CAMILO P. CABILI, AS CHAIRMAN OF THE BOARD OF TRUSTEES AND ANTONIO R. DE VERA, AS ADMINISTRATOR, LOCAL WATER UTILITIES ADMINISTRATION (LWUA), PETITIONERS, VS. CIVIL SERVICE COMM...

G.R. NO. 156503. June 22, 2006

Ponente: PUNO, J.

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PUNO, J.:

Before us are the consolidated cases of "Civil Service Commission (CSC) vs. Camilo P. Cabili, et al." and "Camilo P. Cabili, et al. vs. CSC," appealing the Court of Appeals' (CA's) July 10, 2001 Decision[1] in CA-G.R. SP No. 40613 and December 11, 2002 Resolution,[2] which modified CSC Resolution Nos. 95-4073[3] and 96-2079[4] dated July 11, 1995 and March 21, 1996, respectively.

The facts show that the Local Water Utilities Administration Employees Association for Progress (LEAP), represented by its Chairman, Leonardo C. Cruz, filed a complaint before the CSC against Camilo P. Cabili and Antonio R. De Vera, Chairman of the Board of Trustees and Administrator, respectively, of the Local Water Utilities Administration (LWUA). The complaint arose from the alleged inaction of Cabili and De Vera on complainant's letter to Cabili dated August 26, 1994, and memorandum to De Vera dated August 29, 1994 for violation of Republic Act (R.A.) No. 6713, otherwise known as the "Code of Conduct and Ethical Standards for Public Officials and Employees." The complaint also prayed for investigation and opinion on the validity of the multiple directorship of LWUA Deputy Administrator Rodolfo de Jesus and his entitlement to per diems, representation and transportation allowance (RATA), discretionary fund, and other extraordinary and miscellaneous expenses (EME) from the Olongapo City Water District where he was designated as member of the board of directors. He received these monetary benefits in addition to his compensation as Deputy Administrator of LWUA.

As directed by the CSC's Office for Legal Affairs, respondents submitted their Comment, justifying the action taken by the Board and Management of LWUA regarding the memorandum of the Local Water Utilities Administration Employees Association for Progress (LEAP), the multiple directorship of LWUA Deputy Administrator Rodolfo de Jesus and his entitlement to per diems and other benefits. Respondents also alleged that the complaint violates section 4 of CSC Resolution No. 94-0521 on the "Uniform Rules of Procedure in the Conduct of Administrative Investigation," which prescribes that "no complaint against a civil servant shall be given due course unless the same is in writing and under oath."[5]

The CSC, in its Resolution No. 95-4073 dated July 11, 1995, dismissed the charge for violation of R.A. No. 6713 against LWUA Chairman Cabili and Administrator De Vera. It, however, ruled that it is illegal for any LWUA officer or employee who sits as a member of the board of directors of a water district to receive any additional or indirect compensation in the form of: (a) RATA; (b) EME; (c) rice allowance and medical/dental benefits; (d) uniform allowance; and, (e) Christmas bonus, cash gift and productivity incentive bonus. According to the CSC,

the LWUA officer/employee who sits as a member of the board of directors of a water district may only receive per diems, pursuant to Section 13, Presidential Decree (P.D.) No. 198, as amended. The CSC relied on Section 8, Article IX(B) of the 1987 Constitution which states that "No elective or appointive public officer or employee shall receive additional, double, or indirect compensation, unless specifically authorized by law."

LWUA Chairman Cabili and Administrator De Vera moved for reconsideration but the same was denied by the CSC, in its Resolution No. 96-2079 dated March 21, 1996.

They appealed to the CA. They assigned the following errors allegedly committed by the CSC:

> I
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> RESPONDENT CIVIL SERVICE COMMISSION SERIOUSLY ERRED IN PREMISING ITS RULING OR RESOLUTION ON A MISTAKEN AND SHORT-SIGHTED READING OF SECTION 8, ARTICLE IX (B) OF THE 1987 CONSTITUTION.
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> II
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> RESPONDENT CIVIL SERVICE COMMISSION SERIOUSLY ERRED WHEN IT FAILED TO CONSIDER THE EXPRESS PROVISIONS OF P.D. 198 (LWUA CHARTER), AS AMENDED, AND THE PERTINENT RESOLUTIONS OF THE LWUA BOARD, ALLOWING THE LWUA TO APPOINT ANY OF ITS PERSONNEL TO SIT IN THE BOARD OF DIRECTORS OF ANY DEFAULTING WATER DISTRICT WITH ALL THE RIGHTS AND PRIVILEGES APPERTAINING TO A REGULAR MEMBER.
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> III
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> RESPONDENT CIVIL SERVICE COMMISSION SERIOUSLY ERRED IN GIVING DUE COURSE TO THE COMPLAINT OF RESPONDENT LWUA EMPLOYEES ASSOCIATION FOR PROGRESS (LEAP) DESPITE THE FACT THAT THE COMPLAINT WHICH WAS NOT UNDER OATH FAILED TO COMPLY WITH THE MANDATORY REQUIREMENTS OF THE "UNIFORM RULES OF PROCEDURE IN THE CONDUCT OF ADMINISTRATIVE INVESTIGATION" PROMULGATED BY THE CIVIL SERVICE COMMISSION.[6]

During the pendency of the petition before the CA, two separate motions for intervention were filed by Abundio L. Okit,[7] and the group of Rodolfo S. de Jesus, Edelwina DG. Parungao and Rebecca A. Barbo.[8] They alleged personal and legal interest in the instant petition. Okit is a regular member and chairman of the board of directors of the Malaybalay Water District, while De Jesus, Parungao and Barbo, Deputy Administrator for Administrative Services, Manager of Human Resource Management Department and Manager of Property Management Department, respectively of LWUA, are members of the board of directors of several water districts, either as interim directors of taken-over water districts or LWUA-appointed directors, or both. The CA granted the motions for intervention which essentially raised the same procedural and substantive issues.

On July 10, 2001, the Court of Appeals ruled that the requirement that the complaint be in writing, verified and sworn to by the complainant is merely a formal, not a jurisdictional defect. On the substantive issue, it held that those appointed by the LWUA as 6[th] member of the board of directors of water districts are entitled to per diem, RATA and travel allowance. They are not, however, entitled to rice allowance, medical/dental benefits, Christmas bonus/cash gift, and EME, because these constitute additional, double, and direct compensation.

On December 11, 2002, the CA denied the Motions for Partial Reconsideration of the CSC, and Cabili and De Vera. It also denied intervenors De Jesus, Parungao and Barbo's Motion for Reconsideration.

On February 14, 2003, the CSC filed its appeal, pursuant to Rule 45 of the 1997 Rules of Civil Procedure, before this Court, docketed as G.R. No. 156481, and entitled "CSC vs. Camilo P. Cabili, et al."[9] The CSC raised the

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following as the lone issue of its petition:

> WHETHER CHRISTMAS BONUS, CASH GIFT AND PRODUCTIVITY INCENTIVE BONUS ARE IN THE NATURE OF ADDITIONAL COMPENSATION, HENCE MUST BE DISALLOWED.[10]

On February 21, 2003, Cabili and De Vera also filed their appeal before this Court, docketed as G.R. No. 156503, and entitled "Camilo P. Cabili, et al. vs. CSC."[11] Cabili and De Vera faulted the ruling of the CA as follows:

> THE COURT OF APPEALS GRAVELY ERRED WHEN IT FAILED AND REFUSED TO CONSIDER THAT THE CSC HAS NO JURISDICTION TO TAKE COGNIZANCE OF MUCH LESS RULE ON THE LEGALITY OF GRANTING ADDITIONAL BENEFITS AND ALLOWANCES TO LWUA-APPOINTED DIRECTORS OF WATER DISTRICTS.
>
> THE COURT OF APPEALS SERIOUSLY ERRED WHEN IT RULED TO DENY THE GRANT OF CERTAIN ALLOWANCES AND BENEFITS TO LWUA-DESIGNATED REPRESENTATIVES TO THE BOARDS OF WATER DISTRICTS.[12]

On November 18, 2003, this Court resolved to consolidate G.R. No. 156481 (CSC vs. Camilo P. Cabili, et al.) with G.R. No. 156503 (Camilo P. Cabili, et al. vs. CSC).[13]

As a start, we affirm the CSC's jurisdiction in promulgating policies on compensation matters of water district personnel. We held in De Jesus v. CSC,[14] viz:

> The present case involves the acts of LWUA officials who are concurrently designated as members of the boards of directors of water districts. This Court has consistently ruled that water districts are government-owned and controlled corporations with original charters, since they have been created pursuant to PD 198. Hence, they are under the jurisdiction of the CSC.[15]
>
> Article IX-B of the 1987 Constitution provides as follows:SEC. 2. (1) The civil service embraces all branches, subdivisions, instrumentalities, and agencies of the Government, including government-owned or controlled corporations with original charters.
>
> SEC. 3 . The Civil Service Commission, as the central personnel agency of the Government, shall establish a career service and adopt measures to promote morale, efficiency, integrity, responsiveness, progressiveness, and courtesy in the civil service. It shall strengthen the merit and rewards system, integrate all human resources development programs for all levels and ranks, and institutionalize a management climate conducive to public accountability. It shall submit to the President and the Congress an annual report on its personnel programs.
>
> Section 3 is deemed to include the power to "promulgate and enforce policies on personnel actions.

It must be pointed out that the present controversy originated from an administrative case filed with the CSC for violations of the Code of Conduct and Ethical Standards for Public Officials and Employees (RA 6713). Necessarily, it was incumbent on the CSC to construe, in relation to that case pending before it, the provisions of PD 198. Settled is the rule that when a law confers jurisdiction, all the incidental powers necessary for its effective[16] exercise are included in the conferment.

On the issue of compensation and other monetary benefits, we rule that all allowances and benefits, other than per diems, are prohibited to directors of water districts.[17] The compensation of directors of water districts is governed by Section 13 of P.D. No. 198, as amended, which reads:

> Sec. 13. Compensation. - Each director shall receive a per diem, to be determined by the board, for each meeting of the board actually attended by him, but no director shall receive per diems in any given month in excess of the equivalent of the total per diems of four meetings in any given month. No director shall receive other compensation for services to the district.

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> Any per diem in excess of P50 shall be subject to approval of the Administration. (Emphasis supplied)

We reiterated in De Jesus and in Baybay Water District v. Commission on Audit[18] that "words and phrases in a statute must be given their natural, ordinary, and commonly accepted meaning." Section 13 of P.D. No. 198 specifies per diem as the compensation of members of the board of directors of water districts. It even limits the total amount of per diems they are allowed to receive each month. Above all, Section 13 expressly states that they shall receive no compensation other than the specified per diems. The prohibition cannot be any clearer. Thus, both De Jesus and Baybay hold that P.D. No. 198 authorizes the directors of water districts to receive only per diems, and no other compensation or allowance in whatever form.

IN VIEW WHEREOF, the Petition of Cabili and De Vera is DENIED while the Petition of the CSC is GRANTED. Resolution Nos. 95-4073 and 96-2079 dated July 11, 1995 and March 21, 1996, respectively, of the CSC are REINSTATED.

No pronouncements as to costs.

SO ORDERED.

Panganiban, C.J., Quisumbing, Ynares-Santiago, Sandoval-Gutierrez, Carpio, Austria-Martinez, Corona, Carpio Morales, Callejo, Sr., Azcuna, Tinga, Chico-Nazario, Garcia, and Velasco, Jr., JJ., concur.

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[1] CA rollo, pp. 232-244.

[2] Id. at 327-328.

[3] Id. at 33-36.

[4] Id. at 37-41.

[5] Id. at 42.

[6] Id. at 16-17.

[7] Id. at 74-83.

[8] Id. at 125-127.

[9] G.R. No. 156481, rollo, pp. 27-38.

[10] Id. at 31.

[11] G.R. No. 156503, rollo, pp. 32-56.

[12] Id. at 39-40.

[13] Rule 31. Consolidation or Severance. Section 1. Consolidation. - When actions involving a common question of law or fact are pending before the court, it may order a joint hearing or trial of any or all the matters in issue in the actions; it may order all the actions consolidated; and it may make such orders concerning proceedings therein as may tend to avoid unnecessary costs or delay.

[14] G.R. No. 156559, September 30, 2005, 471 SCRA 624.

[15] Davao City Water District v. Civil Service Commission, G.R. Nos. 95237-38, September 13, 1991, 201 SCRA 593; Tanjay Water District v. Gabaton, G.R. No. 63742, April 17, 1989, 172 SCRA 253; Hagonoy Water

District v. NLRC, G.R. No. 81490, August 31, 1988, 165 SCRA 272.

[16] See Republic of the Philippines v. Sandiganbayan, G.R. No. 88126, July 12, 1996, 328 Phil. 210, 226; (citing Republic v. Sandiganbayan, G.R. No. 89553, April 7, 1993, 221 SCRA 189, 195); Pio Barretta Realty Development, Inc. v. CA, G.R. Nos. 62431-33, August 31, 1984, 216 Phil. 563, 577; Zuniga v. CA, G.R. No. 49776, January 28, 1980, 95 SCRA 740, 747.

[17] De Jesus v. CSC, G.R. No. 156559, September 30, 2005.

[18] 425 Phil. 326 (2002).

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