

THIRD DIVISION

[G.R. No. 145800, January 22, 2003]

**CENTRAL PANGASINAN ELECTRIC COOPERATIVE, INC.,
PETITIONER, VS. GERONIMA MACARAEG AND MARIBETH DE
VERA, RESPONDENTS.**

D E C I S I O N

PUNO, J.:

In this petition for review on certiorari, petitioner Central Pangasinan Electric Cooperative, Inc. challenges the decision of the Court of Appeals in CA-G.R. SP No. 55128 affirming the decision of the voluntary arbitrator in NCMB-RBI-PM-VA-5-03-99 ordering the reinstatement of respondents to petitioner's employ and payment of their backwages.

Petitioner is an electric cooperative duly organized and existing under Philippine laws. Respondent Geronima Macaraeg and Maribeth de Vera are employees of petitioner at its office in Area V, Bayambang, Pangasinan. Respondent de Vera was employed as teller whose primary duty was to accept payments from petitioner's consumers in Bayambang and remit her collections to the cashier, herein co-respondent Geronima Macaraeg. Respondent Macaraeg's duty was to deposit the daily collections of the office to petitioner's account at the Rural Bank of Central Pangasinan in Bayambang.

From January 1998 to January 1999, respondent de Vera accommodated and encashed the crossed checks of her sister, Evelyn Joy Estrada. Evelyn issued two hundred eleven (211) crossed checks amounting to P6,945,128.95 payable to petitioner cooperative despite the absence of any transaction or any outstanding obligation with petitioner. In turn, respondent de Vera, with the knowledge and consent of respondent Macaraeg, paid the full value of these checks from the cash collections of petitioner. At the end of the day, respondents credited the checks as part of their collection and deposited the same together with their cash collection to the account of petitioner at the Rural Bank of Central Pangasinan.

Sometime in January 1999, petitioner, through its Finance Department, noticed that several checks payable to petitioner from the collections in the Area V office were returned due to insufficiency of funds.

On January 19, 1999, Josefina Mandapat, Sandra Frias and Marites Radac, petitioner's Finance Manager, Chief Accountant and Legal Assistant, respectively, confronted respondents with their discovery. Respondent de Vera admitted that the checks were issued by her sister and that she encashed them from the money collected from petitioner's customers.

On January 21, 1999, Mrs. Josefina Mandapat submitted a memorandum to

petitioner's General Manager, Salvador M. de Guzman, detailing their findings about the bounced checks. On February 2, 1999, she submitted an addendum to her memorandum.

On February 4, 1999, petitioner, through de Guzman, issued a memorandum to respondents placing them under preventive suspension and requiring them to explain in writing within forty-eight (48) hours why they misappropriated cooperative funds. In the same communication, a hearing was set on February 13, 1999 at 9:30 a.m. at the Board Room of petitioner before Atty. Teodoro Fernandez.

In their respective Answers/Explanations, respondents denied having misappropriated the funds of petitioner cooperative. They alleged that: (1) the checks that bounced were redeposited with the Rural Bank of Central Pangasinan; (2) the amount representing the face value of the checks had been used by petitioner as of December 15, 1998; (3) there was never any shortage in the cooperative money or funds in their possession; and (4) they never violated any policy of the cooperative and on the contrary, they have been very religious in remitting the funds and money of petitioner.^[1]

At the scheduled hearing on February 13, 1999, respondents, with assistance of counsel, appeared before Atty. Teodoro Fernandez. Respondent de Vera testified and admitted that she encashed the checks of Evelyn Joy Estrada because the latter is her older sister and that she has a soft spot for her; that Mrs. Estrada owns a sash factory and that she merely wanted to help her sister meet her business obligations; that sometime in November 1998, Mrs. Marites Radoc, Chief Accountant of petitioner, called her attention to one check which bounced thrice; that this check was eventually replaced by her sister with cash; that despite the bouncing of some other checks, all checks were eventually funded and paid to petitioner, hence, petitioner incurred no losses in its collections; that she has worked for petitioner for nineteen (19) years and this is the first time she has been charged administratively by petitioner.

Respondent Macaraeg admitted that she knew of the accommodations given by respondent de Vera to her sister; that she allowed her subordinate to do it because respondent de Vera is her *kumare*, and that she knew that Mrs. Estrada's checks were sufficiently funded. She worked for petitioner for twenty-two (22) years and has never had an administrative charge.

Mrs. Josefina Mandapat, Finance Manager of petitioner, testified as petitioner's witness. She stated that she prepared a report on the findings of their accountant regarding the encashment of Evelyn Joy Estrada's checks, and that the encashment of said checks is prohibited under an office memorandum.

On March 10, 1999, Atty. Fernandez submitted his findings to the General Manager of petitioner. On March 19, 1999, on the basis of said findings and recommendation, the General Manager issued to respondents separate notices of termination, effective April 9, 1999, for "serious misconduct, and breach of trust and confidence reposed on them by management."^[2]

Respondents, with the help of the President and representative of the Union, Central Pangasinan Electric Cooperative (CENPELCO) Employees' Association-Tupas Local

Chapter No. R01-0012, questioned their dismissal before the National Conciliation and Mediation Board (NCMB). They claimed that their dismissal was without just cause and in violation of the Collective Bargaining Agreement (CBA), which requires that the case should first be brought before a grievance committee. Eventually, the parties agreed to submit the case to a voluntary arbitrator for arbitration.

On August 12, 1999, the voluntary arbitrator rendered a decision in favor of respondents, viz.:

"WHEREFORE, in view of the foregoing, the undersigned arbitrator finds and so holds:

- (1) That the parties failed to comply with the provisions of the GRIEVANCE PROCEDURE of the Collective Bargaining Agreement;
- (2) Reinstate immediately upon receipt of the Decision complainants GERONIMA MACARAEG and MARIBETH DE VERA to their former positions without loss of seniority rights;
- (3) Pay complainants their backwages to be reckoned from the time their employment has been [sic] illegally terminated up to their actual reinstatement based on their last salary.

Parties are hereby enjoined to be faithful with their commitment to abide by this Decision which under their Collective Bargaining Agreement is final, executory and not subject to appeal.

SO ORDERED."^[3]

Petitioner appealed to the Court of Appeals via a petition for review. On August 17, 2000, the Court of Appeals rendered a decision dismissing the petition and affirming the decision of the voluntary arbitrator. Hence, the present course of action.

Petitioner claims that:

"(1) The Honorable Court of Appeals gravely abused its discretion in finding that the procedure leading to the termination of respondents Maribeth de Vera and Geronima Macaraeg was in violation of the provisions of the Collective Bargaining Agreement (CBA) particularly Steps 1-4, Article XIII of the said Agreement.

(2) The Honorable Court of Appeals gravely abused its discretion in holding that petitioner illegally terminated the services of herein private respondents."^[4]

The petition is impressed with merit.

At the outset, we hold that the first issue raised in the petition pertaining to the alleged violation of the CBA grievance procedure is moot and academic. The parties' active participation in the voluntary arbitration proceedings, and their failure to insist that the case be remanded to the grievance machinery, shows a clear