

## EN BANC

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

**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 COMMISSION (CSC) AND LWUA EMPLOYEES ASSOCIATION FOR PROGRESS, REPRESENTED BY ITS CHAIRMAN, LEONARDO C. CRUZ, RESPONDENTS.**

[G.R. NO. 156481]

**CIVIL SERVICE COMMISSION (CSC), PETITIONER, VS. CAMILO P. CABILI, AS CHAIRMAN OF THE BOARD OF TRUSTEES AND ANTONIO R. DE VERA, AS ADMINISTRATOR, LOCAL WATER UTILITIES ADMINISTRATION (LWUA), RESPONDENTS.**

## D E C I S I O N

**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<sup>[1]</sup> in CA-G.R. SP No. 40613 and December 11, 2002 Resolution,<sup>[2]</sup> which modified CSC Resolution Nos. 95-4073<sup>[3]</sup> and 96-2079<sup>[4]</sup> 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."<sup>[5]</sup>

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

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.

## II

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.

## III

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.

<sup>[6]</sup>

During the pendency of the petition before the CA, two separate motions for intervention were filed by Abundio L. Okit,<sup>[7]</sup> and the group of Rodolfo S. de Jesus, Edelwina DG. Parungao and Rebecca A. Barbo.<sup>[8]</sup> 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<sup>th</sup> 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."<sup>[9]</sup> The CSC raised the 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.<sup>[10]</sup>

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."<sup>[11]</sup> 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.

<sup>[12]</sup>

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).

<sup>[13]</sup>