



Republic of the Philippines
Supreme Court
Manila

EN BANC

**TRADE AND INVESTMENT
DEVELOPMENT
CORPORATION OF THE
PHILIPPINES,**

Petitioner,

- versus -

**CIVIL SERVICE
COMMISSION,**

Respondent.

G.R. No. 182249

Present:

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

Promulgated:

MARCH 05, 2013

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DECISION

BRION, J.:

We resolve the petition for review on *certiorari*¹ of Trade and Investment Development Corporation of the Philippines (*TIDCORP*) seeking the reversal of the decision² dated September 28, 2007 and the resolution³ dated March 17, 2008 of the Court of Appeals (CA) in CA-G.R.

* No part.

¹ *Rollo*, pp. 29-60; under Rule 45 of the Rules of Court.

² Penned by Associate Justice Normandie B. Pizarro, and concurred in by Associate Justices Edgardo P. Cruz and Fernanda Lampas Peralta; *id.* at 10-18.

³ *Id.* at 7-8.

SP. No. 81058. The assailed CA rulings affirmed the resolutions,⁴ dated January 31, 2003 and October 7, 2003, of the Civil Service Commission (CSC), invalidating Arsenio de Guzman's appointment as Financial Management Specialist IV in TIDCORP. The CA subsequently denied the motion for reconsideration that followed.

Factual Antecedents

On August 30, 2001, De Guzman was appointed on a permanent status as Financial Management Specialist IV of TIDCORP, a government-owned and controlled corporation (*GOCC*) created pursuant to Presidential Decree No. 1080. His appointment was included in TIDCORP's Report on Personnel Actions (*ROPA*) for August 2001, which was submitted to the CSC – Department of Budget and Management (*DBM*) Field Office.⁵

In a letter⁶ dated September 28, 2001, Director Leticia M. Bugtong disallowed De Guzman's appointment because the position of Financial Management Specialist IV was not included in the DBM's Index of Occupational Service.

TIDCORP's Executive Vice President Jane U. Tambanillo appealed⁷ the invalidation of De Guzman's appointment to Director IV Agnes Padilla of the CSC-National Capital Region (*NCR*). According to Tambanillo, Republic Act No. (*RA*) 8494, which amended TIDCORP's charter, empowers its Board of Directors to create its own organizational structure and staffing pattern, and to approve its own compensation and position classification system and qualification standards. Specifically, Section 7 of RA 8494 provides:

Section 7. The Board of Directors shall provide for an organizational structure and staffing pattern for officers and employees of the Trade and Investment Development Corporation of the Philippines (TIDCORP) and upon recommendation of its President, appoint and fix their remuneration, emoluments and fringe benefits: Provided, That the Board shall have exclusive and final authority to appoint, promote, transfer, assign and re-assign personnel of the TIDCORP, any provision of existing law to the contrary notwithstanding.

All positions in TIDCORP shall be governed by a compensation and position classification system and qualification standards approved by TIDCORP's Board of Directors based on a comprehensive job analysis

⁴ Id. at 108-114 and 120-122, respectively.

⁵ Id. at 75.

⁶ Id. at 91.

⁷ Id. at 92-95.

and audit of actual duties and responsibilities. The compensation plan shall be comparable with the prevailing compensation plans in the private sector and shall be subject to periodic review by the Board no more than once every four (4) years without prejudice to yearly merit reviews or increases based on productivity and profitability. TIDCORP shall be exempt from existing laws, rules and regulations on compensation, position classification and qualification standards. It shall, however, endeavor to make the system to conform as closely as possible to the principles and modes provided in Republic Act No. 6758.

On the basis of Section 7 of RA 8494, Tambanillo argued that TIDCORP is authorized to adopt an organizational structure different from that set and prescribed by the CSC. Section 7 exempts TIDCORP from existing laws on compensation, position classification and qualification standards, and is thus not bound by the DBM's Index of Occupational Service. Pursuant to this authority, TIDCORP's Board of Directors issued Resolution No. 1185, s. 1998 approving the corporation's re-organizational plan, under which De Guzman was appointed Financial Management Specialist IV. De Guzman's appointment was valid because the plan providing for his position followed the letter of the law.

Tambanillo also noted that prior to De Guzman's appointment as Financial Management Specialist IV, the position had earlier been occupied by Ma. Loreto H. Mayor whose appointment was duly approved by Director Bugtong. Thus, Director Bugtong's invalidation of De Guzman's appointment is inconsistent with her earlier approval of Mayor's appointment to the same position.

The CSC-NCR's Ruling

Director Padilla denied Tambanillo's appeal because De Guzman's appointment failed to comply with Section 1, Rule III of CSC Memorandum Circular No. 40, s. 1998, which requires that the position title of an appointment submitted to the CSC must conform with the approved Position Allocation List and must be found in the Index of Occupational Service. Since the position of Financial Management Specialist IV is not included in the Index of Occupational Service, then De Guzman's appointment to this position must be invalid.⁸

Director Padilla pointed out that the CSC had already decided upon an issue similar to De Guzman's case in CSC Resolution No. 011495 (*Geronimo, Rolando S.C., Macapagal, Vivencio M. Tumangan, Panser E., Villar, Victor G., Ong, Elizabeth P., Re: Invalidated Appointments; Appeal*)

⁸

Id. at 96-98.

where it invalidated the appointments of several Development Bank of the Philippines (*DBP*) employees because their position titles did not conform with the Position Allocation List and with the Index of Occupational Service. Like TIDCORP, the DBP's charter exempts the DBP from existing laws, rules, and regulations on compensation, position classification and qualification standards. It also has a similar duty to "endeavor to make its system conform as closely as possible to the principles under [the] Compensation and Position Classification Act of 1989 (Republic Act No. 6758, as amended)[.]"⁹

Lastly, Padilla stressed that the 1987 Administrative Code empowers¹⁰ the CSC to formulate policies and regulations for the administration, maintenance and implementation of position, classification and compensation.

TIDCORP's appeal to the CSC-CO

In response to the CSC-NCR's ruling, TIDCORP's President and CEO Joel C. Valdes sent CSC Chairperson Karina Constantino-David a letter¹¹ appealing Director Padilla's decision to the CSC-Central Office (CO). Valdes reiterated TIDCORP's argument that RA 8494 authorized its Board of Directors to determine its own organizational structure and staffing pattern, and exempted TIDCORP from all existing laws on compensation, position classification and qualification standards. Citing *Javellana v. The Executive Secretary, et al.*,¹² Valdes asserted that the wisdom of Congress in granting TIDCORP this authority and exemption is a political question that cannot be the subject of judicial review. Given TIDCORP's functions as the government's export credit agency, its Board of Directors has been provided flexibility in administering its personnel so that it can hire qualified employees from the private sector, such as banks and other financial institutions.

In addition, prior actions of the CSC show that it recognized TIDCORP's exemption from all laws regarding compensation, position classification and qualification standards of its employees. The CSC has approved prior appointments of TIDCORP's officers under its July 1, 1998 re-organization plan. It also approved Mayor's previous appointment as

⁹ Id. at 98.

¹⁰ Paragraph 4, Section 12, Chapter III, Subtitle A, Title I, Book V of the Administrative Code of 1987 provides: The Commission shall have the following powers and functions: x x x (4) Formulate policies and regulations for the administration, maintenance and implementation of position classification and compensation and set standards for the establishment, allocation and reallocation of pay scales, classes and positions[.]

¹¹ *Rollo*, pp. 100-107.

¹² 151-A Phil. 35 (1973).

Financial Management Specialist IV. Further, a memorandum dated October 29, 1998 issued by the CSC-NCR noted that “pursuant to Sec. 7 of RA 8494[,] TIDCORP is exempt from existing laws, rules and regulations on compensation, position classification and qualification standards.”¹³

The CSC-CO’s ruling

In its Resolution No. 030144,¹⁴ the CSC-CO affirmed the CSC-NCR’s decision that De Guzman’s appointment should have complied with CSC Memorandum Circular No. 40, s. 1998, as amended by CSC Memorandum Circular No. 15, s. 1999. Rule III, Section 1(c) is explicit in requiring that the position title indicated in the appointment should conform with the Position Allocation List and found in the Index of Occupational Service. Otherwise, the appointment shall be disapproved. In disallowing De Guzman’s appointment, the CSC-CO held that Director Bugtong was simply following the letter of the law.

According to the CSC-CO, TIDCORP misconstrued the provisions of Section 7 of RA 8494 in its attempt to bypass the requirements of CSC Memorandum Circular No. 40, s. 1998. While RA 8494 gave TIDCORP staffing prerogatives, it would still have to comply with civil service rules because Section 7 did not expressly exempt TIDCORP from civil service laws.

The CSC-CO also supported the CSC-NCR’s invocation of CSC Resolution No. 011495. Both the charters of the DBP and TIDCORP have similar provisions in the recruitment and administration of their human resources. Thus, the ruling in CSC Resolution No. 011495 has been correctly applied in TIDCORP’s appeal.

Lastly, the CSC-CO noted that the government is not bound by its public officers’ erroneous application and enforcement of the law. Granting that the CSC-NCR had erroneously approved an appointment to the same position as De Guzman’s appointment, the CSC is not estopped from correcting its officers’ past mistakes.

TIDCORP moved to reconsider¹⁵ the CSC-CO’s decision, but this motion was denied,¹⁶ prompting TIDCORP to file a Rule 65 petition for

¹³ *Rollo*, p. 109.

¹⁴ *Id.* at 108-114.

¹⁵ *Id.* at 115-119.

¹⁶ Resolution No. 031037 dated October 7, 2003; *id.* at 120-122.

*certiorari*¹⁷ with the CA. The petition asserted that the CSC-CO committed grave abuse of discretion in issuing Resolution No. 030144 and Resolution No. 031037.

The Appellate Court's Ruling

The CA denied¹⁸ TIDCORP's petition and upheld the ruling of the CSC-CO in Resolution No. 030144 and Resolution No. 031037. The CA noted that filing a petition for *certiorari* was an improper recourse; TIDCORP should have instead filed a petition for review under Section 1, Rule 43 of the Rules of Court. The CA, however, brushed aside the procedural defect, ruling that the assailed resolutions should still stand as they are consistent with law and jurisprudence.

Citing *Central Bank of the Philippines v. Civil Service Commission*,¹⁹ the CA stood by the CSC-CO's ruling that it has authority to approve and review De Guzman's appointment. The CSC has the power to ascertain whether the appointing authority complied with the requirements of the law; otherwise, it may revoke the appointment. As TIDCORP is a government-owned corporation, it is covered by civil service laws and is therefore bound by the CSC's jurisdiction over all matters pertaining to personnel, including appointments.

Further, the CA cited the CSC's mandate under the 1987 Constitution to approve or disapprove appointments and to determine whether an appointee possesses civil service eligibility. As TIDCORP's charter does not expressly or impliedly divest the CSC of administrative authority over personnel concerns at TIDCORP, the latter is still covered by the existing civil service laws on compensation, position classification and qualification standards. Its appointment of De Guzman as Financial Management Specialist IV should have complied with these rules.

The CA thus concluded that the CSC was well-within its authority when it invalidated De Guzman's appointment. It held that an appointee's title to the office does not permanently vest until the appointee complies with the legal requirements of his appointment. The requirements include the submission of the appointment to the CSC for the determination of whether the appointee qualifies to the position and whether the procedure for appointment has been properly followed. Until these requirements are

¹⁷ Id. at 123-136.

¹⁸ *Supra* note 2.

¹⁹ 253 Phil. 717 (1989).

complied with, his appointment may still be recalled or withdrawn by the appointing authority.²⁰

TIDCORP moved for reconsideration²¹ but the CA denied the motion in a resolution²² dated March 17, 2008.

The Present Petition

In its present petition for review on *certiorari*,²³ TIDCORP argued that the CSC's interpretation of the last sentence of Section 7 of RA 8494 (which mandates it to endeavor to make the system conform as closely as possible with the principles provided in RA 6758) is misplaced. This provision does not bar TIDCORP from adopting a position classification system and qualification standards different from those prescribed by the CSC. TIDCORP asserts that it is not also duty bound to comply with civil service rules on compensation and position classification, as it is exempt from all these rules. Instead, TIDCORP is only required to furnish the CSC with its compensation and position classification system and qualification standards so that the CSC can be properly guided in processing TIDCORP's appointments, promotion and personnel action.

Insisting on its exemption from RA 6758 and CSC Memorandum Circular No. 40, s. 1998, TIDCORP emphasizes that the provisions of RA 6758, which the CSC applied to TIDCORP, is a general law, while TIDCORP's charter, RA 8494, is a special law. In interpreting conflicting provisions of a general law and a special law, the provisions of the two laws should be harmonized to give effect to both. But if these provisions cannot be reconciled, then the special law should prevail because it is a qualification to the general rule.

Further, RA 8494 is a later expression of Congress' intent as it was enacted nine years after RA 6758 was approved, and should therefore be construed in this light in its relation with the latter. A new statute should be interpreted in connection with those already existing in relation to the same subject matter and all should be made to harmonize and stand together – *interpretare et concordare legibus est optimus interpretandi*.

Under these principles, TIDCORP argued that Section 7 of RA 8494, the provision of a special law, should be interpreted as an exemption to RA

²⁰ *Tomali v. Civil Service Commission*, G.R. No. 110598, December 1, 1994, 238 SCRA 572, 576.

²¹ *Rollo*, pp. 221-238.

²² *Supra* note 3.

²³ *Supra* note 1.

6758. Thus, CSC Memorandum Circular No. 40, s. 1998, which was issued pursuant to RA 6758, should not have been applied to limit TIDCORP's staffing prerogatives.

In its comment,²⁴ the CSC noted that CSC Memorandum Circular No. 40, series of 1998, as amended by CSC Memorandum Circular No. 15, s. 1999, was issued in accordance with its authority to prescribe rules and regulations to carry out the provisions of civil service laws and other pertinent laws (Administrative Code), and not pursuant to RA 6758.

The CSC maintained that Section 2(1), Article IX-B of the Constitution includes government and controlled corporations as part of the civil service. TIDCORP, a GOCC, is therefore covered by the civil service rules and by the CSC. It should submit its Position Allocation List to the DBM, regardless of its exemption under RA 6758.

Lastly, the CSC argued that RA 8494 should not prevail over RA 6758 because the latter also applies to GOCCs like TIDCORP; RA 8494 even makes a reference to RA 6758.

Issues

The parties' arguments, properly joined, present to us the following issues:

- 1) Whether the Constitution empowers the CSC to prescribe and enforce civil service rules and regulations contrary to laws passed by Congress;
- 2) Whether the requirement in Section 1(c), Rule III of CSC Memorandum Circular No. 40, s. 1998, as amended by CSC Memorandum Circular No. 15, s. 1999, applies to appointments in TIDCORP; and
- 3) Whether De Guzman's appointment as Financial Management Specialist IV in TIDCORP is valid.

The Court's Ruling

We find the petition meritorious.

²⁴ *Rollo*, pp. 276-286.

Directly at issue is the application of Section 1(c), Rule III of CSC Memorandum Circular No. 40, s. 1998, to appointments in TIDCORP. TIDCORP claims that its exemption, embodied in Section 7 of its charter, precludes the application of this requirement. The CSC, on the other hand, maintains its stance that appointments in a GOCC should follow the civil service laws on appointments, regardless of its exemption from the civil service rules on compensation, position classification and qualification standards.

While the CSC has authority over personnel actions in GOCCs, the rules it formulates pursuant to this mandate should not contradict or amend the civil service laws it implements.

At the outset, we clarify that the CSC's authority over personnel actions in TIDCORP is uncontested. Both parties acknowledge this relationship in the pleadings they filed before the Supreme Court.²⁵ But while TIDCORP asserts that its charter exempts it from rules on compensation, position classification and qualification standards, the CSC argues that this exemption is irrelevant to the denial of De Guzman's appointment because the CSC's authority over TIDCORP's personnel actions requires it to comply with the CSC's rules on appointments.

The parties' arguments reveal an apparent clash between TIDCORP's charter, enacted by Congress, and the CSC rules, issued pursuant to the CSC's rule-making power. Does the CSC's constitutional authority over the civil service divest the Legislature of the power to enact laws providing exemptions to civil service rules?

We answer in the negative. The CSC's rule-making power, *albeit* constitutionally granted, is still limited to the implementation and interpretation of the laws it is tasked to enforce.

The 1987 Constitution created the CSC as the central personnel agency of the government mandated to establish a career service and

²⁵ In its petition for review on *certiorari*, TIDCORP admitted that it never raised the issue of the CSC's authority over it, to wit:

"To begin with, petitioner never raised the issue of the authority of respondent over petitioner. Petitioner agrees that the scope of power of respondent includes the approval/disapproval of appointments to determine if an appointee possesses the required qualifications and Civil Service eligibility. In the same light, the coverage of the Civil Service includes government-owned and controlled corporations with original charter such as petitioner." (Id. at 45-46.)

promote morale, efficiency, integrity, responsiveness, progressiveness, and courtesy in the civil service.²⁶ It is a constitutionally created administrative agency that possesses executive, quasi-judicial and quasi-legislative or rule-making powers.

While not explicitly stated, the CSC's rule-making power is subsumed under its designation as the government's "central personnel agency" in Section 3, Article IX-B of the 1987 Constitution. The original draft of Section 3 empowered the CSC to "promulgate and enforce policies on personnel actions, classify positions, prescribe conditions of employment except as to compensation and other monetary benefits which shall be provided by law." This, however, was deleted during the constitutional commission's deliberations because it was redundant to the CSC's nature as an administrative agency:²⁷

MR. REGALADO. This is more for clarification. The original Section 3 states, among others, the functions of the Civil Service Commission — to promulgate and enforce policies on personnel actions. Will Commissioner Aquino kindly indicate to us the corresponding provisions and her proposed amendment which would encompass the powers to promulgate and enforce policies on personnel actions?

MS. AQUINO. It is my submission that the same functions are already subsumed under the concept of a central personnel agency.

MR. REGALADO. In other words, all those functions enumerated from line 35 on page 2 to line 1 of page 3, inclusive, are understood to be encompassed in the phrase "central personnel agency of the government."

MS. AQUINO. Yes, Mr. Presiding Officer, except that on line 40 of page 2 and line 1 of the subsequent page, it was only subjected to a little modification.

MR. REGALADO. May we, therefore, make it of record that the phrase ". . . promulgate and enforce policies on personnel actions, classify positions, prescribe conditions of employment except as to compensation and other monetary benefits which shall be provided by law" is understood to be subsumed under and included in the concept of a central personnel agency.

MS. AQUINO. I would have no objection to that.²⁸

²⁶ Section 3, Article IX-B of the 1987 Constitution; and Section 1, Book V of the Administrative Code of 1987.

²⁷ *De Jesus v. Civil Service Commission*, 508 Phil. 599, 609 (2005), citing Record of Constitutional Commission, Vol. I, RCC No. 30, July 15, 1986, p. 593; see Bernas, *The Constitution of the Republic of the Philippines*, Vol. II (1st ed., 1988), p. 383.

²⁸ Record of the Constitutional Commission, Vol. I, RCC No. 30, July 15, 1986, pp. 592-593.

The 1987 Administrative Code then spelled out the CSC's rule-making power in concrete terms in Section 12, Book V, Title I-A, which empowered the CSC to implement the civil service law and other pertinent laws, and to promulgate policies, standards and guidelines for the civil service.²⁹

The CSC's rule-making power as a constitutional grant is an aspect of its independence as a constitutional commission. It places the grant of this power outside the reach of Congress, which cannot withdraw the power at any time. As we said in *Gallardo v. Tabamo, Jr.*,³⁰ a case which upheld the validity of a resolution issued by the Commission on Elections (COMELEC), another constitutional commission:

Hence, the present Constitution upgraded to a constitutional status the aforesaid statutory authority to grant the Commission broader and more flexible powers to effectively perform its duties and to insulate it further from legislative intrusions. Doubtless, if its rule-making power is made to depend on statutes, Congress may withdraw the same at any time. Indeed, the present Constitution envisions a truly independent Commission on Elections committed to ensure free, orderly, honest, peaceful and credible elections, and to serve as the guardian of the people's sacred right of suffrage — the citizenry's vital weapon in effecting a peaceful change of government and in achieving and promoting political stability. [citation omitted]

But while the grant of the CSC's rule-making power is untouchable by Congress, the laws that the CSC interprets and enforces fall within the prerogative of Congress. As an administrative agency, the CSC's quasi-legislative power is subject to the same limitations applicable to other administrative bodies. The rules that the CSC formulates must not override, but must be in harmony with, the law it seeks to apply and implement.³¹

²⁹ SECTION 12. Powers and Functions.—The Commission shall have the following powers and functions:

(1) Administer and enforce the constitutional and statutory provisions on the merit system for all levels and ranks in the Civil Service;

(2) Prescribe amend and enforce rules and regulations for carrying into effect the provisions of the Civil Service Law and other pertinent laws;

(3) Promulgate policies, standards and guidelines for the Civil Service and adopt plans and programs to promote economical, efficient and effective personnel administration in the government;

(4) Formulate policies and regulations for the administration, maintenance and implementation of position classification and compensation and set standards for the establishment, allocation and reallocation of pay scales, classes and positions;

³⁰ G.R. No. 104848, January 29, 1993, 218 SCRA 253, 264.

³¹ *Grego v. Commission on Elections*, G.R. No. 125955, June 19, 1997, 274 SCRA 481, 498, citing *Commissioner of Internal Revenue v. Court of Appeals*, 240 SCRA 368 (1995).

For example, in *Grego v. Commission on Elections*,³² we held that it was improper for the COMELEC, a constitutional body bestowed with rule-making power by the Constitution, to use the word “shall” in the rules it formulated, when the law it sought to implement uses the word “may.” While rules issued by administrative bodies are entitled to great respect, “[t]he conclusive effect of administrative construction is not absolute. [T]he function of promulgating rules and regulations may be legitimately exercised only for the purpose of carrying the provisions of the law into effect. x x x [A]dministrative regulations cannot extend the law [nor] amend a legislative enactment; x x x administrative regulations must be in harmony with the provisions of the law[,]” and in a conflict between the basic law and an implementing rule or regulation, the former must prevail.³³

CSC Memorandum Circular No. 40, s. 1998, and CSC Resolution No. 15, s. 1999, which were issued pursuant to the CSC’s rule-making power, involve rules on position classification

Two questions logically follow our conclusion on the extent of the CSC’s rule-making power. The *first* is whether Section 1(c), Rule III of CSC Memorandum Circular No. 40, s. 1998, was issued pursuant to the CSC’s rule-making power; the *second* is whether this provision involves compensation, position classification and/or qualification standards that TIDCORP claims to be exempt from. We answer both questions in the affirmative.

We agree with the CSC’s position that CSC Memorandum Circular No. 40, s. 1998, and CSC Resolution No. 15, s. 1999, were all issued pursuant to its rule-making power. No less than the introductory clause of CSC Memorandum Circular No. 40, s. 1998, confirms this:

Pursuant to Paragraphs 2 and 3, Section 12, Book V of Administrative Code of 1987 otherwise known as Executive Order No. 292, the Civil Service Commission hereby prescribes the following rules to govern the preparation, submission of, and actions to be taken on appointments and other personnel actions.³⁴

³² *Supra*, at 499.

³³ *Land Bank of the Philippines v. Court of Appeals*, G.R. Nos. 118712 and 118745, October 6, 1995, 249 SCRA 149, 157-158, citing *Peralta v. Civil Service Commission*, G.R. No. 95832, August 10, 1992, 212 SCRA 425, 432, *Toledo v. Civil Service Commission*, G.R. Nos. 92646-47, October 4, 1991, 202 SCRA 507, 514, and *Shell Philippines, Inc. v. Central Bank of the Philippines*, G.R. No. L-51353, June 27, 1988, 162 SCRA 628.

³⁴ CSC Memorandum Circular No. 40, s. 1998.

Both these memoranda govern appointments and personnel actions in the civil service. CSC Memorandum Circular No. 40, s. 1998, or the “Revised Omnibus Rules on Appointments and Other Personnel Actions,” updated and consolidated the various issuances on appointments and other personnel actions and simplified their processing. This was subsequently amended by CSC Memorandum Circular No. 15, s. 1999.

The assailed provisions in those memorandum circulars, however, involve position classification. Section 1(c), Rule III of CSC Memorandum Circular No. 40,³⁵ s. 1998, requires, as a condition *sine qua non* for the approval of an appointment, that the position title indicated therein conform with the approved Position Allocation List. The position title should also be found in the Index of Occupational Service. According to National Compensation Circular No. 58, the Position Allocation List is a list prepared by the DBM which reflects the allocation of existing positions to the new position titles in accordance with the Index of Occupational Service, Position Titles and Salary Grades issued under National Compensation Circular No. 57.³⁶ Both circulars were published by the DBM pursuant to its mandate from RA 6758 to establish a position classification system in the government.³⁷

Further, the CSC admitted in its comment that RA 6758 was the basis for the issuance of CSC Memorandum Circular No. 40, s. 1998, as amended by CSC Memorandum Circular No. 15, s. 1999. The CSC said:

The abovesited Sections 4 and 6 of R.A. No. 6758 are the bases for respondent’s issuance of CSC Memorandum Circular No. 40, series of 1998, as amended by CSC Memorandum Circular No. 15, series of 1999. To reiterate, the Circulars mandate that appointments should conform [to]

³⁵ RULE III. COMMON REQUIREMENTS FOR REGULAR APPOINTMENTS

Section 1. Appointments submitted to the CSC office concerned should meet the requirements listed hereunder. Non-compliance with such requirements shall be ground for disapproval of said appointments.

x x x x

(c) Position Title – The position title indicated in the appointment shall conform with the approved Position Allocation List and should be found in the Index of Occupational Service (IOS). The salary grade shall always be indicated after the position title.

³⁶ (2) In compliance with the above provision, the Department of Budget and Management has prepared the Position Allocation List (PAL) reflecting the allocation of existing positions to the new position titles in accordance with the Index of Occupational Service, Position Titles and Salary Grades under National Compensation Circular No. 57.

³⁷ Paragraph (1) of National Compensation Circular No. 57 provides: “(1) The attached Index of Occupational Service, Position Titles and Salary Grades is hereby issued pursuant to RA 6758 entitled ‘An Act Prescribing a Revised Compensation and Position Classification System in the Government and for other Purposes’”; while Paragraph (1) of National Compensation Circular No. 58 provides: “(1) Section 6 of RA 6758 provides that all positions in the government shall be allocated to their proper position titles and salary grades in accordance with the Index of Occupational Service, Position Titles and Salary Grades prepared by the Department of Budget and Management.”

the approved Position Allocation List (PAL) and at the same time be listed in the Index of Occupational Service (IOS).³⁸

*Section 7 of TIDCORP's charter
exempts it from rules involving
position classification*

To comply with Section 1(c), Rule III of CSC Memorandum Circular No. 40, s. 1998, TIDCORP must conform with the circulars on position classification issued by the DBM. Section 7 of its charter, however, expressly exempts TIDCORP from existing laws on position classification, among others.

In its comment, the CSC would want us to disregard TIDCORP's exemption from laws involving position classification because RA 6758 applies to all GOCCs. It also noted that Section 7 of RA 8494, the provision TIDCORP invokes as the source of its exemption, also directs its Board of Directors to "endeavor to make its system conform as closely as possible with the principles [and modes provided in] Republic Act No. 6758[.]"³⁹ This reference of RA 6758 in Section 7 means that TIDCORP cannot simply disregard RA 6758 but must take its principles into account in providing for its own position classifications. This requirement, to be sure, does not run counter to Section 2(1), Article IX-B of the Constitution which provides that "the civil service embraces all branches, subdivisions, instrumentalities, and agencies of the Government, including government-owned or controlled corporations with original charters." The CSC shall still enforce position classifications at TIDCORP, but must do this under the terms that TIDCORP has itself established, based on the principles of RA 6758.

To further expound on these points, the CSC's authority over TIDCORP is undisputed. The rules that the CSC formulates should implement and be in harmony with the law it seeks to enforce. In TIDCORP's case, the CSC should also consider TIDCORP's charter in addition to other civil service laws. Having said this, there remains the issue of how the CSC should apply the civil service law to TIDCORP, given the exemptions provided in the latter's charter. Does the wording of Section 7 of RA 8494 command TIDCORP to follow issued requirements pursuant to RA 6758 despite its exemption from laws involving position classification?

We answer in the negative. "Under the principles of statutory construction, if a statute is clear, plain and free from ambiguity, it must be

³⁸ *Rollo*, p. 284.

³⁹ *Id.* at 98.

given its literal meaning and applied without attempted interpretation. This plain-meaning rule or *verba legis* is derived from the maxim *index animi sermo est* (speech is the index of intention) and rests on the valid presumption that the words employed by the legislature in a statute correctly express its intent and preclude the court from construing it differently. The legislature is presumed to know the meaning of the words, to have used words advisedly, and to have expressed its intent by the use of such words as are found in the statute. *Verba legis non est recedendum*, or from the words of a statute there should be no departure.”⁴⁰

The phrase “to endeavor” means to “to devote serious and sustained effort” and “to make an effort to do.” It is synonymous with the words to strive, to struggle and to seek.⁴¹ The use of “to endeavor” in the context of Section 7 of RA 8494 means that despite TIDCORP’s exemption from laws involving compensation, position classification and qualification standards, it should still strive to conform as closely as possible with the principles and modes provided in RA 6758. The phrase “as closely as possible,” which qualifies TIDCORP’s duty “to endeavor to conform,” recognizes that the law allows TIDCORP to deviate from RA 6758, but it should still try to hew closely with its principles and modes. Had the intent of Congress been to require TIDCORP to fully, exactly and strictly comply with RA 6758, it would have so stated in unequivocal terms. Instead, the mandate it gave TIDCORP was to endeavor to conform to the principles and modes of RA 6758, and not to the entirety of this law.

These inter-relationships render it clear, as a plain reading of Section 7 of RA 8494 itself would confirm, that TIDCORP is exempt from existing laws on compensation, position classification and qualification standards, including compliance with Section 1(c), Rule III of CSC Memorandum Circular No. 40, s. 1998.

*De Guzman’s appointment as
Financial Management Specialist IV
is valid*

With TIDCORP exempt from Section 1(c), Rule III of CSC Memorandum Circular No. 40, s. 1998, there remains the issue of whether De Guzman’s appointment as Financial Management Specialist IV is valid. Since Section 1(c), Rule III of CSC Memorandum Circular No. 40, s. 1998,

⁴⁰ *Globe-Mackay Cable and Radio Corporation v. NLRC*, G.R. No. 82511, March 3, 1992, 206 SCRA 701, 711, citing Ruben E. Agpalo, *Statutory Construction*, p. 94 (1990); and *Aparri v. CA, et al.*, 212 Phil. 215, 224-225 (1984).

⁴¹ Endeavor Definition, Merriam Webster Dictionary, accessed on February 7, 2013 at <http://www.merriam-webster.com/thesaurus/endeavor>.

is the only requirement that De Guzman failed to follow, his appointment actually complied with all the requisites for a valid appointment. The CSC, therefore, should have given due course to De Guzman's appointment.

WHEREFORE, all premises considered, we hereby **GRANT** the petition, and **REVERSE** and **SET ASIDE** the decision dated September 28, 2007 and the resolution dated March 17, 2008 of the Court of Appeals in CA-G.R. SP. No. 81058, as well as Resolution No. 030144 and Resolution No. 031037 of the Civil Service Commission that the Court of Appeals rulings affirmed. No costs.

SO ORDERED.



ARTURO D. BRION

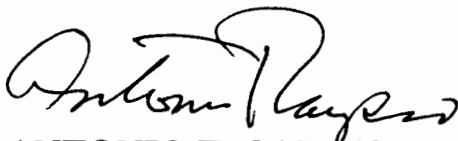
Associate Justice

WE CONCUR:



MARIA LOURDES P. A. SERENO

Chief Justice



ANTONIO T. CARPIO

Associate Justice



PRESBITERO J. VELASCO, JR.

Associate Justice



TERESITA J. LEONARDO-DE CASTRO

Associate Justice

(No Part)

DIOSDADO M. PERALTA

Associate Justice




LUCAS P. BERSAMIN

Associate Justice



MARIANO C. DEL CASTILLO

Associate Justice



ROBERTO A. ABAD
Associate Justice


MARTIN S. VILLARAMA, JR.
Associate Justice


JOSE PORTUGAL PEREZ
Associate Justice


JOSE CATRAL MENDOZA
Associate Justice



BIENVENIDO L. REYES
Associate Justice


ESTELA M. PERLAS-BERNABE
Associate Justice


MARVIC MARIO VICTOR F. LEONEN
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, 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.


MARIA LOURDES P. A. SERENO
Chief Justice