



Republic of the Philippines
Supreme Court
Manila

EN BANC

**PHILIPPINE HEALTH
INSURANCE CORPORATION,**
Petitioner,

G.R. No. 264659

Present:

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

- versus -

**COMMISSION ON AUDIT, as
represented by its former
Chairperson, MICHAEL G.
AGUINALDO,**
Respondent.

Promulgated:

February 27, 2024

DECISION

DIMAAMPAO, J.:

Employees of the Philippine Health Insurance Corporation (PhilHealth), despite being categorized as public health workers, are not automatically eligible for allowances under Republic Act No. 7305 or the Magna Carta of Public Health Workers¹ if they do not meet the requirements of the said law and its implementing rules and regulations.²

¹ Republic Act No. 7305 (1992).

² See *Philippine Health Insurance Corp. v. Commission on Audit*, G.R. No. 258424, January 10, 2023 [J. J. Lopez, *En Banc*].

This Petition for *Certiorari* (with Application for Issuance of Temporary Restraining Order and/or Writ of Preliminary Injunction)³ seeks to nullify and set aside Decision No. 2019-294⁴ (assailed Decision) and Decision No. 2022-229⁵ (assailed Resolution) of the Commission on Audit (COA). In the assailed Decision, the COA affirmed Notice of Disallowance No. NCR 2015-002 COB (14)⁶ on the payment of hazard pay, subsistence pay, and laundry allowance to the officers and employees of the PhilHealth Regional Office for the National Capital Region and Rizal (RO-NCR & Rizal) for calendar year 2014 amounting to PHP 43,200,215.08. However, the COA declared that the passive recipients were in good faith; thus, they need not refund the amounts they received.⁷ In the assailed Resolution, the COA partly granted PhilHealth's motion for reconsideration and lifted the disallowance on the payment of laundry allowance. However, the disallowance on the payment of hazard pay and subsistence allowance amounting to PHP 42,531,290.08 was affirmed.⁸

Antecedents

In 2012, the PhilHealth Board of Directors approved Resolution No. 1584, series of 2012. This resolution eliminated PhilHealth's welfare support assistance and concurrently introduced a scheme of benefits for public health workers, including hazard pay, subsistence pay, and laundry allowance. The Board's basis for granting these benefits rested upon Republic Act No. 7305. In consonance with this directive, PhilHealth RO-NCR and Rizal disbursed hazard pay, subsistence allowance, and laundry allowance to its staff during calendar year 2014. The aggregate sum of these allowances amounted to PHP 43,200,215.08.⁹

In 2015, COA OIC-Supervising Auditor Marissa V. Fajardo-Pariñas issued Notice of Disallowance No. NCR 2015-002 COB (14), thereby proscribing the disbursement of hazard pay, subsistence allowance, and laundry allowance to the personnel of PhilHealth RO-NCR and Rizal. The Auditor identified the officials of PhilHealth who sanctioned and endorsed these allowances, as well as the beneficiaries thereof, and declared them solidarily liable for the disallowed amount.¹⁰

³ *Rollo*, pp. 3–29.

⁴ *Id.* at 39–47. The August 8, 2019 Decision was signed by Chairperson Michael G. Aguinaldo and Commissioners Jose A. Fabia and Roland C. Pondoc of the Commission on Audit, Quezon City.

⁵ *Id.* at 48–59. The January 24, 2022 Resolution was signed by Chairperson Michael G. Aguinaldo and Commissioner Roland C. Pondoc of the Commission on Audit, Quezon City.

⁶ *Id.* at 94–99.

⁷ *Id.* at 46.

⁸ *Id.* at 58.

⁹ *Id.*

¹⁰ *Id.* at 94–100.

PhilHealth filed an appeal to the COA Cluster 6-Corporate Governance Sector, refuting the subject Notice of Disallowance, but this was given short shrift in CGS-6 Decision No. 2015-017.¹¹

Consequently, PhilHealth elevated the case to the COA proper *via* a petition for review. In the assailed Decision, the COA affirmed the subject Notice of Disallowance, noting that PhilHealth personnel are not public health workers entitled to hazard pay, subsistence allowance, and laundry allowance.¹² The COA declared the approving and certifying officers solidarily liable for the disallowed amount. However, the COA spared the passive recipients of liability for being in good faith.¹³

Upon reconsideration, the COA, through the assailed Resolution, partly granted PhilHealth's motion for reconsideration and lifted the disallowance on the payment of laundry allowance. Nevertheless, the COA still affirmed the disallowance of the payment of hazard pay and subsistence allowance amounting to PHP 42,531,290.08.¹⁴

Undeterred, Philhealth seeks succor before this Court *via* the instant Petition, imputing grave abuse of discretion amounting to lack or excess of jurisdiction on the COA for its failure to consider PhilHealth personnel as public health workers entitled to receive hazard pay, subsistence pay, and laundry allowance under Republic Act No. 7305, as amended by Republic Act No. 11223¹⁵ or the Universal Health Care Act.¹⁶

The Office of the Solicitor General (OSG) avouched that PhilHealth failed to sufficiently establish its personnel's entitlement to hazard pay and subsistence allowance based on the standards set by Sections 21 and 22 of Republic Act No. 7305.¹⁷

The Court's Ruling

The Petition lacks merit.

A petition under Rule 64, in relation to Rule 65 of the Rules of Court, questioning the COA's rulings would prosper only when it is shown that the COA committed grave abuse of discretion amounting to lack or excess of jurisdiction, thus:

¹¹ *Id.* at 86-93. The Decision dated September 1, 2015 was signed by Director IV Wilfredo A. Agito.

¹² *Id.* at 42-44.

¹³ *Id.* at 45-46.

¹⁴ *Id.* at 58.

¹⁵ Prescribing Reforms in the Health Care System, and Appropriating Funds Therefor (2019).

¹⁶ *Rollo*, p. 11.

¹⁷ *Id.* at 306-325.

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A Rule 65 petition is a unique and special rule because it commands limited review of the question raised. As an *extraordinary remedy*, its purpose is simply to keep the public respondent within the bounds of its jurisdiction or to relieve the petitioner from the public respondent's arbitrary acts. In this review, the Court is confined *solely* to questions of jurisdiction whenever a tribunal, board or officer exercising judicial or quasi-judicial function acts without jurisdiction or in excess of jurisdiction, or with grave abuse of discretion amounting to lack or excess of jurisdiction....

The limitation of the Court's power of review over COA rulings merely complements its nature as an *independent constitutional body* that is tasked to safeguard the proper use of the government and, ultimately, the people's property by vesting it with power to (i) determine whether the government entities comply with the law and the rules in disbursing public funds; and (ii) disallow legal disbursements of these funds.¹⁸ (Emphasis supplied)

The elucidation of the Court in the case of *Puentevella v. Commission on Audit*¹⁹ is worth reiterating:

It is primal that factual findings of administrative bodies charged with their specific field of expertise, are afforded great weight by the courts, and in the absence of substantial showing that such findings were made from an erroneous estimation of the evidence presented, they are deemed conclusive and binding upon this Court. In the interest of stability of the governmental structure, they should not be disturbed.²⁰

Viewed through this lens, the Court once more upholds its general policy of affirming a decision rendered by an administrative agency, especially one that is constitutionally created, not only on the basis of the doctrine of separation of powers but also for their presumed expertise in the laws that they are entrusted to enforce.²¹

The Court now proceeds to discuss the merits.

The COA correctly disallowed the hazard pay and subsistence allowance. The COA's lifting of the disallowance on the payment of laundry allowance has become final.

In the 2019 *PhilHealth Insurance Corporation v. Commission on Audit*²² (2019 *Philhealth*) case, the Court acknowledged that PhilHealth

¹⁸ *Maritime Industry Authority v. Commission on Audit*, 750 Phil 288, 307–308 (2015) [Per J. Leonen, *En Banc*].

¹⁹ G.R. No. 254077, August 2, 2022 [Per J. Dimaampao, *En Banc*].

²⁰ *Id.*

²¹ *Id.*

²² 862 Phil. 96 (2019) [Per J. Gesmundo, *En Banc*].

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personnel are public health workers entitled to longevity pay in view of the curative effect of Republic Act No. 11223, *viz.*:

Indeed, [Republic Act] No. 11223, as a curative law, should be given retrospective application to the pending proceeding because it neither violates the Constitution nor impairs vested rights. On the contrary, [Republic Act] No. 11223 further promotes the objective of [Republic Act] No. 7305, which is to promote and improve the social and economic well-being of health workers, their living and working conditions and terms of employment. As a curative statute, [Republic Act] No. 11223 applies to the present case and to all pending cases involving the issue of whether PhilHealth personnel are public health workers under Section 3 of [Republic Act] No. 7305. To reiterate, [Republic Act] No. 11223 settles, once and for all, the matter that PhilHealth personnel are public health workers in accordance with the provisions of [Republic Act] No. 7305.

Evidently, [Republic Act] No. 11223 removes any legal impediment to the treatment of PhilHealth personnel as public health workers and for them to receive all the corresponding benefits therewith, including longevity pay. Thus, ND H.O. 12-005 (11), disallowing the longevity pay of PhilHealth personnel, must be reversed and set aside. As PhilHealth personnel are considered public health workers, it is not necessary anymore to discuss the issue on good faith.²³

Nevertheless, in the 2021 case of *PhilHealth v. Commission on Audit*,²⁴ (2021 *Philhealth*) the Court clarified that not all public health workers are entitled to the benefits enumerated under Republic Act No. 7305. Thus, the Court disallowed the payment of subsistence allowance and laundry allowance to PhilHealth personnel because only public health workers who render service within the premises of hospitals, sanitarium, health infirmaries, health centers, clinics, and other health-related establishments, as well as those who wear uniforms regularly, shall be entitled to such allowances. The Court ratiocinated that:

As clearly expressed in *PhilHealth*, the grant of the WESA is not a blanket award to all PHWs; rather, it only applies to certain *qualified* employees who meet the contingent requirements under R.A. No. 7305 and its IRR.

By analogy, records of this case are bereft of evidence showing petitioner's conformity with the foregoing qualifications under R.A. No. 7305 and its IRR. There is a glaring absence of proof that the WESA was awarded to officers and employees who actually rendered service within the premises of the stipulated health-related establishments; neither did petitioner bother to demonstrate that the recipients were not disqualified to receive such amounts. To recapitulate, the IRR specifies that PHWs on vacation or sick leave and special privilege leave, on terminal leave and commutation, on official travel and are receiving per diem, and those on maternity or paternity leave, are not entitled to receive subsistence

²³ *Id.* at 112.

²⁴ G.R. No. 250089, November 9, 2021 [Per J. J. Lopez, *En Banc*].

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allowance. Equally telling, it is not definite if recipients of the WESA were required to wear uniforms regularly. All told, petitioner released the WESA rather sweepingly, without taking into account the qualifications as required by law and which were never disregarded by the Court in upholding the validity of the WESA.²⁵

This same conclusion was reached in the 2023 *PhilHealth v. Commission on Audit*²⁶ (2023 *Philhealth*) case, where the Court disallowed the payment of subsistence allowance to PhilHealth personnel on the same *raison d'être*:

However, despite the classification of PhilHealth's employees as public health workers, this Court cannot apply the same reasoning to justify the grant of WESA or subsistence allowance. This Court has previously discussed that the award of WESA or subsistence allowance is not a blanket award to all public health workers and that it is granted only to those who meet the requirements of Republic Act No. 7305 and its Implementing Rules and Regulations, and thus, a sweeping grant of the same justifies its disallowance.

....

Similarly, in this case, the WESA or subsistence allowance was granted sweepingly without showing that the aforementioned qualifications had been met. Thus, the disallowance is justified and does not amount to grave abuse of discretion.

Finding no grave abuse of discretion on the part of COA as regards the disallowances, except to that pertaining to the longevity pay, this Court upholds the assailed rulings of the COA as to the disallowance of those benefits and allowances.²⁷

Verily, the grant of hazard pay, subsistence allowance, and laundry allowance finds statutory hook under the following provisions of Republic Act No. 7305:

Section 21. Hazard Allowance. — Public health workers in hospitals, sanatoria, rural health units, main health centers, health infirmaries, barangay health stations, clinics and other health-related establishments located in difficult areas, strife-torn or embattled areas, distressed or isolated stations, prison camps, mental hospitals, radiation-exposed clinics, laboratories or disease-infested areas or in areas declared under state of calamity or emergency for the duration thereof which expose them to great danger, contagion, radiation, volcanic activity/eruption, occupational risks or perils to life as determined by the Secretary of Health or the Head of the unit with the approval of the Secretary of Health, shall be compensated hazard allowances equivalent to at least twenty-five percent (25%) of the monthly

²⁵ *Id.*

²⁶ G.R. No. 258424, January 10, 2023 [Per J. J. Lopez, *En Banc*].

²⁷ *Id.*

basic salary of health workers receiving salary grade 19 and below, and five percent (5%) for health workers with salary grade 20 and above.

SECTION 22. Subsistence Allowance. — **Public health workers who are required to render service within the premises of hospitals, sanitarium, health infirmaries, main health centers, rural health units and barangay health stations, or clinics, and other health-related establishments in order to make their services available at any and all times**, shall be entitled to full subsistence allowance of three (3) meals which may be computed in accordance with prevailing circumstances as determined by the Secretary of Health in consultation with the Management-Health Worker's Consultative Councils, as established under Section 33 of this Act: Provided, That representation and travel allowance shall be given to rural health physicians as enjoyed by municipal agriculturists, municipal planning and development officers and budget officers.

....

Section 24. *Laundry Allowance*. — **All public health workers who are required to wear uniforms regularly** shall be entitled to laundry allowance equivalent to One hundred twenty-five pesos ([PHP] 125.00) per month: Provided, That this rate shall be reviewed periodically and increased accordingly by the Secretary of Health in consultation with the appropriate government agencies concerned taking into account existing laws and prevailing practices. (Emphasis supplied)

Apropos thereto, the Rules and Regulations on the Grant of Compensation-Related Magna Carta Benefits to Public Health Workers under DBM-DOH Joint Circular No. 2012-0001,²⁸ set forth the following conditions for the grant of subsistence and laundry allowances:

8.0 Subsistence Allowance

8.1 Pursuant to Section 22 of [Republic Act] No. 7305, PHWs who render services within the premises of hospitals, sanitarium, health infirmaries, health centers, rural health units, and other health-related establishments such as clinics or medical departments of NGAs, GOCCs, and GFIs, and are required to make their services available at any and all times may be entitled to Subsistence Allowance.

8.2 PHWs under the following circumstances, however, are not entitled to Subsistence Allowance:

8.2.1 When not required to make their services available at all times such that they can leave their workstations during break-times;

8.2.2 When on leave of absence, with or without pay;

²⁸ (2012).

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8.2.3 While on official travel and entitled to travel expenses under EO No. 298 and as amended; and

8.2.4 While attending trainings, seminars, workshops, and similar activities where meals are provided.

8.3 The Subsistence Allowance shall be [PHP] 50 for each day of actual full-time service, or [PHP] 25 for each day of actual part-time service.

....

10.0 *Laundry Allowance*

10.1 In view of Section 24 of [Republic Act] No. 7305, Laundry Allowance may be granted to PHWs in hospitals, sanitaria, health infirmaries, or other health-related establishments, to defray the cost for washing and pressing their personal protective clothing or uniforms required to be worn at all times while working — that will provide them the required degree of protection while reassuring patients of their professionalism, competency, and identity.

10.2 A PHW who rendered actual service on all workdays in a month shall be granted Laundry Allowance at [PHP] 150/month.

Meanwhile, for the payment of hazard pay, DBM-DOH Joint Circular No. 01-16²⁹ provides:

3.0 *New Rules on Hazard Pay*

The new rules on the grant of Hazard Pay should be read as follows:

3.1 Hazard Pay is an additional compensation for performing hazardous duties and for enduring physical hardships in the course of the performance of duties.

As a general compensation policy, and in line with Section 21 of [Republic Act] No. 7305, Hazard Pay may be granted to PHWs if the nature of their duties and responsibilities, their actual services, and location of work expose them to great danger, occupational risks, perils to life, and physical hardships, as determined by the Secretary of Health, or by the Head of the Agency or the Local Chief Executive, with the approval of the Secretary of Health.

3.2 Pursuant thereto, Hazard Pay may be granted to PHWs exposed to danger, perils to life and physical hardships in the following areas and circumstances:

²⁹ Amendment to DBM-DOH Joint Circular No. 1 s. 2012 Regarding the Rules and Regulations on the Grant of Compensation-Related *Magna Carta* Benefits to Public Health Workers (PHWs) (2016).

- 3.2.1 Specific work areas in hospitals, sanitaria, leprosaria, and infirmaries such as patient wards, intensive care units, operating rooms, out-patient departments, and other medical departments where PHWs are in contact with patients with contagious and communicable diseases and handle hospital paraphernalia used by patients such as linen, food, utensils, bedpan, etc.;
- 3.2.2 Specific work areas in Provincial Health Offices, City Health Offices, Municipal Health Offices, rural health units, and health centers where PHWs are exposed to out-patients with contagious and communicable diseases;
- 3.2.3 Specific work areas in the DOH Central Office, DOH-Regional Offices, DOH attached agencies, and other health-related establishments where PHWs are exposed to patients with contagious and communicable diseases, or handling infectious specimens for testing, chemicals and other hazardous items;
- 3.2.4 Radiation-exposed areas such as laboratories and service workshops that involve operation or maintenance of radiation-emitting equipment and handling of radioactive and toxic substances;
- 3.2.5 Chemical and medical laboratories where personnel receive and directly handle infectious specimens or materials, or conduct inspection and regulatory functions;
- 3.2.6 Prison camps and institutions for mental health where exposure to bodily harm and risks from psychiatric patients exist;
- 3.2.7 Drug abuse drop-in centers or rehabilitation centers where exposure to bodily harm and risks from drug-crazed patients exist;
- 3.2.8 Work areas where rescue operations/evacuations are carried out due to calamities and health emergencies;
- 3.2.9 Highly disease-infected and vector-infested areas;
- 3.2.10 Work areas involving handling and/or spraying of insecticides, molluscicides, pesticides and other hazardous chemicals;
- 3.2.11 Work areas involving direct handling of laboratory animals for purposes of experimentation, research, observation and the like;
- 3.2.12 Health-related establishments located in embattled or strife-torn areas which are sites of armed encounters between government troops and enemy forces and/or enemy-initiated attacks, raids, or ambushes, as may be

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declared and certified by the Department of National Defense authorities concerned;

3.2.13 “Geographically Isolated and Disadvantaged Areas” pursuant to DOH Administrative Order No. 185, s. 2004, as defined and identified by the DOH due to distance, isolation, extreme weather conditions, and transportation inaccessibility/difficulties, hence with poor access to basic health services; and

3.2.14 Work areas in the health offices of the DOH Central Office, DOH Regional Offices and attached agencies, as well as in other national government agencies and local government units where PHWs are exposed to occupational risks, perils to life or physical hardships while performing administrative support services.

Guided by the foregoing statutory and jurisprudential polestars, the payment of hazard pay, subsistence allowance, and laundry allowance to PhilHealth RO-NCR and Rizal personnel for the calendar year 2014 under Notice of Disallowance No. NCR 2015-002 COB (14) was correctly disallowed. In sooth, as in the 2021 and 2023 *PhilHealth*³⁰ cases, PhilHealth RO-NCR and Rizal sweepingly granted hazard pay, subsistence allowance, and laundry allowance to its personnel under the subject Notice of Disallowance. PhilHealth never bothered to explain whether the personnel who were granted said benefits are qualified considering the clear standards provided under Republic Act No. 7305, as well as the implementing rules.

In the assailed Resolution, the COA partly granted PhilHealth’s motion for reconsideration and lifted the disallowance on the payment of laundry allowance. This issue was no longer questioned by the PhilHealth before the Court. Thus, the lifting of the disallowance on the payment of laundry allowance has become final and can no longer be disturbed.

PhilHealth’s approving officers are solidarily liable to return the disallowed amount; the certifying officers are not liable.

In *Madera v. Commission on Audit*³¹ (*Madera*), the Court outlined the rules governing the refund of disallowed amounts, thus:

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.

³⁰ G.R. No. 250089, November 9, 2021 and G.R. No. 258424 January 10, 2023 [Per J. J. Lopez, *En Banc*, respectively].

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

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

a. Approving and certifying officers who acted in good faith, in 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.

b. Approving and certifying officers who are clearly shown to have acted in bad faith, malice, or gross negligence are, pursuant to Section 43 of the Administrative Code of 1987, solidarily liable to return only the net disallowed amount which, as discussed herein, excludes amounts excused under the following Sections 2c and 2d.

c. Recipients — whether approving or certifying officers or mere passive recipients — are liable to return the disallowed amounts respectively received by them, unless they are able to show that the amounts they received were genuinely given in consideration of services rendered.

d. The Court may likewise excuse the return of recipients based on undue prejudice, social justice considerations, and other *bona fide* exceptions as it may determine on a case-to-case basis.³²

Section 16 of COA Circular No. 006-09³³ outlines the guidelines for establishing the degree of accountability attributed to individuals liable for the sums disallowed:

SECTION 16. *Determination of Persons Responsible/Liable.* —

16.1 The Liability of public officers and other persons for audit disallowances/charges shall be determined on the basis of (a) the nature of the disallowance/charge; (b) the duties and responsibilities or obligations of officers/employees concerned; (c) the extent of their participation in the disallowed/charged transaction; and (d) the amount of damage or loss to the government, thus:

.....

16.1.2 Public officers who certify as to the necessity, legality and availability of funds or adequacy of documents shall be liable according to their respective certifications.

16.1.3 Public officers who approve or authorize expenditures shall be liable for losses arising out of their negligence or failure to exercise the diligence of a good father of a family.

³² *Id.* at 817–818.

³³ Rules and Regulations on Settlement of Accounts (2009).

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16.1.5 The payee of an expenditure shall be personally liable for a disallowance where the ground thereof is his failure to submit the required documents, and the Auditor is convinced that the disallowed transaction did not occur or has no basis in fact.

Pursuant to Notice of Disallowance No. NCR 2015-002 COB (14), the following persons were made liable for the disallowance:

Name	Position/Designation	Nature of Participation in the Transaction
Atty. Alexander A. Padilla	PHIC President and CEO	1. Implemented Office Order No. 0032, s. 2013 dated February 5, 2013 approved by then OIC-President and CEO, Dr. Enrique T. Ona 2. Approved the ff. Office Order: a. Office Order No. 0095, s. 2013 dated September 3, 2013 b. Office Order No. 0067, s. 2014 dated July 23, 2014 c. Office Order No. 0083, s. 2014 dated September 15, 2014
Recto M. Pantí	Division Chief IV MSD	Approved the payment of the ff. Payroll/DV Nos.: N14-01-0012, N14-01-0119, N14-02-0244, N14-03-0600, N14-03-0642, N14-04-0700, N14-04-0839, N14-05-0904, N14-06-1116, N14-06-1147, N14-06-1148, N14-06-1255, N14-06-1256, N14-07-1290, N14-07-1293, N14-07-1345, N14-07-1347, N14-07-1390 & N14-07-1464

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Ronald M. Vergara	Senior Social Insurance Officer	Signed and approved on behalf of Atty. Recto M. Panti the payment of Payroll No. N14-03-0503
Cheryl W. Peña	Division Chief IV MSD	<p>1. Approved the payment of the ff. Payroll/DV Nos.: N14-08-1521, N14-08-1634, N14-08-1685, N14-09-1714, N14-09-1741, N14-09-1811, N14-09-1928, N14-10-1940, N14-10-1948, N14-10-2061, N14-11-2164, N14-11-2176, N14-11-2284, N14-11-2332, N14-12-2399, N14-12-2439, N14-12-2460 & N14-12-2491</p> <p>2. Certified that charges to budget necessary, lawful and under his/her direct supervision; supporting documents valid, proper, legal and complete; actual services rendered by employees on the ff. Payroll/DV Nos.: N14-06-1255, N14-06-1256, N14-07-1293, N14-07-1345, N14-07-1347, N14-07-1390, N14-08-1685, N14-06-1116, N14-06-1147, N14-06-1148, N14-07-1290, N14-07-1464 & N14-08-1521</p>
Dennis S. Mas	Vice President PRO NCR and Rizal	Approved the payment of DV No. N14-08-1619
Lucile B. Arenas	Head-Human Resource Unit	Certified that charges to budget necessary, lawful and under his/

		her direct supervision; supporting documents valid, proper, legal and complete; actual services rendered by employees on the ff. payroll/DV Nos.: N14-03-0600, N14-04-0839, N14-01-0012, N14-01-0119, N14-02-0244, N14-03-0642, N14-04-0700 & N14-05-0904
Lourdes V. Cleofas	Head-Human Resource Unit	Certified that charges to budget necessary, lawful and under his/her direct supervision; supporting documents valid, proper, legal and complete; actual services rendered by employees on the ff. payroll/DV Nos.: N14-08-1619, N14-09-1811, N14-10-1940, N14-10-2061, N14-11-2284, N14-12-2491, N14-08-1634, N14-09-1714, N14-09-1928, N14-10-1948, N14-11-2164, N14-11-2176 & N14-11-2332
Divina Gracia S. Armas	Administrative Officer II	Signed and certified on behalf of Ms. Lourdes V. Cleofas that charges to budget necessary, lawful and under his/her direct supervision; supporting documents valid, proper and legal on Payroll/DV Nos. N14-12-2439, N14-12-2460, N14-03-0503, N14-09-1741 & N14-12-2399
Joel P. Santos	Head-Budget Unit	Certified that budget is available and utilized

		for the purpose on the ff. Payroll/DV Nos.: N14-01-0012 & N14-01-0119
Hazel H. Dimayuga	Social Insurance Officer I	<p>1. Signed and certified on behalf of Mr. Joel P. Santos that budget is available and utilized for the purpose on Payroll No. N14-02-0244</p> <p>2. Signed and certified on behalf of Ms. Maricel J. Maglalang that budget is available and utilized for the purpose on Payroll/DV Nos. N14-04-0839 & N14-05-0904</p>
Maricel J. Maglalang	Fiscal Controller IV-FMS	<p>1. Certified that budget is available and utilized for the purpose on Payroll/DV Nos. N14-03-0503, N14-03-0600, N14-03-0642 & N14-04-0700</p> <p>2. Certified the gross amount correct amount of mandatory deductions, loans/other deductions, adjustment and net amount on the ff. Payroll Nos.: N14-01-0012, N14-02-0244, N14-03-0503, N14-04-0700, N14-06-1116, N14-08-1521, N14-09-1714, N14-09-1741, N14-09-1928, N14-10-1948, N14-11-2164, N14-11-2176, N14-11-2332 & N14-12-2399</p> <p>3. Certified that supporting documents are complete on the ff. DV Nos.: N14-03-0600</p>



		& N14-08-1685
Urcisimo I. Rivera	Chief Social Insurance Officer	Certified that budget is available and utilized for the purpose on the ff. Payroll/DV Nos.: N14-06-1116, N14-06-1147, N14-06-1148, N14-06-1255, N14-06-1256, N14-07-1290, N14-07-1293, N14-07-1345, N14-07-1347, N14-07-1390, N14-07-1464, N14-08-1521, N14-08-1619, N14-08-1634, N14-08-1685, N14-09-1714, N14-09-1741, N14-09-1811, N14-09-1928, N14-10-1940, N14-10-1948, N14-10-2061, N14-11-2164, N14-11-2176, N14-11-2284, N14-11-2332, N14-12-2399, N14-12-2439, N14-12-2460 & N14-12-2491
Joselyn Pingad	Fiscal Controller III-FMS	<p>1. Certified that supporting documents are complete on DV Nos. N14-04-0839, N14-06-1255, N14-06-1256, N14-07-1293, N14-07-1345, N14-07-1390, N14-08-1619, N14-09-1811, N14-10-1940, N14-10-2061, N14-11-2284, N14-12-2439, N14-12-2460 & N14-12-2491</p> <p>2. Signed and certified on behalf of Ms. Maricel J. Maglalang that supporting documents are complete on DV No. N14-07-1347</p> <p>3. Certified the gross</p>

		<p>amount, correct amount of mandatory deductions, loans/other deductions, adjustment and net amount on the ff. Payroll Nos.: N14-01-0119, N14-03-0642, N14-05-0904, N14-06-1147, N14-06-1148 & N14-08-1634</p> <p>4. Signed and certified on behalf of Ms. Maricel J. Maglalang the gross amount, correct amount of mandatory deductions, loans/other deductions, adjustment and net amount on the ff. Payroll Nos.: N14-07-1290 & N14-07-1464</p>
Jenny-Pearl R. Perez	Fiscal Controller III-Cashiering Unit	<p>Certified that payment was received by the employees on the ff. Payroll Nos.: N14-01-0012, N14-01-0119, N14-02-0244, N14-03-0503, N14-03-0642, N14-04-0700, N14-05-0904, N14-06-1116, N14-06-1147, N14-06-1148, N14-07-1290, N14-07-1464, N14-08-1521, N14-08-1634, N14-09-1714, N14-09-1741, N14-09-1928, N14-10-1948, N14-11-2164, N14-11-2176, N14-11-2332 & N14-12-2399</p>
PRO NCR and Rizal Officers and Employees	Refer to PRRO NCR Payrolls/DVs	Payees-Received Payment ³⁴

³⁴ Rollo, pp. 95-99.

The records bear out that the approving officials demonstrated a serious lapse in judgment amounting to gross negligence in authorizing the release of the subject allowances, even in the face of its evident nonconformity with the law and regulatory provisions. Given their respective roles as key officers of PhilHealth, they are presumed to be experts and fully knowledgeable about PhilHealth's mandate. Rivetingly, Republic Act No. 7305 distinctly and unequivocally establishes that entitlement to hazard pay, subsistence allowance, and laundry allowance is *not* a universal right for all PhilHealth personnel, notwithstanding their classification as public health workers. No intricate legal query or interpretation is required in this context.

Conversely, both the 2021 and 2023 *PhilHealth* cases absolved the certifying officers from solidary liability. Indeed, the certifying officers merely guaranteed the availability of funds and attested to the completeness of the documents to support the disbursements made. Absent a clear showing of bad faith, malice, or gross negligence, they cannot be held solidarily liable.

The assailed COA Decision and Resolution absolving the passive recipients from liability to return the amounts they received, has attained finality.

In *Philippine Mining Development Corp. v. Aguinaldo*,³⁵ the Court refused to rule on the merits of the civil liability of the payee-recipients who were already exonerated from liability by the COA, especially since such absolution was not questioned. The Court held:

In *Securities and Exchange Commission v. Commission on Audit*, this Court, sitting *En Banc*, resolved not to rule on the merits of the civil liability of the payee-recipients who were already exonerated from liability by the COA, especially since such absolution was not questioned before this Court, thus:

[The COA-CP] excused the SEC employees from refunding the amount they each received from the counterpart contribution of the SEC to the provident fund; but held the approving, certifying and authorizing officers solidarily liable for the total disallowance: [sic] but held the approving, certifying, and authorizing officers solidarily liable for the total disallowance.

....

We are confronted by the fact that the COA *En Banc* had already absolved the SEC payees-recipients from civil liability. Their absolution has not been questioned in the present petition.

³⁵ G.R. No. 245273, July 27, 2021 [Per J. J. Lopez, *En Banc*].

The particular circumstances in this case is similar to SEC. To recall, the COA-CP similarly excluded the recipient employees from refunding the medical benefits they received. While they were absolved on the basis of good faith as abandoned by Madera, this Court must give due deference to the doctrine of finality of judgments, considering that their corresponding liability was no longer raised as an issue in the instant petition. Concomitantly, in *Social Security System v. Commission on Audit*, the Court affirmed the COA-CP Decision, excusing the passive payees from returning the disallowed amounts on the ground of having received the same in good faith. Since their liability was no longer questioned or put in issue in the instant petition, this Court considered the COA-CP's Decision "final and immutable."

Consistently, this Court shares the observation of Senior Associate Justice Estela Perlas-Bernabe (Justice Perlas-Bernabe) that there is no cogent reason to deviate from the prevailing rule that when the payee-recipients have already been finally absolved from civil liability by the COA, the merits of such absolution should be respected and not touched upon by the Court in an appeal filed by the approving or certifying officers, who in contrast, were held liable under the subject disallowances. As such, this Court maintains the absolution of herein recipient employees pursuant to the finality of judgment as elucidated in the earlier rulings of SSS and SEC.³⁶

In the case at bench, the COA, in the impugned Decision, excused the recipients from returning the amounts they respectively received. This was affirmed in the assailed COA Resolution. Consistent with its pronouncements in *Philippine Mining Development Corp. and Dela Calzada*, the Court cannot modify the COA ruling absolving the recipients from returning the amounts they received for the same has already attained finality.

Lastly, in determining the specific amount that should be returned by the approving officers, the *Madera* rules provide for the concept of net disallowed amount which refers to the total disallowed amount minus the amounts excused to be returned by the payees.³⁷

Here, since the approving officers acted with gross negligence in granting the release of the subject allowances, they should be held solidarily liable only for the net disallowed amount.

ACCORDINGLY, the Petition for *Certiorari* is **DISMISSED**. The August 8, 2019 Decision and January 24, 2022 COA Decision Nos. 2019-294 and 2022-229 are **AFFIRMED with MODIFICATIONS**, as follows:

1. The approving officers namely: Atty. Alexander A. Padilla, Recto M. Panti, Ronald M. Vergara, Cheryl W. Peña, and Dennis S. Mas, are held

³⁶ *Id.*

³⁷ See *Abellanosa v. COA*, 890 Phil. 413, 437 [2020] [Per J. Perlas-Bernabe, *En Banc*].

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solidarily liable to **RETURN** the net disallowed amount, which excludes the amounts excused to be returned by the recipients.


2. The certifying officers, namely: Lucile B. Arenas, Lourdes V. Cleofas, Divina Gracia S. Armas, Joel P. Santos, Hazel H. Dimayuga, Maricel J. Maglalang, Urcisimo I. Rivera, Joselyn Pingad, and Jenny-Pearl R. Perez are **ABSOLVED** from liability under the subject notice of disallowance.
3. The recipients who received the disallowed amounts are **EXCUSED** from the disallowed amounts due to the finality of COA Decision No. 2019-294 on that aspect.

SO ORDERED.



JAPAR B. DIMAAMPAO
Associate Justice

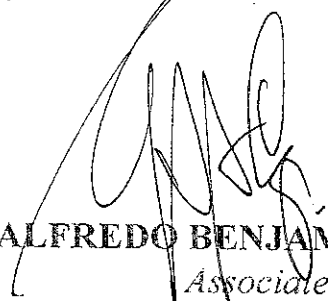
WE CONCUR:



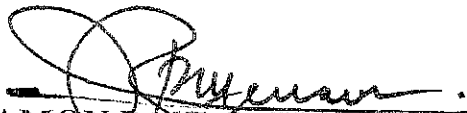
ALEXANDER G. GESMUNDO
Chief Justice




MARVIC M.V.F. LEONEN
Associate Justice



ALFREDO BENJAMIN S. CAGUIOA
Associate Justice




RAMON PAUL L. HERNANDO
Associate Justice



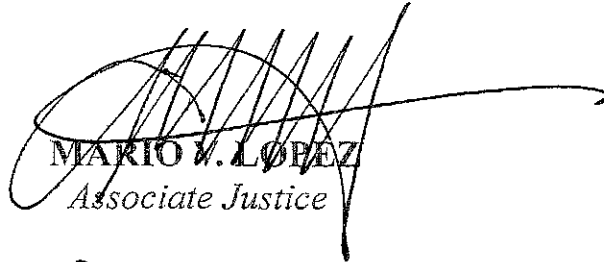
AMY C. LAZARO JAVIER
Associate Justice



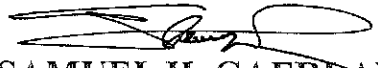
HENRI JEAN PAUL B. INTING
Associate Justice



RODIL V. ZALAMEDA
Associate Justice



MARIO V. LOPEZ
Associate Justice



SAMUEL H. GAERLAN
Associate Justice



RICARDO R. ROSARIO
Associate Justice



JHOSEP V. LOPEZ
Associate Justice



JOSE MIDAS P. MARQUEZ
Associate Justice



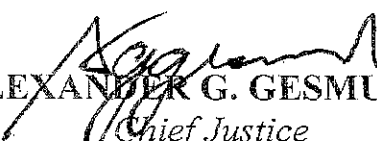
ANTONIO T. KHO, JR.
Associate Justice



MARIA FILOMENA D. SINGH
Associate Justice

CERTIFICATION

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



ALEXANDER G. GESMUNDO
Chief Justice