

## **EN BANC**

**[ G.R. No. 231015, January 26, 2021 ]**

**RG CABRERA CORPORATION, INC., PETITIONER, VS.  
DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS AND  
COMMISSION ON AUDIT, RESPONDENTS.**

**[G.R. No. 240618]**

**RG CABRERA CORPORATION, INC., A.K.A. RG CABRERA  
CONSTRUCTION, INC. AND RG CABRERA SR TRUCKING  
CORPORATION, PETITIONER VS. DEPARTMENT OF PUBLIC  
WORKS AND HIGHWAYS AND COMMISSION ON AUDIT,  
RESPONDENTS.**

**[G.R. No. 249212]**

**RG CABRERA CORPORATION INC., A.K.A. RG CABRERA  
CONSTRUCTION AND SUPPLIES AND RG CABRERA SR TRUCKING  
CORPORATION PETITIONER, VS. DEPARTMENT OF PUBLIC  
WORKS AND HIGHWAYS AND COMMISSION ON AUDIT,  
RESPONDENTS.**

### **D E C I S I O N**

**DELOS SANTOS, J.:**

Before this Court are consolidated Petitions<sup>[1]</sup> for *Certiorari* under Rule 64 in relation to Rule 65 of the Rules of Court docketed as G.R. Nos. 231015,<sup>[2]</sup> 240618,<sup>[3]</sup> and 249212.<sup>[4]</sup>

The first Petition, docketed as G.R. No. 231015, is filed by RG Cabrera Corporation, Inc. (RGCCI), against the Department of Public Works and Highways (DPWH) and Commission on Audit (COA; collectively, respondents) seeking the reversal of Decision No. 2015-411<sup>[5]</sup> dated December 28, 2015 and Resolution No. 2017-010<sup>[6]</sup> dated February 27, 2017 of the COA in COA CP Case No. 2013-050.

The second Petition, G.R. No. 240618, filed by RGCCI against the DPWH and the COA, seeks the reversal of Decision No. 2017-094<sup>[7]</sup> dated April 26, 2017 and Resolution No. 2018-046<sup>[8]</sup> dated March 8, 2018 of the COA in COA CP Case No. 2012-116.

Lastly, in G.R. No. 249212, filed by RGCCI against the COA and the DPWH, RGCCI seeks to overturn Decision No. 2016-480<sup>[9]</sup> dated December 29, 2016 and Resolution No. 2019-378<sup>[10]</sup> dated August 22, 2019 of the COA in COA CP Case No.

## **The Facts**

Sometime in June 1991, Mount Pinatubo erupted generating several meters of volcanic ash which crippled the areas of Pampanga, Zambales, and Tarlac. The said catastrophic occurrence brought about lahar after monsoon rains washed away volcanic deposits from the eruption.<sup>[11]</sup>

Accordingly, this led to the creation of Task Force Mount Pinatubo Rehabilitation Projects (Task Force), headed by its Chairman, Vicente B. Lopez (Chairman Lopez), Regional Director of Region III, DPWH.<sup>[12]</sup>

Chairman Lopez authorized the District Engineer of the DPWH Pampanga 2<sup>nd</sup> Engineering District, Guagua, Pampanga (DPWH Pampanga) to hire bulldozers to be utilized for the maintenance and preservation of the Porac-Gumain River and other related projects. Pursuant to the foregoing, DPWH Pampanga entered into various contracts with RGCCI for the lease of equipment for the maintenance and restoration of parts of the Porac-Gumain Diversion Channel System. The contracts entered into by RGCCI and the DPWH are the following:

1. lease on one (1) unit of payloader 75B at the rental rate of P835.00 per hour for a period of 60 days in the amount of P313,542.50 plus interest to be counted from the date of last demand until full payment of the obligation;<sup>[13]</sup>
2. construction of a dike by bulldozing the Porac River, Ascomo-Pulunmasle, Guagua, Pampanga from Sta. 0+580 to Sta. 1+500 for the total contract amount of P2,113,470.84, where the remaining balance is P1,574,580.50;<sup>[14]</sup> and
3. the excavation of channel, pushing and diking of Gumain River, Floridablanca, Pampanga, from Sta. 1+1000 to Sta. 1+750, amounting to P1,853,836.20.<sup>[15]</sup>

RGCCI sought the collection of all the unpaid amounts from the DPWH. However, despite several demands, RGCCI's request remained unheeded.

This drove RGCCI to file three (3) civil cases for the collection of sum of money before the Regional Trial Court (RTC) of Guagua, Pampanga, against the Secretary and Engineers of the DPWH. All the cases were eventually dismissed by the RTC for lack of jurisdiction without prejudice to the filing of the claim before the COA.<sup>[16]</sup>

Undeterred, RGCCI filed separate claims before the COA which were docketed as COA CP Case Nos. 2013-050, 2012-116, and 2013-049, respectively.<sup>[17]</sup>

In its Answer,<sup>[18]</sup> the DPWH claimed that the contracts were null and void due to the fact that it is unauthorized and not supported with complete documentation to be compliant with the requirements of the law. Among others, it points to the lack of Certificate of Availability of Funds signed by the proper accounting official which is an integral part of a contract pursuant to Section 87 of Presidential Decree No. (PD)

## **Ruling of the COA**

### *Decision No. 2015-411*

In its Decision<sup>[20]</sup> dated December 28, 2015, the COA reiterated that the claims against government funds should be supported with complete documentation and that even though there was a contract between RGCCI and DPWH Pampanga, RGCCI must first show, through competent evidence, its indisputable right to collect the same which cannot be proven by mere contract alone.

The COA zeroed in on the alleged failure of RGCCI to attach the Certificate of Availability of Funds signed by the proper accounting official and auditor who verified it. According to the COA, this rendered the contract void pursuant to Section 87 of PD 1445 and therefore, RGCCI has no cause of action against DPWH Pampanga. Thus, the dispositive portion reads:

**WHEREFORE**, premises considered, the petition for money claim filed by RG Cabrera Corporation Incorporated, represented by Mr. Ruben G. Cabrera, against the Department of Public Works and Highways Pampanga 2<sup>nd</sup> District Engineering Office for payment of rental fees of the equipment used in the maintenance of the detour road at Mancatian, Porac, Pampanga, in the amount of [P]313,542.50 plus interest, is hereby **DENIED** for lack of merit.<sup>[21]</sup>

RGCCI moved for reconsideration but the same was denied by the COA in its Resolution No. 2017-010<sup>[22]</sup> dated February 27, 2017.

### *Decision No. 2017-094*

In its Decision No. 2017-094<sup>[23]</sup> dated April 26, 2017, the COA dismissed the complaint of RGCCI on the ground that the contract between RG Cabrera Construction and the DPWH is defective.

Based on the records, the COA found that RGCCI has no juridical personality since the Securities and Exchange Commission (SEC) certified that their records do not show the registration of RGCCI as a corporation or as a partnership. Moreover, there is no proof that RG Cabrera Construction, Inc., which is the name of the corporation that transacted with the DPWH is one and the same with RGCCI.<sup>[24]</sup>

Additionally, the COA noted that there is nothing in the records that shows that the proper accounting official certified that funds have been duly appropriated for the amount necessary to cover the proposed contract. Therefore, the subject contract is void, it being entered without the necessary appropriation for the project.<sup>[25]</sup>

Aside from that, the COA mentioned that certain necessary documents are lacking such as Statement of Work Accomplished, Inspection Report by the Agency's Authorized Engineer, Statement of Time Elapsed, Pictures (before, during, and after construction of items of work), and Photocopy of vouchers of all previous payments, which are needed under Section 4(6) of PD 1445 for purposes of complete

documentation.<sup>[26]</sup>

The dispositive portion of the assailed Decision reads:

**WHEREFORE**, premises considered, the Petition for Money Claim of RG Cabrera Corporation, Inc., represented by Ruben V. Cabrera, Jr., against Department of Public Works and Highways (DPWH), Port Area, Manila and DPWH 2<sup>nd</sup> Pampanga Engineering District, San Antonio, Guagua, Pampanga, for and payment of the outstanding balance for the bulldozing of Porac River, Ascomo Pulungmasle, Guagua, Pampanga, from Sta. 0+580 to Sta. 1+500, amounting to [P]1,574,580.50, plus legal interest, from the date of last demand until full payment is hereby **DENIED** for lack of merit.<sup>[27]</sup>

RGCCI moved for reconsideration but the same was denied by the COA in its Resolution No. 2018-046<sup>[28]</sup> dated March 8, 2018.

*Decision No. 2016-480*

In its Decision<sup>[29]</sup> dated December 29, 2016, the COA decided to deny the money claim. Based on the records, it found that RGCCI has no *locus standi* to file the petition. The COA also raised that the name of the accountant appearing in all the pages of the contract has no corresponding signature and that no certificate of availability of funds can be found showing that the accountant certified that the funds have been duly appropriated for the amount necessary to cover the contract. Absent these, the contract is void.<sup>[30]</sup>

Again, as in the other cases, the COA mentioned that complete documents are necessary in order to show that the contractor was able to deliver their service, such as Statement of Work Accomplished, Inspection Report by the Agency's Authorized Engineer, Statement of Time Elapsed, Pictures (before, during, and after construction of items of work), and Photocopy of vouchers of all previous payments. The dispositive portion of the assailed Decision reads:

**WHEREFORE**, premises considered, the Petition for Money Claim of RG Cabrera Corporation, Inc., represented by Ruben V. Cabrera, Jr., against the Department of Public Works and Highways (DPWH), Port Area, Manila, and DPWH 2<sup>nd</sup> Pampanga Engineering District, for payment of the outstanding balance relative to the Excavation of Channel, Pushing and Diking of Gumain River, Floridablanca, Pampanga, from Sta. 1+000 to Sta. 1+750, amounting to [P]1,853,836.20, plus legal interest from the date of last demand until full payment, is hereby **DENIED** for lack of merit.<sup>[31]</sup>

RGCCI filed a motion for reconsideration dated December 29, 2016, but was denied in Resolution<sup>[32]</sup> No. 2019-378.

Hence, three (3) Petitions for *Certiorari* were filed by RGCCI before this Court docketed as G.R. Nos. 231015, 240618, and 249212, respectively. Respondents filed their Comment<sup>[33]</sup> on September 18, 2017 for G.R. No. 231015. Likewise, on November 5, 2019, in G.R. No. 240618, respondents filed their Comment<sup>[34]</sup> and a

Reply<sup>[35]</sup> dated December 6, 2019 was filed by RGCCI.

In a Resolution<sup>[36]</sup> dated January 15, 2020, the Court *En Banc* ordered that G.R. Nos. 231015, 240618, and 249212 be consolidated.

Thereafter, respondents filed a Comment<sup>[37]</sup> dated June 11, 2020 for G.R. No. 249212. Subsequently, RGCCI filed its Reply<sup>[38]</sup> dated August 24, 2020 for G.R. No. 249212.

### **The Issues**

The issues for the Court's resolution are:

- 1.) WHETHER RGCCI HAS *LOCUS STANDI* TO FILE THE INSTANT PETITIONS;
- 2.) WHETHER THE COA ERRED WHEN IT DENIED RGCCI'S MONEY CLAIM ON THE BASIS OF THE CONTRACT BEING VOID FOR BEING ENTERED INTO WITHOUT THE NECESSARY APPROPRIATION AND INCOMPLETE DOCUMENTATION; and
- 3.) WHETHER RGCCI IS ENTITLED TO PAYMENT ON THE BASIS OF *QUANTUM MERUIT*.

In its petitions, RGCCI contends that the requirements of certification of availability of funds, prior appropriations before entering into a contract, and authority of officers to enter into contracts are mere technical requirements, non-compliance of which will not bar recovery on the basis of *quantum meruit* by the contractor because the contract is not void but only voidable. Moreover, denial of its claims will result in unjust enrichment in favor of the government after RGCCI faithfully performed its undertakings under the contract.<sup>[39]</sup>

On the issue of its identity as the party entitled to payment, RGCCI contends that that RGCCI, RG Cabrera Construction and Supplies, and RG Cabrera, Sr. Trucking Corporation are one and the same corporation and therefore, there is no real and pressing issue on the matter of RGCCI's personality as a real party-in-interest.<sup>[40]</sup>

On the other hand, respondents, represented by the OSG, insist that the money claim was properly denied. Respondents assert that RGCCI has no legal standing to file a money claim before the COA considering that it is an inexistent corporation under the law.<sup>[41]</sup> Respondents also claim that the contracts, which were executed without the proper certification of availability and appropriation of funds, which are indispensable requirements under Section 87, in relation to Sections 85 and 86 of PD 1445, are void.<sup>[42]</sup> Additionally, respondents assert that RGCCI's claim was denied by the COA because it failed to present complete documentation which could serve as a basis to determine the existence of the projects, thus, payment of the money claim was properly denied.<sup>[43]</sup>

### **The Court's Ruling**

The petitions are meritorious.