



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

EMMA H. QUIRO-QUIRO,
Petitioner,

G.R. No. 209921

Present:

-versus-

CARPIO, J., Chairperson,
BRION,
DEL CASTILLO,
MENDOZA, and
LEONEN, JJ.

BALAGTAS CREDIT
COOPERATIVE & COMMUNITY
DEVELOPMENT, INC.,
Respondent.

Promulgated:

13 JAN 2016

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DECISION

CARPIO, J.:

The Case

Before this Court is a petition for review on certiorari challenging the 5 June 2013 Decision¹ and 11 November 2013 Resolution² of the Court of Appeals in CA G.R. SP No. 124625. The Court of Appeals reversed the decision³ of the National Labor Relations Commission (NLRC) and reinstated the decision of the Labor Arbiter finding Emma H. Quiro-quiros (petitioner) dismissal legal, with the modification that petitioner is awarded nominal damages for Balagtas Credit Cooperative & Community Development, Inc.'s (respondent) non-compliance with due process requirements.

¹ *Rollo*, pp. 324-342. Penned by Associate Justice Rebecca De Guia-Salvador, and concurred in by Associate Justices Apolinario D. Bruselas, Jr. and Samuel H. Gaerlan.

² *Id.* at 387. Penned by Associate Justice Rebecca De Guia-Salvador, and concurred in by Associate Justices Apolinario D. Bruselas, Jr. and Samuel H. Gaerlan.

³ *Id.* at 62-77. Penned by Commissioner Perlita B. Velasco, and concurred in by Presiding Commissioner Gerardo C. Nograles.

The Facts

The facts, as summarized by the Court of Appeals, are as follows:

Petitioner Balagtas Credit Cooperative and Community Development, Inc. (“petitioner”/“BCCCDI”) initially hired respondent Emma H. Quiro-quiرو (“respondent/Quiro-quiرو”) as accountant/bookkeeper in 1989.

However, sometime in April 2010, BCCCDI terminated the employment of Quiro-quiرو, who then held the concurrent posts of General Manager and Accountant, on the grounds of “gross negligence/violation of company rules” and “gross dishonesty,” committed as follows:

GROSS NEGLIGENCE/VIOLATION OF COMPANY RULES.

- Over withdrawal of Time Deposit (TD) placement of Josie Subido;
- Loss of borrower’s title for security in the payment of loan obligations of Rolando Roque;
- Over computation of interest on TD placements;
- Unfair filing of delinquent accounts;
- JV number duplication;
- Backlog of schedules and recording/postings.

GROSS DISHONESTY

Concealment of the irregularity regarding the over withdrawal in the TD placement of MS. JOSIE SUBIDO that happened way back 18 July 2007. Were it not for the hiring of an OJT who discovered the said report of MS. DENIZA FUENTES the matter would not have been addressed and resolved by requiring the party concerned to issue check/s in payment of the same; and,

Non-disclosure of the true financial condition of the cooperative.

These charges are allegedly contained in a Resolution of BCCCDI’s Board of Directors dated April 20, 2010.

Disputing those charges, Quiro-quiرو maintained that it was around January 2010 that she was informed by BCCCDI and its officers of an “overwithdrawal of a certain depositor” that was seen on the records. According to her, the said overwithdrawal was then “remedied with the full consent and acquiescence of respondents.” The issue was never brought up again, until four months later, in April 2010, when it was allegedly “resurrected.”

Aggrieved, Quiro-quiرو filed a complaint for illegal dismissal and damages.

In her position paper before the Labor Arbiter, Quiro-quiرو claimed that her termination was not valid nor justified. She argued that “there was no ground that existed for her dismissal from employment” and that her dismissal did not satisfy the requirements of due process, as she was not given “ample opportunity,” nor the “natural sequence of notice of charges, hearing and notice of judgment.”

In their position paper, on the other hand, BCCCDI and its officers Fe Adrados (“Adrados”) and Atty. Tagumpay B. Ponce (“Atty. Ponce”) averred that the termination of Quiro-quiros employment based on the charges against her were “official acts” of the cooperative BCCCDI, as contained in the board Resolution of April 20, 2010. Then, Atty. Ponce was designated by the said board, as BCCCDI’s counsel, to write and send a “Notice to Explain/Show Cause Memo” to Quiro-quiros to explain her side and show cause why she should not be terminated.

BCCCDI alleged that Quiro-quiros responded with her explanation on April 23, 2010. Also, Quiro-quiros allegedly sent a letter of apology dated April 29, 2010 admitting her “shortcomings and wrongdoings” but asking for one last chance from the board. On April 30, 2010, the board and officers convened with Quiro-quiros in attendance. There, she explained her side and answered questions from the board. Thereafter, the board put the matter to a vote and unanimously decided to terminate Quiro-quiros services. The proceedings were reduced in writing through the minutes thereof.

Finally, the decision to terminate Quiro-quiros employment was communicated to her through a Notice to Terminate prepared by Atty. Ponce upon the board’s instruction.

As for the causes of the dismissal, BCCCDI essentially argued that the following infractions of Quiro-quiros were grave enough to merit a legal termination, viz: (1) the alleged overwithdrawal of ₱250,000.00 which was deliberately omitted from being posted or recorded and followed by a “series of withdrawals on a monthly basis;” (2) the alleged loss of a (certificate of) title; (3) the “over-computation of interest on time deposit (TD) placement;” (4) the “unfair filing of delinquent accounts;” and (5) duplication of journal voucher (JV) numbers, and backlog in the schedule of postings. BCCCDI rejected her explanation of “ignorance” in failing to post the withdrawal because “before the TD placement was closed, the same was followed by withdrawals on a monthly basis.” To BCCCDI, such was gross dishonesty and conflict of interest. BCCCDI added that the over-computation of interest rate and its application to Quiro-quiros own account was also gross dishonesty, conflict of interest and resulted in the loss of trust and confidence by the employer.

In support of the charges against Quiro-quiros, BCCCDI also attached the affidavits and/or report of three employees Deniza Fuentes, Rex R. Lim and Susana de la Cruz-Tolentino.

x x x x⁴

In his 31 January 2011 Decision,⁵ Labor Arbiter Mariano L. Bactin found that there was substantial evidence showing that petitioner was lawfully dismissed and respondent observed due process in terminating her. The dispositive portion of the Labor Arbiter’s decision reads:

⁴ Id. at 325-328.

⁵ Id. at 217-226.

WHEREFORE, premises considered, the complaint filed by the complainant, EMMA H. QUIRO-QUIRO is hereby ordered DISMISSED WITH PREJUDICE for lack of merit.

The claims for damages and attorney's fees of the complainant are likewise DISMISSED with prejudice for lack of merit.

SO ORDERED.⁶

In its 25 November 2011 Decision, the NLRC reversed the decision of the Labor Arbiter, and ruled as follows:

WHEREFORE, complainant's appeal is GRANTED and the Decision promulgated on 31 January 2011 is REVERSED and SET ASIDE. Complainant is declared to have been illegally dismissed and respondent Balagtas Credit Cooperative and Community Development, Inc. is ordered to pay complainant the following:

- (1) backwages computed from her date of dismissal on 1 May 2010 until the finality of this decision less the amount equivalent to one (1) month salary;
- (2) separation pay in lieu of reinstatement equivalent to one month pay for every year of service computed from January 1989 until the finality of this decision.

The computation of the monetary award as of the date of this decision is attached as Annex "A" of this Decision.

SO ORDERED.⁷

In its 29 February 2012 Resolution,⁸ the NLRC denied the motion for reconsideration.

In its 5 June 2013 Decision, the Court of Appeals reversed the decision of the NLRC and reinstated the decision of the Labor Arbiter.

Petitioner filed a motion for reconsideration, arguing among others that the case had already been settled by virtue of an offer from respondent to pay the amount awarded by the NLRC. Petitioner also maintained that her dismissal was invalid.

In its 11 November 2013 Resolution, the Court of Appeals denied the motion for reconsideration.

Hence, this petition.

⁶ Id. at 225-226.

⁷ Id. at 75-76.

⁸ Id. at 79-83. Penned by Commissioner Perlita B. Velasco, and concurred in by Presiding Commissioner Gerardo C. Nograles. Commissioner Romeo L. Go took no part.

The Court of Appeals' Ruling

In reversing the NLRC and sustaining the Labor Arbiter, the Court of Appeals found that “there was more than enough substantial evidence presented” to support a valid dismissal. The Court of Appeals gave credence to the following evidence showing petitioner had neglected her duties, had been dishonest and had breached her employer’s trust:

(1) Annex “A” of BCCCDI’s Position Paper – which is an enumeration from the cooperative’s By-laws of the duties and responsibilities of the General Manager and Accountant, both of which positions concurrently were being held by Quiro-quiros at the time of termination. Among the enumerated duties of the general manager was to

b) “maintain (her) records and accounts in such manner that the true and correct condition of the business of the cooperative may be ascertained therefrom at any time. (She) shall render annual and periodic statements and reports in the form and in the manner prescribed by the Board of Directors, and preserve the books, documents, correspondence and records of whatever kind pertaining to the business which may come into (her) possession.

Meanwhile, among the duties of the accountant were to:

a) ... “install an adequate and effective accounting system in the cooperative;”

b) ... “render monthly reports to the Board of Directors on the financial condition and operations of the cooperative....;”

x x x

d) ... “assist the Chair(person) in the preservation of the books of accounts documents, vouchers, contracts and record of whatever kind pertaining to the business of the cooperative which may come to (her) possession.”

(2) Annexes “B” and “C” of BCCCDI’s Position Paper – which are the Resolution of the Board of Directors and Notice to Explain/Show Cause Memo, respectively, enumerating the violations committed by Quiro-quiros, which can all be easily cross-referred with her official duties and responsibilities above. Such violations are:

GROSS NEGLIGENCE/VIOLATION OF COMPANY RULES.

Over withdrawal of Time Deposit (TD) placement of Josie Subido;

Loss of borrower’s title for security in the payment of loan obligations of Rolando Roque;

Over computation of interest on TD placements;

Unfair filing of delinquent accounts;

JV number duplication;

Backlog of schedules and recording/postings.

GROSS DISHONESTY

Concealment of the irregularity regarding the over withdrawal in the TD placement of MS. JOSIE SUBIDO that happened way back 18 July 2007. Were it not for the hiring of an OJT who discovered the said report of MS.

DENIZA FUENTES the matter would not have been addressed and resolved by requiring the party concerned to issue check/s in payment of the same; and,

Non-disclosure of the true financial condition of the cooperative.

(3) Annexes “D” and “E” of BCCCDI’s Position Paper – which are the Explanation Letter and Apology Letter, respectively, of Quiro-quiros. At first, in the explanation, she denied responsibility for the losses and assigned blame for some of the losses on others; in the apology letter, however, she admits wrongdoing but asks for another chance. The apology letter is reproduced hereunder:

29 Abril 2010

Sa lupong patnugutan
BCCCDI
Balagtas, Bulacan

Mahal na lupong patnugutan

Purihin ang Panginoon!

Ako po ay humihingi ng paumanhin sa lahat ng aking nagawang mali dito sa kooperatiba at hindi naman po li[n]gid sa inyo ang mga nangyari sa akin.

Bigyan nyo po ako ng isa pang pagkakataon na mapagpatuloy ko ang aking trabaho sa coop na ito alang-alang sa aking mga maliliit na anak.

Ipinangangako ko po na pagbubutihin ko na ang aking trabaho, magpopocus at dodoblihin ko po ang aking effort para maisaayos po ang lahat.

Kung dumating ang pagkakataon na hindi po talaga kayo masiyahan sa trabaho ay ako na po mismo ang magfile ng resignation.

Maraming salamat po sa maraming pang-unawa na ibinigay ninyo sa akin.

Sumasainyo,

(Sgd.)

EMMA H. QUIRO-QUIRO

(4) Annexes “F” and “G” of BCCCDI’s Position Paper – which are the Minutes of the board’s confrontation with Quiro-quiros and its decision to dismiss her, as well as the Termination Letter of Atty. Ponce in behalf of BCCCDI.

(5) Annex “I” of BCCCDI’s Position Paper – which is the Affidavit of Deniza E. Fuentes, an employee of BCCCDI, who stated in part,

x x x

5. While I was in the office sometime in November 2009, a student who was on-the-job training (OJT) stumbled on some files and it was discovered that there was an over-withdrawal in the amount of TWO HUNDRED FIFTY THOUSAND PESOS (₱250,000.00) from the time deposit (TD) placement of MRS. SUBIDO dating back from 18 July 2007 and which EMMA as internal accountant failed to post in the ledger which in the first place was her duty to perform.

6. Equally exasperating was the fact that after a year she allowed MRS. SUBIDO to make subsequent withdrawals which resulted to (sic) the over-withdrawal in the said amount. Considering that the subsequent withdrawals by MRS. SUBIDO were made on a monthly basis, it baffles the mind to think why the alleged oversight in the posting of the TWO HUNDRED FIFTY THOUSAND PESOS (₱250,000.00). Her feigned ignorance is highly suspect.

7. Moreover, although I was around when the discovery was made, I gave her opportunity to report the matter to our Chairperson and despite several reminders she did not budge a bit.

8. Forced by her own omission, I reported the matter to MRS. ABRADOS directly who in turn requested EMMA to require MRS. SUBIDO to replace or return the overwithdrawal in the amount of TWO HUNDRED FIFTY THOUSAND PESOS (₱250,000.00). Again, she failed to require MRS. SUBIDO to return the money.
x x x.

(6) Annex “J” of BCCCDI’s Position Paper – which is the Affidavit of Rex Revilla Lim, another employee of BCCCDI, who testified that he delivered an envelope from Quiro-quiroy to the Chairman and back to Quiro-quiroy. He could not categorically state, however, who might be responsible for the loss of one of the two titles contained in the said envelope.

(7) Annex “K” of BCCCDI’s Position Paper – which is a letter from Susana Dela Cruz-Tolentino of Megasys Computer Center who explained that the confusion in the data of the members in the computer was the result of the use of one “JV number” for different transactions.⁹

The dispositive portion of the Court of Appeals’ decision reads:

WHEREFORE, considering the foregoing, the petition is GRANTED. The Decision dated November 25, 2011 and Resolution dated February 29, 2012 of the respondent National Labor Relations Commission in NLRC LAC No. 04-000951-11 (NLRC Case No. RAB-III-05-16217-10), are REVERSED and SET ASIDE. The Decision of the Labor Arbiter Mariano L. Bactin, promulgated on January 31, 2011, in NLRC Case No. RAB-III-05-16217-10 is REINSTATED with the MODIFICATION that respondent Emma Quiro-quiroy is AWARDED ₱30,000.00 in nominal damages.

⁹ Id. at 334-338.

SO ORDERED.¹⁰

The Issues

Petitioner raises the following issues: (1) whether respondent's offer to pay the monetary award of the NLRC constitutes a compromise agreement putting an end to this controversy; and (2) whether petitioner's dismissal was valid and complied with the due process requirements.

The Ruling of the Court

We deny the petition.

Payment of NLRC monetary award does not constitute a compromise agreement.

Petitioner argues that respondent's offer to pay the total amount of ₱452,730.34 representing the monetary award of the NLRC constitutes a compromise agreement that "operates to end litigation and put the case to rest."¹¹

We disagree. Respondent's offer to pay the sum of ₱452,730.34 representing the monetary award of the NLRC is not in the nature of a compromise agreement, which effectively puts an end to this controversy. According to respondent, the underlying reason for the offer of payment was petitioner's motion for the issuance of the writ of execution, leaving respondent without any recourse but to pay. In other words, such payment was in compliance with the writ of execution issued by the NLRC.

Section 14, Rule VII of the NLRC Rules of Procedure provides that "the decisions, resolutions or orders of the Commission shall become final and executory after ten (10) calendar days from receipt thereof x x x." Section 1, Rule XI of the same NLRC Rules provides that "a writ of execution may be issued *motu proprio* or on motion, upon a decision or order that has become final and executory." The execution of the final and executory decision or resolution of the NLRC shall proceed despite the pendency of a petition for *certiorari*, unless it is restrained by the proper court.¹² Since the Court of Appeals did not issue any temporary restraining order or writ of injunction against the NLRC decision, such judgment became final and executory after ten calendar days from its receipt by counsel or party. Consequently, petitioner moved for the issuance of the writ

¹⁰ Id. at 341-342.

¹¹ Id. at 7.

¹² See *Sarona v. National Labor Relations Commission*, 679 Phil. 394, 412 (2012), citing *Leonis Navigation, Co., Inc. v. Villamater*, G.R. No. 179169, 3 March 2010, 614 SCRA 182.

of execution. As pointed out by respondent, the issuance of the writ of execution and notice of garnishment forced respondent to pay the monetary award of the NLRC to avoid its bank account being frozen and to prevent the cessation of its operations.

Clearly, there is no intent on the part of respondent to enter into a compromise agreement to put an end to this dispute. Otherwise, respondent could have simply filed a motion to withdraw its petition before the Court of Appeals, specifically manifesting the execution by the parties of a compromise agreement. On the contrary, respondent pursued its appeal before the Court of Appeals and vigorously opposed the petition in this Court.

Petitioner was validly dismissed.

Petitioner insists that she was illegally dismissed since there is no valid ground to terminate her. Petitioner further claims that her dismissal failed to satisfy the due process requirements.

We are not convinced. As correctly found by the Court of Appeals, respondent was able to prove by substantial evidence that petitioner's dismissal is lawful. Substantial evidence is defined as that amount of relevant evidence which a reasonable mind might accept as adequate to justify a conclusion.¹³

Respondent presented documents and affidavits establishing petitioner's gross negligence and her breach of respondent's trust and confidence in her. Based on the records, it was shown that petitioner committed the following infractions: (1) the over withdrawal of ₱250,000 on the time deposit placement of a member; (2) concealment and non-posting of the over withdrawal; (3) the series of monthly withdrawals after the ₱250,000 over withdrawal on the same time deposit placement; (4) the loss of a certificate of title; (5) the over-computation of interest rate on a time deposit placement; (6) the "unfair filing of delinquent accounts"; (7) duplication of journal voucher numbers, and (8) backlog in the schedule of postings.

We agree with the finding of the Court of Appeals that petitioner's "inability to stop during her watch an over withdrawal by one member, amounting to ₱250,000.00,"¹⁴ and followed by a series of monthly withdrawals, "constitutes gross and habitual neglect of duty that is a just cause for her dismissal."¹⁵ The Court of Appeals further found that "her other infractions such as the loss of a certificate of title, the granting of a

¹³ *Skippers United Pacific, Inc. v. NLRC*, 527 Phil. 248, 257 (2006); *Domasig v. NLRC*, 330 Phil. 518, 524 (1996).

¹⁴ *Rollo*, p. 338.

¹⁵ *Id.*

high interest to pre-terminated deposits, duplication of JV numbers, and a backlog in her reportings or postings only add to such major infraction and establish a pattern of negligence and inability to fulfill her duty.”¹⁶

Moreover, there is no dispute that petitioner held the sensitive positions of general manager and accountant, which demand respondent’s utmost trust and confidence. Her responsibilities as accountant included, among others, the handling and processing of the deposits and withdrawals of the members of the cooperative; installing an effective accounting system within the cooperative; and safekeeping of certificates of title. As general manager, petitioner was in charge of supervising and overseeing the daily operations of the cooperative¹⁷ and was tasked to prepare periodic reports on the financial condition of the cooperative.

In *Coca-Cola Export Corporation v. Gacayan*,¹⁸ involving a Senior Financial Accountant of petitioner company, the Court upheld the employee’s dismissal for loss of trust and confidence, thus:

In the instant case, respondent Gacayan was the Senior Financial Accountant of petitioner company. While respondent Gacayan denies that she is handling or has custody of petitioner’s funds, a re-examination of the records of this case reveals that she indeed handled delicate and confidential matters in the financial analyses and evaluations of the action plans and strategies of petitioner company. Respondent Gacayan was also privy to the strategic and operational decision-making of petitioner company, a sensitive and delicate position requiring the latter’s utmost trust and confidence. As such, she should be considered as holding a position of responsibility or of trust and confidence.

Clearly, petitioner’s act of allowing the over withdrawal of ₱250,000 on the time deposit placement of a member and her subsequent inaction and non-rectification of such misconduct breached respondent’s trust and confidence in her, warranting the penalty of dismissal.

In addition, while respondent painstakingly presented evidence to prove the legality of petitioner’s dismissal, petitioner miserably failed to rebut the charges against her. As found by the Court of Appeals, petitioner “did not even attach her own evidence [to her pleadings] or at least refute if not totally contradict the allegations of [respondent].”¹⁹ Petitioner merely denied the allegations against her. In her apology letter, petitioner pleaded

¹⁶ Id. at 340.

¹⁷ Id. at 113. Duties of the General Manager

a) The General Manager shall, under policies set by the General Assembly and the Board of Directors, have general charge of all the phases of the business operations of the cooperative. Upon the appointment of his successor, he shall turn over to him all monies and properties belonging to the cooperative which he has in his possession or over which he has control;

x x x x

¹⁸ 667 Phil. 594, 602 (2011).

¹⁹ *Rollo*, p. 338.

for forgiveness and another chance from respondent, which in effect constituted an admission of her wrongdoings.

While petitioner's dismissal is lawful, we sustain the award of ₱30,000 nominal damages in favor of petitioner for respondent's non-observance of the due process requirements in dismissing her. We agree with the Court of Appeals, which in turn upheld the NLRC, that the 48 hours given to petitioner to explain her side was insufficient time to "consult the union official or lawyer, gather data and evidence and decide on [her defenses]." ²⁰ Petitioner should have been given at least five calendar days from receipt of the notice to prepare for her defense. Notwithstanding, the lack of statutory due process does not nullify the dismissal or render it illegal or ineffectual when the dismissal was for just cause, ²¹ but it will merit the grant of nominal damages as indemnification.

WHEREFORE, we **DENY** the petition and **AFFIRM** the 5 June 2013 Decision and 11 November 2013 Resolution of the Court of Appeals in CA G.R. SP No. 124625.

SO ORDERED.



ANTONIO T. CARPIO
Associate Justice

WE CONCUR:



ARTURO D. BRION
Associate Justice

²⁰ Id. at 341.

²¹ *Samar-Med Distribution v. National Labor Relations Commission*, G.R. No. 162385, 15 July 2013, 701 SCRA 148, 164.



MARIANO C. DEL CASTILLO
Associate Justice


JOSE CATRAL MENDOZA
Associate Justice


MARVIC M.V.F. LEONEN
Associate Justice

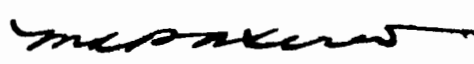
ATTESTATION

I attest 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's Division.


ANTONIO T. CARPIO
Associate Justice
Chairperson

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, and the Division Chairperson's Attestation, 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's Division.


MARIA LOURDES P. A. SERENO
Chief Justice