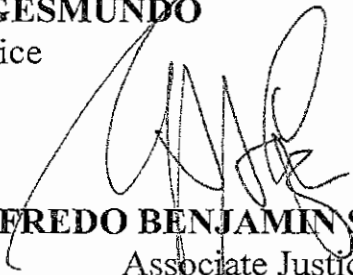
SO ORDERED.



JHOSEP Y. LOPEZ
 Associate Justice


WE CONCUR:



ALEXANDER G. GESMUNDO
 Chief Justice

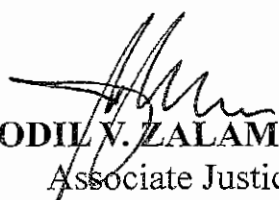

MARVIC M.V.F. LEONEN
 Senior Associate Justice

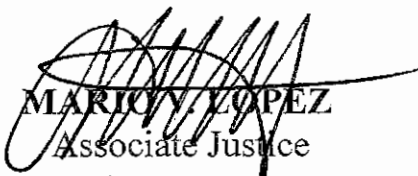

ALFREDO BENJAMIN S. CAGUIOA
 Associate Justice

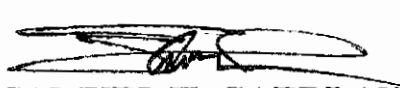

RAMON PAUL L. HERNANDO
 Associate Justice



AMY C. LAZARO-JAVIER
 Associate Justice

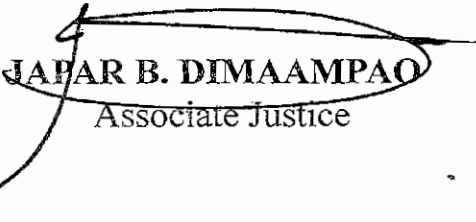

HENRI JEAN PAUL B. INTING
 Associate Justice


RODIL V. ZALAMEDA
 Associate Justice


MARIO V. LOPEZ
 Associate Justice

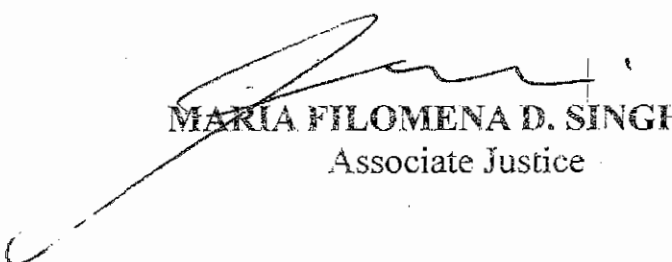

SAMUEL H. GAERLAN
 Associate Justice


RICARDO R. ROSARIO
 Associate Justice


JAFAR B. DIMAAMPAO
 Associate Justice

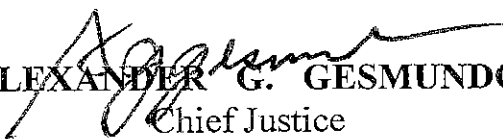

JOSE MIDAS P. MARQUEZ
 Associate Justice


ANTONIO T. KHO, JR.
 Associate Justice


MARIA FILOMENA D. SINGH
 Associate Justice

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution, I certify that the conclusions in the above Resolution had been reached in consultation before the case was assigned to the writer of the opinion of this Court.


ALEXANDER G. GESMUNDO
Chief Justice