

## EN BANC

[ G.R. No. 222129, February 02, 2021 ]

**PHILIPPINE HEALTH INSURANCE CORPORATION, PETITIONER,  
VS. COMMISSION ON AUDIT AND COA CHAIRPERSON MICHAEL  
G. AGUINALDO, COA REGIONAL OFFICE VI, AND COA REGIONAL  
DIRECTOR, ATTY. EDEN T. RAFANAN, RESPONDENTS.**

### DECISION

**INTING, J.:**

This resolves the Petition<sup>[1]</sup> for *Certiorari* under Rule 64 in relation to Rule 65 of the Rules of Court filed by the Philippine Health Insurance Corporation (Philhealth) assailing the Commission on Audit (COA) Commission Proper (COA Proper) Decision No. 2014-440<sup>[2]</sup> dated December 29, 2014 and the Resolution<sup>[3]</sup> dated August 18, 2015 in CO A CP Case No. 2013-071. In the assailed issuances, the COA Proper dismissed Philhealth's petition for review for being filed out of time and declared COA Region VI Regional Director Decision No. 2012-031<sup>[4]</sup> dated December 26, 2012 as final and executory.

#### *The Antecedents*

During the first half of 2010, the Philhealth Regional Office No. VI - Iloilo City (Philhealth RO) paid the following: (a) P10,000.00 cash gift to each Philhealth RO official/employee in the aggregate amount of P1,190,000.00 in celebration of Philhealth's 15<sup>th</sup> Anniversary (Anniversary Gift) pursuant to Philhealth Board Resolution No. 382, S. 2001,<sup>[5]</sup> as amended by Resolution No. 445, S. 2002;<sup>[6]</sup> and (b) transportation allowances to Philhealth RO's job order contractors in the aggregate amount of P187,122.73 (Job Order Contractors (JOC) Transportation Allowance) pursuant to Resolution No. 938, S. 2006.<sup>[7]</sup>

In July 2010, the COA Auditor<sup>[8]</sup> issued Notice of Disallowance Nos. (ND) 2010-001<sup>[9]</sup> and 2010-002<sup>[10]</sup> in connection with the above-described disbursements.

ND 2010-001 disallowed Anniversary Gift payments amounting to P833,000.00 for being *irregular* and *excessive* in view of issuances<sup>[11]</sup> limiting anniversary bonus grants to an amount not exceeding P3,000.00 per government employee. On the other hand, ND 2010-002 disallowed the aforementioned payment for JOC Transportation Allowance for being *illegal*, in view of its violation of Philhealth RO's agreement with its contractors and the absence of the president's previous authorization.<sup>[12]</sup>

As the persons held liable in the NDs, the approvers, certifiers, and recipients/payees of the subject disbursements,<sup>[13]</sup> represented by Reynaldo P.

Sucgang, Officer-in-Charge (OIC), Philhealth RO (hereinafter collectively referred to as "Philhealth") appealed to the Office of the CO A Regional Director.

#### *Ruling of the COA Regional Director*

In Decision No. 2012-031<sup>[14]</sup> dated December 26, 2012, the OIC- Regional Director Naomi L. Medici (Regional Director) denied Philhealth's appeal for being filed out of time pursuant to Section 4, Rule V of the 2009 Revised Rules of Procedure of the COA (COA Rules).<sup>[15]</sup> Nonetheless, the Regional Director ruled on the merits on the appeal<sup>[16]</sup> and affirmed the NDs.

Aggrieved, Philhealth<sup>[17]</sup> elevated the case to (he COA Proper.

#### *Ruling of the COA Proper*

In the assailed Decision No. 2014-440,<sup>[18]</sup> the COA Proper upheld the COA Regional Director's ruling, viz.:

WHEREFORE, premises considered, the instant petition is hereby DISMISSED for having been filed out of time. Accordingly, Commission on Audit Region VI Decision No. 2012-031 dated December 26, 2012, sustaining Notice of Disallowance Nos. 2010-001 dated July 8, 2010 on the payment of excess anniversary gift/bonus for the year 2010; and 2010-002 dated July 19, 2010 on the payment of transportation allowance of Job Order Contractors, in the total amount of P1,020,122.73, is final and executory.

The COA Proper also denied Philhealth's subsequent motion for reconsideration "having lost jurisdiction to act on it" in view of the COA Regional Director ruling's finality.<sup>[19]</sup>

Hence, Philhealth filed the present petition.

Subsequently, on motion, the Court allowed the aggrieved Philhealth employees to intervene in the present case.<sup>[20]</sup>

#### *Issue*

The lone issue for the Court's resolution is whether the subject disallowances had become final and executory due to Philhealth's failure to appeal within the reglementary period.

#### *The Court's Ruling*

The petition lacks merit.

Under the COA Rules, a notice of disallowance may be appealed to the Director having jurisdiction over the government agency audited<sup>[21]</sup> within six months from receipt thereof.<sup>[22]</sup> An appeal will toll the running of the six-month reglementary

period.<sup>[23]</sup> Without a timely appeal, the disallowance shall lapse into finality.<sup>[24]</sup>

Thereafter, the aggrieved party may request the COA Proper to review the Director's ruling<sup>[25]</sup> within the time remaining from the original six-month leglementary period.<sup>[26]</sup> As a last resort, the COA Proper's decision may be brought before the Court via a Petition for *Certiorari* under Rule 64.

The COA Proper summarized the timeline within which Philhealth availed itself of the above-mentioned remedies as follows:

Date of receipt of the NDs	August 16,2010
Date appeal was filed before the Regional Director	March 8,2011
Days elapsed	204
Date of receipt o " COA Region VI Decision	January 9, 2013
Date of [sic] Petition for Review was filed	February 19,2013
Days elapsed	41
Total	245

It found that both Philhealth's appeal to the Regional Director and Petition for Review before the COA Proper were filed beyond the six- month or 180-day reglementary period. Thus, the subject disallowances had already become final and immutable.<sup>[28]</sup>

On the other hand, Philhealth claims that (a) it appealed the subject NDs to the Regional Director on *February 16, 2011 or the last day of the six-month reglementary period*; (b) it filed an Urgent Motion for Extension of Time to File Appeal before the COA Proper on January 9, 2013 requesting for a 30-day extension to allow it to file its Petition for Review of the Regional Director's Decision until February 9, 2013; and (c) it filed its petition before the COA Proper on February 8, 2013.

Granting for the sake of argument that Philhealth filed its appeal to the Regional Director on time, the above-enumerated claims still do not controvert the COA Proper's finding that the appeal of Philhealth *from* the Regional Director's decision *to* the COA Proper was belatedly filed.

Philhealth insists that it filed its appeal to the Regional Director *on the last day of the six-month period*. Evidently,-it would have to proceed to the COA Proper on the very same day it received the Regional Director's adverse Decision. However, instead of filing a petition for review, they moved for an extension of time on January 9, 2013, or upon their receipt of the Regional Director's Decision.

Verily, a party may be allowed to move for an extension of time to file a required pleading. However, the mere filing of the motion does not automatically entitle the litigant to the fresh or extended period requested. Whether the motion is meritorious and should be granted shall be discretionary upon the court or tribunal from which relief is sought.

A careful reading of the adverted motion<sup>[29]</sup> reveals that Philhealth was aware that

it had exhausted the original six-month period and that it had no more time to file its appeal.<sup>[30]</sup> Nonetheless, it asserted that with the "meager period of time" remaining to file an appeal and considering further that Philhealth is an entity of "government employees [tasked] with the implementation of multifarious policies and programs," it was constrained to request for an extension "in the interest of justice."<sup>[31]</sup>

The excuses are flimsy and do not merit any consideration.

Procedural rules prescribing definite reglementary periods within which a party may avail of remedies must be strictly complied with, inasmuch as these are "indispensable to the prevention of needless delays and to the orderly and speedy discharge of business."<sup>[32]</sup> These will not be suspended or relaxed on each occasion a litigant invokes "the interest of substantial justice" and absent compelling reasons to do so.<sup>[33]</sup>

That Philhealth adjudged its own reasons as satisfactory and assumed that their request -for an extension would be granted only reveal its lack of prudence.<sup>[34]</sup>

Notably, the issue of Philhealth's timeliness in availing itself of the remedies under the COA Rules is not novel. In two separate occasions,<sup>[35]</sup> the Court already upheld the final and executory character of the NDs issued against Philhealth after they belatedly proceeded to the COA Proper for recourse.

In these lights, the COA Proper did not commit grave abuse of discretion when it dismissed Philhealth's petition outright for being filed out of time. Consequently, the subject NDs became final and executory on January 9, 2013 and the COA Proper could no longer take cognizance of Philhealth's Petition for Review after being filed only on February 19, 2013.<sup>[36]</sup>

In any case, even if the Court sets aside Philhealth's procedural lapse, the disallowances must be upheld.

*First*, Philhealth's grant of Anniversary Gift amounting to P10,000.00 per employee exceeded the ceiling under Administrative Order No. (AO) 263 and National Budget Circular No. (NBC) 452, both of which explicitly limit grants of this nature to P3,000.00 per official/employee.

Verily, Philhealth insists that it enjoys *fiscal autonomy*, pursuant to their original charter,<sup>[37]</sup> which empowers the Board to fix the compensation of its personnel as may be necessary and upon the recommendation of its president.<sup>[38]</sup> However, it is already settled that the Board's authority to do so is not absolute.<sup>[39]</sup> The power to fix personnel compensation must necessarily yield to the state policy of "equal pay for equal work."<sup>[40]</sup> Thus, any disbursements of allowances and other forms of employee compensation must conform with prevailing rules and regulations issued by the President of the Philippines and/or the Department of Budget and Management,<sup>[41]</sup> such as AO 263 and NBC 452.

*Second*, Philhealth's grant of JOC Transportation Allowance was unjustified. As