

Republic of the Philippines Supreme Court Manila

EN BANC

CIVIL SERVICE COMMISSION, Petitioner,

-versus-

G.R. No. 189041

Present:

CARPIO, VELASCO, JR., LEONARDO-DE CASTRO, BRION, PERALTA, BERSAMIN, DEL CASTILLO, ABAD, VILLARAMA, JR., PEREZ, MENDOZA,^{*} SERENO, REYES, and PERLAS-BERNABE, JJ.

DR. AGNES OUIDA P. YU,

Respondent.

Promulgated:

JULY 31, 2012 Juine

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DECISION

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PERLAS -BERNABE, J.:

In this Petition for Review on Certiorari under Rule 45 of the Rules of Court, the Civil Service Commission (CSC) assails the Decision¹ dated

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^{*} On leave.

¹ Rollo, pp. 47-57, penned by Associate Justice Edgardo T. Uloren, with Associate Justices Edgardo A. Camello and Jane Aurora C. Lantion, concurring.

March 30, 2009 and the Resolution² dated July 9, 2009 rendered by the Court of Appeals (CA) in CA-G.R. SP No. 00327-MIN declaring Dr. Agnes Ouida P. Yu to have a vested right in the position of Chief of Hospital II until her retirement on August 24, 2004.

The Facts

In 1992, the national government implemented a devolution program pursuant to Republic Act (R.A.) No. 7160, otherwise known as the "*The Local Government Code of 1991,*" which affected the Department of Health (DOH) along with other government agencies.

Prior to the devolution, Dr. Fortunata Castillo (hereinafter Dr. Castillo) held the position of Provincial Health Officer II (PHO II) of the Department of Health (DOH) Regional Office No. IX in Zamboanga City and was the head of both the Basilan Provincial Health Hospital and Public Health Services. Respondent Dr. Agnes Ouida P. Yu (Dr. Yu), on the other hand, held the position of Provincial Health Officer I (PHO I). She was assigned, however, at the Integrated Provincial Health Office in Isabela, Basilan.

Upon the implementation of the devolution program, then Basilan Governor Gerry Salapuddin (Governor Salapuddin) refused to accept Dr. Castillo as the incumbent of the PHO II position that was to be devolved to

¹ *Rollo*, pp. 47-57, penned by Associate Justice Edgardo T. Lloren, with Associate Justices Edgardo A. Camello and Jane Aurora C. Lantion, concurring.

² Id. at 59-60.

the local government unit of Basilan, prompting the DOH to retain Dr. Castillo at the Regional Office No. IX in Zamboanga City where she would serve the remaining four years of her public service. She retired in 1996.

Meanwhile, in 1994, or two years after the implementation of the devolution program, Governor Salapuddin appointed Dr. Yu to the PHO II position.

On February 23, 1998, Republic Act No. 8543, otherwise known as "An Act Converting the Basilan Provincial Hospital in the Municipality of Isabela, Province of Basilan, into a Tertiary Hospital Under the Full Administrative and Technical Supervision of the Department of Health, Increasing the Capacity to One Hundred Beds and Appropriating Funds Therefor," was passed into law whereby the hospital positions previously devolved to the local government unit of Basilan were re-nationalized and reverted to the DOH. The Basilan Provincial Health Hospital was later renamed the Basilan General Hospital, and the position of PHO II was then re-classified to Chief of Hospital II.

While Dr. Yu was among the personnel reverted to the DOH with the re-nationalization of the Basilan General Hospital, she was made to retain her original item of PHO II instead of being given the re-classified position of Chief of Hospital II. Subsequently, on August 1, 2003, then DOH Secretary Manuel M. Dayrit (Secretary Dayrit) appointed Dr. Domingo Remus A. Dayrit (Dr. Dayrit) to the position of Chief of Hospital II.

Aggrieved, Dr. Yu filed a letter of protest dated September 30, 2003³ before the CSC claiming that she has a vested right to the position of Chief of Hospital II. The pertinent portions of said letter read:

I come before your good office protesting the appointment issued by ... DOH Secretary Manuel M. Dayrit in favor of Dr. Domingo Remus A. Dayrit as Chief of Hospital ... of the Basilan General Hospital ...

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... the position of Chief of Hospital II to which Dr. Dayrit has been appointed is a mere conversion from the item of Provincial Health Officer II previously occupied by the herein protestant.

When what used to be called the Basilan Provincial Hospital was re-nationalized, now called the Basilan General Hospital, the position of Provincial Health Officer II, then occupied by the undersigned, was refused re-nationalized (*sic*) by DOH alleging the same position to be an LGU-created position, that is, that the Local Government of Basilan created the position. Thus, instead of the undersigned being automatically re-appointed Provincial Health Officer II of the Hospital, later to be renamed Chief of Hospital II, pursuant to the Re-Nationalization Law, she was instead given an appointment still as Provincial Health Officer II but under a co-terminous status at the Center for Health and Development, DOH ... which position the undersigned refused to accept...

On June 7, 2004, the CSC issued Resolution⁴ No. 040655 granting Dr. Yu's protest and revoking the appointment of Dr. Dayrit as Chief of Hospital II of Basilan General Hospital. Further, Secretary Dayrit was directed to appoint Dr. Yu to said position. Upon motion for reconsideration, however, the CSC reversed itself and issued Resolution⁵ No. 040967 dated September 1, 2004 declaring that the position of PHO II was never devolved to the Provincial Government of Basilan but was retained by the DOH; that the PHO II position held by Dr. Yu was a newly-created position; and that, therefore, she did not have a vested right to the Chief of Hospital II position that was created by virtue of R.A No. 8543.

³ See Resolution No. 040655, id. at 68.

⁴ Id. at 68-71.

^o Id. at 61-64.

Dr. Yu then filed a motion for reconsideration which was denied by the CSC in its Resolution⁶ No. 050287 dated February 28, 2005. She then elevated her case to the CA on petition for review raising the sole issue of whether the item of PHO II she previously occupied was a devolved position or a locally created one.

On March 30, 2009, the CA rendered the assailed Decision in favor of Dr. Yu, disposing as follows:

FOR REASONS STATED, the Petition for Review is GRANTED and CSC Resolutions Nos. 040967 and 050287 are REVERSED and SET ASIDE. Petitioner is declared to have a vested right in the Chief of Hospital II position up to her retirement in August 24, 2004 and should receive her corresponding salaries and benefits.

SO ORDERED.⁷

In ruling that the PHO II position was devolved to the Basilan Provincial Government, the appellate court ratiocinated in this wise:

xxx The CSC's ruling that there are two PHO II positions is not implausible but contrary to the evidence on hand.

A perusal of the pleadings and attachments reveal that the PHO II position was devolved to the Basilan Provincial Government. In a letter dated May 19, 1994, Ms. Vivian L. Young, Officer-in-Charge of the Department of Health, Local Government Assistance & Monitoring Service informed former Governor Salapuddin that the PHO II position was devolved to the local government, *viz*:

Dear Gov. Salapuddin,

This will refer to your letter relative to the item position of Dr. Fortunata C. Castillo which has been devolved to the provincial government of BASILAN.

Please be informed that only the devolved health personnel who were not accepted by their Local Chief Executive have been retained by DOH, the item positions per se remained in the respective

⁶ Id. at 73-76.

⁷ Id. at 57.

LGU's. xxx The LGU's have the option to retain the items vacated or to collapse the same for financial reasons. xxx

Based on the foregoing letter, Dr. Milagros L. Fernandez, Director IV of the DOH – Regional Field Office No. IX, Zamboanga City, wrote a letter to petitioner, to wit:

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Madam:

The letter dated May 19, 1994 of Ms. Vivian L. Young, Officein-Charge (*sic*), LGAMS, Department of Health, clarifies the issue raised by the Provincial Governor, in his letter dated April 14, 1994, insofar as the retention of the Provincial Health Officer II of the province, in the person of Dr. Fortunata Castillo by the DOH in view of the non-acceptance by the Governor consistent with the provisions of law on devolution.

> 1. Dr. Fortunata A. Castillo, who was holding the position of Provincial Health Officer II of the province, and a devolved health personnel, was retained by the DOH for reason abovementioned.

> 2. While she, the occupant, was retained, the item position remained as among those items in the Plantilla of Personnel of the Integrated Provincial Health Office devolved to the Office of the Provincial Governor.

3. The Governor, in such a case, may or may not retain her item in his Plantilla, or abolish it for reason therein stated. The position herewith (sic) was left vacant with the retention of Dr. Castillo in this office.

4. The funds for salary and other benefits of the devolved item position of Provincial Health Officer II remained devolved with the Office of the Governor.

In other words, with the retention of Dr. Castillo hereto, she never carried with her the item position and the funds appropriated for salary and other benefits accruing to the position of Provincial Health Officer II.

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In a letter dated October 26, 2001, Director Macybel Alfaro-Sashi of the Civil Service Commission Regional Office IX informed the petitioner that:

At the outset, it is apparent that the position you presently occupy is one which should be included in the list of renationalized positions notwithstanding the fact that the said position carries a position item number different from that carried by the previous holder thereof. Hence, the contention of the DOH Regional Office that your position is not the same as that of the previous holder simply because they bear different position item numbers deserves very scant consideration. The position item numbers are immaterial in case of renationalization as such a system is merely adopted for purposes of proper and systematic coding of all positions in the government, particularly in the budgeting process. Thus, the position you are presently holding should be considered as one belonging to the national government prior to its devolution, regardless of the position item number attached to the position of the previous holder thereof.

Thus, it is apparent that the PHO II position occupied by petitioner is one and the same position which was previously occupied by Dr. Castillo before the devolution. When the latter was not accepted by Gov. Salapuddin, Dr. Castillo was retained by the DOH but the PHO II item was devolved to the Provincial Government of Basilan. Consequently, the position of PHO II became vacant. This is obvious by the fact that the salaries of Dr. Castillo were taken from a special fund and not from the appropriation for the PHO II position.

The motion for reconsideration of the foregoing Decision filed by the CSC was denied by the CA in its Resolution⁸ dated July 9, 2009. Hence, in this petition for review on certiorari, the CSC alleged that -

The Issue

THE COURT OF APPEALS ERRED IN HOLDING THAT THE PHO II POSITION PREVIOUSLY **OCCUPIED BY RESPONDENT YU IS A DEVOLVED** POSITION.⁹

The Ruling of the Court

In pursuance of the declared policy under The Local Government Code of 1991 (R.A. No. 7160) to provide for a more responsive and accountable local government structure through a system of decentralization,¹⁰ national agencies or offices, including the DOH, were mandated to devolve to the local government units the responsibility for the provision of basic services and facilities.¹¹

⁸ Id. at 6-7. 9

Petition, id. at 31.

 $^{^{10}}$ Section 2, R.A. No. 7160.

¹¹ Section 17(e), R.A. No. 7160.

As defined, "devolution" is the act by which the national government confers power and authority upon the various local government units to perform specific functions and responsibilities.¹² Specifically, Section 17(i) of the same *Code* prescribes the manner of devolution, as follows:

(i) The devolution contemplated in this Code shall include the transfer to local government units of the records, equipment, and other assets and personnel of national agencies and offices corresponding to the devolved powers, functions and responsibilities.

Personnel of said national agencies or offices shall be absorbed by the local government units to which they belong or in whose areas they are assigned to the extent that it is administratively viable as determined by the said oversight committee: *Provided, further*, That regional directors who are career executive service officers and other officers of similar rank in the said regional offices who cannot be absorbed by the local government unit shall be retained by the national government, without any diminution of rank, salary or tenure.

To ensure the proper implementation of the devolution process, then President Corazon C. Aquino issued Executive Order (E.O.) No. 503, otherwise known as the "*Rules and Regulations Implementing the Transfer of Personnel and Assets, Liabilities and Records of National Government Agencies Whose Functions Are To Be Devolved To The Local Government Units And For Other Related Purposes*," which laid down the following pertinent guidelines with respect to the transfer of personnel:

Section 2. Principles and Policies Governing Transfer of Personnel.-

a. Coverage, Tenure, Compensation and Career Development. —

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2. The absorption of the NGA personnel by the LGU shall be mandatory, in which case, the LGUs shall create the equivalent positions of the affected personnel except when it is not administratively viable.

¹² Id.

3. Absorption is not administratively viable when there is a duplication of functions unless the LGU opts to absorb the personnel concerned.

4. The national personnel who are not absorbed by the LGUs under no. 3 above, shall be retained by the NGA concerned, subject to civil service law, rules and regulations.

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12. Except as herein otherwise provided, devolved permanent personnel shall be automatically reappointed by the local chief executive concerned immediately upon their transfer which shall not go beyond June 30, 1992. xxx

On the basis of the foregoing, it was mandatory for Governor Salapuddin to absorb the position of PHO II, as well as its incumbent, Dr. Fortunata Castillo. Highlighting the absence of discretion is the use of the word "shall" both in Section 17 (i) of R.A. No. 7160 and in Section 2(a)(2) of E.O. No. 503, which connotes a mandatory order. Its use in a statute denotes an imperative obligation and is inconsistent with the idea of discretion.¹³ The only instance that the LGU concerned may choose not to absorb the NGA personnel is when *absorption is not administratively viable*, meaning, it would result to *duplication of functions*, in which case, the NGA personnel shall be retained by the national government. However, in the absence of the recognized exception, devolved permanent personnel shall be automatically reappointed [Section 2(a)(12)] by the local chief executive concerned immediately upon their transfer which shall not go beyond June 30, 1992. Webster's Third New International Dictionary defines "automatic" as "involuntary either wholly or to a major extent so that any activity of the will is largely negligible." Being "automatic", thus, connotes something mechanical, spontaneous and perfunctory.¹⁴

¹³ Alternative Center for Organizational Reforms and Development, Inc., et al. v. Hon. Ronaldo Zamora, G.R. No. 144256, June 8, 2005, 459 SCRA 578, 600.

¹⁴ Id. at 599.

There is no dearth of evidence showing that the item position of PHO II was, in fact, devolved to the Provincial Government of Basilan. Governor Salapuddin himself certified¹⁵ that said position was included in the 1992 OSCAS¹⁶ received from the Department of Budget and Management (DBM) with its corresponding budget appropriation. He further declared that during the formal turn over program in 1993 attended by Dr. Milagros Fernandez, representing the DOH Regional Office, the item position of PHO II was among the positions turned over to the Provincial Government of Basilan. Thus, the argument¹⁷ of petitioner CSC that only 53 plantilla positions, not 54, were devolved to the local government of Basilan does not hold water. It cannot be disputed that Dr. Castillo's PHO II position was devolved.

However, Governor Salapuddin refused to reappoint Dr. Castillo to her devolved position in the LGU for no other reason than that he "wanted to accept only the item position of PHO II."¹⁸ It was not shown, and no attempt was ever made on the part of the LGU to show, that the absorption of Dr. Castillo was not administratively viable. There being no valid and legal basis therefor, Governor Salapuddin's refusal to accept Dr. Castillo was, plainly and simply, *whimsical*.

Be that as it may, Governor Salapuddin's refusal did not prevent the devolution of Dr. Castillo which, together with that of the PHO II position, took effect by operation of law. In order to solve his dilemma, Governor Salapuddin requested that Dr. Castillo be detailed instead at the DOH, which was confirmed by then Secretary of Health Juan M. Flavier in his

¹⁵ Certification dated April 30, 2002, *rollo*, p. 66.

¹⁶ Organization, Staffing and Compensation Action.

¹⁷ Petition, id at 35.

¹⁸ Supra note 15.

Department Order¹⁹ No. 228, series of 1993, signed on July 9, 1993, reproduced hereunder as follows:

This will officially confirm the detail of Dr. Fortunata A. Castillo PHO-II – Basilan at the Regional Health Field Office No. IX, Zamboanga City per request of the Governor of Basilan, the Honorable Jerry (*sic*) Salapuddin in his letter to Dr. Castillo, **provided that the provincial government of Basilan will continue to pay her salary and other benefits** she's entitled thereto until further notice or order. (Emphasis added)

Clearly therefore, the drawing of Dr. Castillo's salary from the LGU of Basilan which Governor Salapuddin claimed to have allowed simply "to accommodate her (Dr. Castillo)"²⁰ was, in fact, a necessary consequence of her devolution to the LGU and subsequent detail to the DOH. Officials and employees on detail with other offices shall be paid their salaries, emoluments, allowances, fringe benefits and other personal services costs from the appropriations of their parent agencies and in no case shall such be charged against the appropriations of the agencies where they are assigned or detailed, except when authorized by law.²¹

A *detail* is defined and governed by Executive Order 292, Book V, Title 1, Subtitle A, Chapter 5, Section 26 (6), thus:²²

> (6) *Detail.* A detail is the movement of an employee from one agency to another without the issuance of an appointment and shall be allowed, only for a **limited period** in the case of employees occupying professional, technical and scientific positions. If the employee believes that there is no justification for the detail, he may **appeal his case to the Commission**. Pending appeal, the decision to detail the

¹⁹ Id., p. 65.

 $^{^{20}}$ Supra note 15.

²¹ Section 33, Republic Act No. 7645, *General Appropriations Act of 1993*.

Republic of the Philippines, represented by the Civil Service Commission v. Minerva M.P. Pacheo, G.R. No. 178021, January 25, 2012.

employee shall be executory unless otherwise ordered by the Commission. (Emphasis added)

Had Dr. Castillo felt aggrieved by her detail to the DOH Regional Office, she was not without recourse. The law afforded her the right to appeal her case to the CSC, but she had not seen fit to question the justification for her detail. We could only surmise that, since Dr. Castillo was looking at only three more years from the time of her detail until her retirement in 1996, and considering that she obviously would not suffer any diminution in salary and rank, she found it pointless to pursue the matter.

Neither did Dr. Castillo find need to raise a howl when, at the behest of Governor Salapuddin who was determined to replace her, DOH officials categorized her as a devolution non-viable employee, along with 216 others nationwide, by the mere fact that she was not accepted by the LGU of Basilan and not because of an actual non-viability. Hence, in 1994, when Governor Salapuddin formally manifested his intention to stop the drawing of Dr. Castillo's salary from the LGU in anticipation of his appointment of Dr. Yu to the PHO II position, Dr. Castillo ceased to be a detailed employee at the DOH Regional Office but was re-absorbed by the DOH as a devolution non-viable employee and, consequently, paid salaries and benefits from the Miscellaneous Personnel Benefits Fund that had been set aside under the Office of the Secretary of Health precisely for such employees. Ms. Vivian L. Young, Officer-In-Charge of the DOH Local Government Assistance and Monitoring Service, assured²³ Governor Salapuddin that, while Dr. Castillo was "retained" by the DOH, her item position remained with the LGU of Basilan. Moreover, Dr. Milagros L. Fernandez, Director IV of the DOH Regional Field Office No. IX in Zamboanga City, clarified²⁴ that Dr. Castillo "never carried with her the item position and the funds appropriated for salary and other benefits accruing to the position of Provincial Health Officer II."

Hence, the appointment of Dr. Yu to the position PHO II.

The next question to be answered is – may Dr. Castillo be considered to have abandoned her position for consistently failing to assert her rights thereto?

We certainly do not believe so.

"Abandonment of an office is the voluntary relinquishment of an office by the holder with the intention of terminating his possession and control thereof. In order to constitute abandonment of office, it must be total and under such circumstance as clearly to indicate an absolute relinquishment. There must be a complete abandonment of duties of such continuance that the law will infer a relinquishment. Abandonment of duties is a voluntary act; it springs from and is accompanied by deliberation and freedom of choice. There are, therefore, two essential elements of abandonment: *first*, an intention to abandon and, *second*, an overt or 'external' act by which the intention is carried into effect."²⁵

²³ In a letter dated May 19, 1994 addressed to Governor Salapuddin, *see* CA Decision dated March 30, 2009, *rollo*, p. 12.

²⁴ In a letter dated October 3, 1994 addressed to Dr. Agnes P. Yu, id. at 13.

²⁵ *Canonizado vs. Aguirre*, G.R. No. 133132, February 15, 2001, 351 SCRA 659, 665-666.

By no stretch of the imagination can Dr. Castillo's seeming lackadaisical attitude towards protecting her rights be construed as an abandonment of her position resulting in her having intentionally and voluntarily vacated the same. Governor Salapuddin's tenacious refusal to accept Dr. Castillo negates any and all voluntariness on the part of the latter to let go of her position. The risk of incurring the ire of a powerful politician effectively tied Dr. Castillo's hands, and it was quite understandable that she could not don her gloves and fight, even if she wanted to. Considering, however, that Governor Salapuddin's clear infraction of the law is not in issue before us, we need not make any pronouncement on this matter.

We rule, therefore, under the attendant circumstances of the case, that with Dr. Castillo's re-absorption by the DOH which appears to bear the former's approval, her devolved position with the LGU of Basilan was left vacant. In her May 19, 1994 letter to Governor Salapuddin, Ms. Vivian L. Young informed the local chief executive that he had the "option to retain the item vacated or to collapse the same for financial reasons."²⁶ Thus, we hold that Dr. Yu was validly appointed to the position of PHO II in 1994 and, consequently, acquired a vested right to its re-classified designation – Chief of Hospital II. As such, Dr. Yu should have been automatically re-appointed by Secretary Dayrit in accordance with the *Guidelines for the Re-Nationalization of Personnel, Assets and Appropriations of Basilan Provincial Hospital*,²⁷ the pertinent portion of which provides, as follows:

Item III. Principles and Policies Governing the Transfer of Basilan Provincial Hospital

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²⁶ As quoted in the CA Decision dated March 30, 2009, *rollo*, p. 12.

²⁷ As quoted in the CSC Resolution No. 040655, id. at 70-71.

3) The DOH shall assure that the re-nationalized personnel of the hospital shall:

- 3.i) Not be involuntarily separated, terminated or laid off;
- 3.ii) Continue to enjoy security of tenure;
- 3.iii) Be **automatically re-appointed** by the Secretary immediately upon their transfer;
- 3.iv) Retain their pay or benefits without diminution. (Emphasis supplied)

Considering, however, that Dr. Yu had already retired on August 24, 2004, we uphold the following findings of the appellate court, *to wit*:

xxx Inasmuch as a re-appointment is no longer feasible due to her retirement, petitioner should at least recover her salaries for the services she had rendered. However, petitioner admitted that she received her salary as PHO II converted to Chief of Hospital for the period August to November 2001. Therefore, she should receive her salary and benefits as Chief of Hospital from December 2001 up to her retirement in August 24, 2004.²⁸

WHEREFORE, the instant petition is hereby DENIED for lack of merit. The assailed Decision dated March 30, 2009 in CA-G.R. SP No. 00327-MIN is AFFIRMED.

SO ORDERED.

ESTELA M BERNABE **Associate Justice**

²⁸ Supra note 26, p. 19.

WE CONCUR:

ANTONIO T. CARPIO

Senior Associate Justice

Pleau see my deparate concurring opinis: Dererita Lunardo de Castro

PRESBITERØ J. VELASCO, JR. Associate Justice

Associate Justice

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TERESITA J. LEONARDO-DE CASTRO Associate Justice

DIOSDAD O M. PERALTA Associate Justice

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MARIANO C. DEL CASTILLO **Associate Justice**

WWW-**ROBERTO A. ABAD Associate** Justice

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MARIA LOURDES P. A. SERENO **Associate Justice**

VILLARAMA, JR. Associate Justice

> (On leave) JOSE CATRAL MENDOZA **Associate Justice**

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BIENVENIDO L. REYES Associate Justice

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CERTIFICATION

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.

ANTONIO T. CARPIO Senior Associate Justice (Per Section 12, R.A. 296, The Judiciary Act of 1948, as amended)