

## EN BANC

[ G.R. NO. 156559, September 30, 2005 ]

**RODOLFO S. DE JESUS, EDELWINA DG. PARUNGAO, AND  
REBECCA A. BARBO, PETITIONERS, VS. CIVIL SERVICE  
COMMISSION (CSC) AND LWUA EMPLOYEES ASSOCIATION FOR  
PROGRESS, (LEAP) REPRESENTED BY ITS CHAIRMAN,  
LEONARDO C. CRUZ, RESPONDENTS.**

### DECISION

#### **PANGANIBAN, J.:**

Words and phrases in a statute must be given their natural, ordinary, and commonly accepted meaning. Due regard should be given to the context in which they are used. Settled is the rule that under Section 13 of Presidential Decree (PD) 198, *per diem* is precisely intended to be *the* compensation of members of the board of directors of water districts. By specifying the compensation they are entitled to receive, limiting the amount they are allowed to receive each month, and stating in the same paragraph that they shall receive no compensation other than the specified *per diems*, the law quite clearly mandates that directors of water districts be authorized to receive only those *per diems*. No other compensation or allowance in whatever form shall be given to or received by them.

### The Case

Before us is a Petition for Review<sup>[1]</sup> under Rule 45 of the Rules of Court, challenging the July 10, 2001 Decision<sup>[2]</sup> of the Court of Appeals (CA) in CA-GR SP No. 40613, as well as the December 11, 2002 CA Resolution<sup>[3]</sup> denying petitioners' Motion for Reconsideration. The decretal portion of the assailed Decision reads:

**"WHEREFORE**, premises considered, the petition is **partially granted** and the assailed Resolution of the Civil Service Commission dated 11 July 1995 is hereby **MODIFIED** in accordance with the foregoing disquisition."<sup>[4]</sup>

On the other hand, the July 11, 1995 Resolution<sup>[5]</sup> of the Civil Service Commission (CSC) mentioned above disposed as follows:

**"WHEREFORE**, the Commission hereby rules that it is illegal for any LWUA officer or employee who sits as member of the board of directors of a water district to receive and collect any additional, double, or indirect compensation from said water district, except per diems pursuant to Section 13 of PD 198, as amended."<sup>[6]</sup>

### The Facts

The facts are narrated by the CA as follows:

"The LWUA Employees Association for Progress (LEAP), through its Chairman, Leonardo C. Cruz, filed with the CSC a complaint 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) for alleged violation of RA 6713, otherwise known as the 'Code of Conduct and Ethical Standards for Public Officials and Employees'.

"The complaint stemmed from the alleged failure or refusal of Cabili and De Vera to give due course or respond to the Memorandum dated 26 August 1994 of LEAP requesting investigation on the allegation of columnist Lito A. Catapusan in the 'Beatwatch' column of the 23 August 1994 issue of the Manila Bulletin that Water Districts are 'milking cows' of certain LWUA officials. LEAP likewise questioned the propriety and legality of the act of LWUA Deputy Administrator Rodolfo de Jesus in collecting/receiving *per diems*, RATA, discretionary fund, and other extraordinary and miscellaneous expenses from the Olongapo City Water District where he was designated as member of the board of directors, aside from what he was already receiving from his present position.

"In his comment to LEAP's complaint, LWUA Administrator De Vera claimed, *inter alia*, that under the LWUA Charter (PD 198 as amended), LWUA is vested with corporate authority to take over the policy-making and management functions of defaulting water districts in order to protect its financial investment. Section 8 of the Decree authorizes LWUA to appoint any of its personnel to sit in the board of directors of a water district that has availed financial assistance from LWUA and any such personnel so appointed is entitled to enjoy the rights and privileges pertaining to a regular director. Administrator De Vera thus contended, in essence, that sans any specific guidelines on remuneration, any LWUA personnel who sits as a member of the board of directors of a water district is entitled to receive the same compensation and benefits which other members enjoy, in addition to what he regularly and normally receives as a personnel of LWUA.

"In Resolution No. 95-4073 dated 11 July 1995, the CSC dismissed the charge for violation of RA 6713 against LWUA Chairman Cabili and Administrator De Vera. The CSC 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 and collect any additional, double or indirect compensation from said water district except per diems pursuant to Section 13 of PD 198, as amended'. The CSC based its ruling on Section 8, Article IX (B) of the 1987 Constitution.

"LWUA Chairman Cabili and Administrator De Vera moved for reconsideration of Resolution No. 95-4073, contending that the CSC erroneously and short-sightedly interpreted the provision of the Constitution relative to additional, double or indirect compensation. Cabili and De Vera likewise questioned the authority of the CSC to act upon the

complaint filed by LEAP on the ground that the complaint was not under oath, hence, violative of CSC Resolution No. 94-0521 prescribing the Uniform Rules of Procedure in the Conduct of Administrative Investigation.

"In Resolution No. 96-2079 dated 21 March 1996, the CSC denied the motion for reconsideration and affirmed Resolution No. 95-4073.

"Unsatisfied, LWUA Chairman Cabili and Administrator De Vera elevated the case to [the CA] x x x.

x x x                      x x x                      x x x

"During the pendency of the x x x petition [with the CA], two (2) separate motions for intervention were filed by Abundio L. Okit on the one hand, and Rodolfo S. de Jesus, Edelwina DG. Parungao and Rebecca A. Barbo, on the other. Movants allege personal and legal interest in the legal issues and subject matter of the instant petition for being members of the board of directors, either as interim director or LWUA-appointed 6th member of water districts.

"There being no opposition from [the parties], the [CA] granted the motions for intervention and allowed intervenors-movants to file their respective petitions-in-intervention.

*"Intervenors, in their separate petitions-in-intervention, essentially support the legality of the benefits granted to them by law and/or pertinent LWUA Resolutions in their capacity as members of the board of directors of water districts. These benefits include Representation and Transportation Allowance (RATA), Travel Allowance, Extra-ordinary Miscellaneous Expenses (EME), Christmas Bonus, Cash Gift, Uniform Allowance, Rice Allowance, Medical/Dental Benefit and Productivity Incentive Pay."*<sup>[7]</sup>

### **Ruling of the Court of Appeals**

Tackling the procedural issue first, the CA said that the provision requiring an administrative complaint to be in writing, verified and sworn to by the complainant, is not jurisdictional in nature. Strict compliance with these formal requisites may be dispensed with in order to serve the ends of substantial justice. Furthermore, the present petitioners were deemed to have waived their objection to the procedural defect when they failed to raise it seasonably.

Modifying the Resolution of the CSC, the CA gave the qualification that, in view of the proscription on double compensation, the LWUA-designated 6<sup>th</sup> members of the boards of defaulting water districts were not automatically entitled to the same compensation and benefit package ordinarily granted to regular members of the board of directors. Allowing those benefits would depend on the following: (1) whether they were expressly allowed by law; (2) their nature; and (3) whether the 6<sup>th</sup> board members already enjoyed the same benefits as those received by the regular employees of the LWUA.

The CA held that Section 13 of PD 198 expressly allowed the directors of water districts to be granted *per diems*, which thereby constituted an exception to the constitutional prohibition on double compensation.

Representation and Transportation Allowances (RATA) and travel allowances were found to be, by their nature, remunerative; hence, they were not deemed included in the prohibition, unless the LWUA had already granted the same benefits to its employees tasked to sit as the 6<sup>th</sup> members of the boards of directors. Found to be non-remunerative in character and thus constitutionally infirm was the grant to the directors of Extraordinary Miscellaneous Expenses (EME) and rice allowances, as well as medical and dental benefits. The grant of a uniform allowance might have been allowed if the directors ordinarily wore uniforms in the discharge of their functions.

Lastly, the grant of Christmas bonuses, cash gifts and productivity incentive bonuses were described by the CA as essentially gratuitous in nature. It ruled that the grant of Christmas bonuses and cash gifts to the appointed 6<sup>th</sup> members of the boards of directors must be disallowed, since they were already receiving those benefits as regular employees of the LWUA. On the other hand, the grant of productivity incentive bonuses was allowed, in view of the directors' role in helping the financially strapped water district regain its losses.

Hence, this Petition.<sup>[8]</sup>

### Issues

Petitioners raise the following issues for our consideration:

#### I.

"Whether or not Public Respondent Civil Service Commission has plenary jurisdiction to *motu proprio* construe P.D. 198, as amended.

#### II.

"Whether or not Sec. 13 of P.D. 198, as amended, prohibits LWUA-designated representatives to the Boards of WDs to receive certain allowances and benefits on top of regular *per diems*.

#### III.

"Whether or not the designated representatives of LWUA to the Boards of WDs are liable to refund certain allowances and bonuses which are found in violation of Sec. 13 of PD 198, as amended."<sup>[9]</sup>

### **The Court's Ruling**

The Petition is partly meritorious.

### **First Issue:** **Jurisdiction of the CSC**