



Republic of the Philippines
Supreme Court
Manila

SUPREME COURT OF THE PHILIPPINES
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EN BANC

SPOUSES ROQUE AND G.R. No. 254142
FATIMA TING, represented by
her Attorney-In-Fact, Santiago J. Present:
Tanchan, Jr.

Petitioners.

GESMUNDO, CJ,
PERLAS-BERNABE,
LEONEN,
CAGUIOA,
HERNANDO,*
CARANDANG,
LAZARO-JAVIER,
INTING,
ZALAMEDA,
LOPEZ, M.,
DELOS SANTOS,
GAERLAN,
ROSARIO, and
LOPEZ, J., JJ.

- versus -

COMMISSION ON AUDIT and
CITY OF CEBU,

Promulgated:

Respondents.

July 27, 2021

X

X

DECISION

ZALAMEDA, J.:

In this petition for *certiorari* under Rule 64, in relation to Rule 65 of the Rules of Court, petitioners assail the Decision No. 2019-129¹ dated 21 May 2019 and Resolution No. 2020-042² dated 21 January 2020 promulgated by respondent Commission on Audit (COA). The COA partially granted the petition for money claim filed by petitioners against

* Took no part due to prior participation in the Court of Appeals.

¹ *Rollo*, pp. 28-34; penned by Chairperson Michael G. Aguinaldo and Commissioners Jose A. Fabia and Roland C. Pondoc.

² *Id.* at 46.

respondent City of Cebu for payment of the judgment award amounting to Php37,702,500.00 but fixing the reckoning point of the interest of six percent (6%) *per annum* of the judgment award from 23 May 2017, the day after the filing of the money claim before the COA, until fully paid.

Antecedents

Metro Cebu Development Project (MCDP) III, created by the City of Cebu to oversee its road widening projects, was tasked to manage the Cebu South Reclamation Project. On 07 September 1997, Mr. Samuel B. Darza, the Project Director of MCDP III, entered into a Memorandum of Agreement with petitioners for the exchange of lots between the parties. MCDP III will substitute its Lot C-1, with an area of 4,753 square meters (sq m), with Lot Nos. 7-A and 7-B owned by petitioners with areas of 1,643 sq m and 2,588 sq m, respectively. Sometime in 1999, MCDP III demolished the lots of petitioners with the exchange of the lots yet to occur. Hence, petitioners filed a case for Specific Performance and Damages against the City of Cebu, docketed as Civil Case No. CEB-26607 before the Regional Trial Court (RTC).³

On 03 January 2008, the RTC rendered a decision in favor of petitioners, the dispositive portion of which reads:

WHEREFORE, in view of all the foregoing, judgment is hereby rendered in favor of plaintiffs, sentencing defendant to pay plaintiffs the following:

1. P33,700,000.00 for the value of plaintiffs' Lot Nos. 7-B and 7-C;
2. P3,912,500.00 for the value of the two warehouses and resthouse demolished by the MCDP III;
3. The amounts of P60,000.00 as attorney's fees and P30,000.00 as expenses of litigation.

All these amounts shall earn interest at the rate of 6% per annum from the date of this judgment until fully paid.

SO ORDERED.⁴

Aggrieved by the decision of the RTC, the City of Cebu elevated the case to the Court of Appeals (CA), which promulgated a Decision⁵ dated 26

³ *Id.* at 80-84.

⁴ *Id.* at 80-84; penned by Presiding Judge Eric F. Menchavez of Branch 21, Regional Trial Court, Cebu City.

⁵ *Id.* at 64-74; penned by Associate Justice Ma. Luisa C. Quijano-Padilla, and concurred in by Associate Justices Ramon Paul L. Hernandez (now a Member of this Court) and Carmelita Salandanan-Manahan of the Twentieth Division, Court of Appeals, Cebu City.

November 2013 in CA-G.R. CV No. 02496 denying the appeal. In its Resolution⁶ dated 12 May 2014, the CA denied the motion for reconsideration filed by the City of Cebu for lack of merit.

After the appeal before this Court was denied in a Resolution dated 30 July 2014 in G.R. No. 212842, an Entry of Judgment was issued stating that the case has become final and executory on 09 March 2015.⁷ Subsequently, petitioners lodged a petition for money claim before the COA for payment of the judgment award amounting to Php37,702,500.00 with interest at six percent (6%) *per annum* from 03 January 2008, the date when the RTC rendered its decision in Civil Case No. CEB-26607, until fully paid.⁸

Decision of the COA

On 21 May 2019, the COA promulgated the assailed Decision No. 2019-129, which partially granted the petition for money claim, to wit:

WHEREFORE, premises considered, the Petition for Money Claim of Spouses Roque and Fatima Ting against the City Government of Cebu, for payment of judgment award based on the final decision of the Regional Trial Court-Branch 21, Cebu City, in Civil Case No. CEB-26607, is **PARTIALLY GRANTED**. The city is liable to pay the amount of P37,702,500.00, plus interest of 6% per annum, reckoned from May 23, 2017, until fully paid.⁹ (Emphasis in the original.)

The COA confirmed the veracity of the money claim based on certified true copies of the decisions of the courts as well as the Entry of Judgment signifying the finality of the judgment. Nonetheless, the COA ruled that the computation of interest should be reckoned only from 23 May 2017, the day after the filing of the petition for money claim before the COA. The interest for the period of 09 March 2015, the date of finality of the decision, until 22 May 2017, should not be charged against the government since the delay in filing the petition for money claim is occasioned by petitioners and not by the government.¹⁰

In the assailed Resolution No. 2020-042 dated 21 January 2020, the COA denied petitioners' motion for partial reconsideration for failure to show sufficient ground to justify reconsideration of the assailed decision.¹¹

⁶ *Id.* at 75-78; penned by Associate Justice Ma. Luisa C. Quijano-Padilla, and concurred in by Associate Justices Ramon Paul L. Hernando (now a Member of this Court) and Marie Christine Azcarraga-Jacob of the Twentieth Division, Court of Appeals, Cebu City.

⁷ *Id.* at 85.

⁸ *Id.* at 47-51.

⁹ *Id.* at 33.

¹⁰ *Id.* at 30-33.

¹¹ *Id.* at 46.



Issues

Petitioners now come before this Court and raise the following as sole ground to question the COA's decision and resolution:

The COA Acted Without or In Excess of Its Jurisdiction Or With Grave Abuse of Discretion In Modifying or Amending The Final And Executory Decision Of The RTC By Changing The Reckoning Date Of The Computation Of Interest From The Date Of The Judgment Of The RTC To The Date Of The Filing Of The Money Claim Before It.¹²

According to petitioners, the COA amended the final and executory decision of the RTC when it modified the reckoning date for the legal interest. Hence, the interest on the judgment award should be reckoned from 03 January 2008 when the RTC rendered its decision in Civil Case No. CEB-26607.¹³

The Office of the Solicitor General, in behalf of the COA, filed a Manifestation In Lieu of Comment,¹⁴ and prayed for the partial grant of the petition. It agreed with petitioners that the COA committed grave abuse of discretion amounting to lack or excess of jurisdiction when it identified the reckoning date of the interest to be on 23 March 2017. Since the ruling of the RTC became final and executory on 09 March 2015, the computation of the interest should be reckoned from such date.¹⁵

Ruling of the Court

The petition is partly granted.

In *Nacar v. Gallery Frames*,¹⁶ the Court ruled that when the judgment of the court awarding a sum of money becomes final and executory, the rate of legal interest imposed on the award shall be six percent (6%) *per annum* **from such finality until its satisfaction**, the interim period being deemed by then an equivalent to a forbearance of credit.

¹² *Id.* at 11.

¹³ *Id.* at 11-16.

¹⁴ *Id.* at 97-102.

¹⁵ *Id.* at 100-103.

¹⁶ 716 Phil. 267 (2013); G.R. No. 189871, 13 August 2013 [Per J. Peralta].


In this case, Civil Case No. CEB-26607 did not attain finality when the RTC rendered its decision on 03 January 2008 or the date claimed by petitioners as the proper reckoning point of interest. Said case was still appealed by the City of Cebu to the CA, through CA-G.R. CV No. 02496, and to this Court, through G.R. No. 212842. As per Entry of Judgment, the case became final and executory on 09 March 2015. Hence, legal interest on the judgment award should begin to run from said date until full payment. Instead, the COA ordered for the legal interest to be reckoned from 23 May 2017, the day after the filing of the petition for money claim before the COA as the delay in filing the petition for money claim is occasioned by petitioners. Said ruling was unfortunately rendered with grave abuse of discretion amounting to lack or excess of jurisdiction as it finds no basis in law or jurisprudence.

The Court, in *Taisei Shimizu Joint Venture v. Commission on Audit*,¹⁷ extensively discussed the limited power of the COA for audit review over money claims already confirmed by final judgment of a court or other adjudicative body. Accordingly, 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.¹⁸

The COA therefore erred in determining another reckoning point of the legal interest as it violated the principle of immutability of final judgments. As such, the Decision No. 2019-129 dated 21 May 2019 and Resolution No. 2020-042 dated 21 January 2020 should be modified to reflect the ruling in the final and executory judgment in G.R. No. 212842.

WHEREFORE, the petition is **PARTLY GRANTED**. The Decision No. 2019-129 dated 21 May 2019 and Resolution No. 2020-042 dated 21 January 2020 promulgated by the Commission on Audit is **AFFIRMED** with **MODIFICATION**, in that the City of Cebu is liable to pay petitioners the amount of Php37,702,500.00 plus interest at six percent (6%) *per annum* from 09 March 2015 until fully paid.

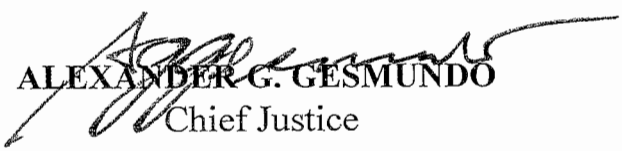
SO ORDERED.


RODIL V. ZALAMEDA
Associate Justice


¹⁷ G.R. No. 238671, 02 June 2020 [Per J. Lazaro-Javier].

¹⁸ *Id.*


WE CONCUR:



ALEXANDER G. GESMUNDO
Chief Justice



ESTELA M. PERLAS-BERNABE
Associate Justice



MARVIC M.V.F. LEONEN
Associate Justice



ALFREDO BENJAMIN S. CAGUIOA
Associate Justice

(No part)
RAMON PAUL L. HERNANDO
Associate Justice



ROSMARI D. CARANDANG
Associate Justice




AMY C. LAZARO-JAVIER
Associate Justice




HENRI JEAN PAUL B. INTING
Associate Justice



MARIO V. LOPEZ
Associate Justice




EDGARDO L. DELOS SANTOS
Associate Justice




SAMUEL H. GAERLAN
Associate Justice



RICARDO R. ROSARIO
Associate Justice

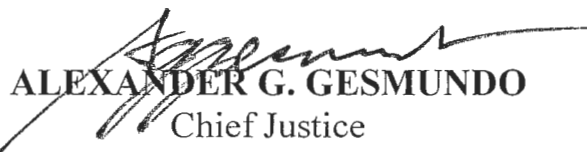


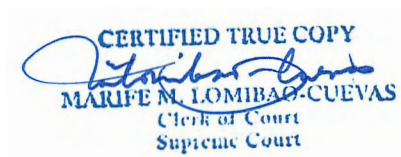
JHOSEP V. LOPEZ
Associate Justice



CERTIFICATION

Pursuant to the Section 13, Article VIII 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 the Court.


ALEXANDER G. GESMUNDO
Chief Justice


CERTIFIED TRUE COPY
MARIFE M. LOMIBAO-CUEVAS
Clerk of Court
Supreme Court

