



Republic of the Philippines
NATIONAL POLICE COMMISSION
NATIONAL HEADQUARTERS PHILIPPINE NATIONAL POLICE
OFFICE OF THE CHIEF, PHILIPPINE NATIONAL POLICE
Camp BGen Rafael T Crame, Quezon City

10 MAR 2020

PNP MEMORANDUM CIRCULAR
NO.: 2020-019

**COMPREHENSIVE POLICIES, GUIDELINES AND PROCEDURES IN THE
IMPLEMENTATION OF THE PNP AUTOMATIC PENSION DEDUCTION SCHEME
(PNP APDS)**

1. REFERENCES:

- a. Republic Act (RA) No. 10173 – Data Privacy Act 2012 dated August 15, 2012, "An Act Protecting Individual Personal Information in Information and Communications Systems in the Government and the Private Sector, Creating for this purpose a National Privacy Commission, and other Purposes";
- b. RA No. 8556 dated February 26, 1998 entitled: "An Act Amending Republic Act No. 5980, as Amended, otherwise Known as the Financing Company Act";
- c. RA No. 7353 dated April 2, 1992 entitled: "An Act Providing for the Creation, Organization and Operation of Rural Banks, and for Other Purposes";
- d. NAPOLCOM Board Resolution No. 8 dated February 26, 1992 entitled: "Resolution Establishing A Retirement and Separation Benefit System for the Uniformed Personnel of the Philippine National Police";
- e. PNP Memorandum Circular (MC) No. 2016-038 entitled: "Uniform Rules on Automatic Salary and Pension Deductions";
- f. MC No. 2014-057 dated November 25, 2014 entitled: "Renaming of Accreditation and Salary and Pension Deduction Processing Committee (ASPDPC) to Committee on Accreditation for Automatic Deduction (CAAD) and for other Purposes";
- g. PNP MC No. 2014-042 dated September 19, 2014 entitled: "Amendment to PNP Memorandum Circular 2013-009 Entitled "Revised Guidelines in the Implementation of Automatic Salary and Pension Deduction Scheme";
- h. PNP MC No. 2014-033 entitled: "Revised Guidelines on the Certification of all Information Systems of the PNP";
- i. PNP MC No. 2014-002 dated January 16, 2014, "Strengthening of the PNP Finance Service Data Management System (FSDMS);
- j. MC No. 2012-019 dated December 14, 2012 entitled: "Creating the PNP Pension Deduction Processing and Accreditation Committee" (PDPAC);
- k. MC No. 2012-018 dated December 14, 2012 entitled: "Automatic Pension Deduction Scheme";

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- l. NHQ PNP Circular No. 01-2008 entitled: "Policies, Guidelines and Procedures on the Processing of Loans Contracted by PNP Uniformed Personnel";
- m. Standard Operating Procedure No. 2017-01 dated January 26, 2017 entitled: "Amending SOP No. 2016-02 entitled: "Guidelines and Procedures in the Implementation of Memorandum Circular 2016-038 with Subject "Uniform Rules on Automatic Salary and Pension Deductions";
- n. Standard Operating Procedure No. 2016-02 dated December 9, 2016 entitled: "Guidelines and Procedures in the Implementation of Memorandum Circular 2016-038 with Subject "Uniform Rules on Automatic Salary and Pension Deductions";
- o. Fiscal Directive No. 2013-01 entitled: "Guidelines in the Implementation of Deductions of Money and Property Accountabilities from Terminal Leave Benefits";
- p. CAAD Resolution No. 05-2018 dated August 29, 2018 entitled: "Recommending the Inclusion of Additional Guidelines in the Termination/ Withdrawal of Accreditation and Privileges in the PNP Automatic Salary and Pension Deduction Scheme (ASPDS)";
- q. Memorandum from DD, LS dated February 26, 2019 with subject: "Comment on the Proposed Policy Amending PNP MC No. 2014-042";
- r. Memorandum from TACDS dated October 6, 2015 with subject: "Amendment on the Composition of Committee on Accreditation for Automatic Deduction";
- s. Memorandum dated March 25, 2013 with subject: "Scope and Jurisdiction of ASPDPC and PDPAC Regarding Automatic Deduction Either from Salary or Pension";
- t. Memorandum with subject: "Implementation of the Automatic Pension Deduction" addressed to the Chief, PNP; and
- u. Memorandum from D, LS dated November 26, 2012 with subject: "Proposed Circulars on Automatic Pension Deduction and Creation of the Pension Deduction Processing and Accreditation Committee".

2. RATIONALE

Initially, the Committee on Accreditation for Automatic Deduction (CAAD) has initiated to incorporate all pertinent policies on Automatic Salary and Pension Deduction Scheme (ASPDS) into one Memorandum Circular (MC) so as to provide implementors with single and simplified reference in the implementation of automatic deduction systems. This initiative is in consonance with the effort to amend certain provisions that are deemed inconsistent with the present ASPDS set up.

However, recent developments and further deliberations by the Committee led to a decision to adopt separate MCs for ASDS and APDS. This is to provide distinction between active and retired personnel in relation to the implementation of automatic deduction systems which uses different platforms. Also, a separate comprehensive MC on APDS will offer the Committee with flexibility and ease to adjust policies that have nothing to do with the implementation of ASDS.

Thus, this comprehensive MC, which encompasses all policies governing the implementation of APDS, will provide our implementors with a catchall reference

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where they can base their actions towards the effective implementation of pension deduction system that is beneficial to our pensioners and other stakeholders.

3. SITUATION:


The thrust of the PNP on the enhancement of financial management systems is not only directed to the active personnel, but also to the retirees. One of the major projects accomplished is the shifting of conventional method of delivery of pension to a more updated and efficient mode, that is, from the Continuous Form Check (CFC) to the Automated Teller Machine (ATM) card. The PNP realized that the ATM System will eliminate many problems affecting the pension payment through the CFC.

Along with the implementation of the ATM Pension System is the recommendation from the Department of Budget and Management (DBM), through the letter of Director Tina Rose Marie L. Canda, for the PNP to adopt the automatic pension deductions for loan payments. Said recommendation was stipulated in her reply letter to Confederation of Non-Stock Savings and Loan Associations, Inc. (CONSLA) when the latter wrote DBM expressing their apprehension and the repercussion on the collection of loan payments with the implementation of the ATM Pension System. She suggested that the PNP adopt the automatic pension deduction system being implemented by the Armed Forces of the Philippines (AFP) since 2005, wherein all loan obligations of the AFP pensioners are being automatically deducted from their monthly pension. The pension amount to be credited to the pensioner's individual account shall be the net of their loans to various lending institutions and/or associations. The PNP Finance Service (FS) shall be responsible for remitting the loan payments to the concerned Lending Institutions (LIs). A Memorandum of Agreement (MOA) shall state the coverage of transactions between the LI and the PNP.

The PNP sought an official directive from the DBM on the matter. Hence, on June 19, 2012, USEC Mario L. Relampagos of the DBM stated that the PNP should take the responsibility in making the reforms acceptable to the pensioners that include effecting automatic deduction of loan payments, preparing MOAs with the LIs for the automatic deduction and remittance of collections to the LIs, and charging of service fees, the disposition of which shall be subject to existing provisions of RA No. 10155 otherwise known as the General Appropriations Act of Fiscal Year 2012.

In adopting the AFP ATM Pension System, the accreditation of Financial Institutions (FIs) is called for to ensure that only legitimate and qualified FIs shall provide services to the PNP and Integrated National Police (INP) pensioners. In the AFP, the accredited FIs include members of the CONSLA, Association of Lending Investors for Pensioners (ALIP), and Credit Cooperatives.

The Automatic Pension Deduction Scheme (APDS) shall not only improve the services of the PNP to its retirees and beneficiaries, but more significantly, it shall help the PNP and INP pensioners manage their meager pension by providing measures that will somehow protect the interest of both the lending institution and the borrower. Understandably, with the small amount of pension, the PNP and INP pensioners take the risk in acquiring additional funds even from loan sharks just to meet their emergency needs. With the APDS, the pensioners shall be shielded from

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lending institutions that charge exorbitant fees and fixers who cause more difficulty to the pensioners and/or their beneficiaries. The implementation of the APDS is the way of the PNP in reciprocating the selfless and dedicated services by the pensioners while they were in the active service. The APDS is the commitment of the PNP to provide efficient and quality service to PNP and INP retirees.

4. PURPOSES:

- a. To harmonize all existing policies, guidelines and procedures governing the implementation of PNP Automatic Pension Deduction Scheme (APDS);
- b. To provide specific guidelines and procedures in the systematic implementation of APDS through the Pension Deduction and Loan Information System (PDLIS);
- c. To provide more efficient service to the PNP retirees in the collection of deductions through automatic pension deduction and remittances to concerned FIs; and
- d. To protect the best interest of the organization and its retirees by imposing sanctions against erring entities that violate existing laws, rules and regulations in implementing the APDS.

5. DEFINITION OF TERMS:


- a. **Accreditation and Salary Deduction Processing Committee (ASDPC)** –refers to the previous Committee that implements automatic salary deductions for active PNP personnel who contracted loans with accredited Financial Institutions (FIs).
- b. **Accreditation and Salary and Pension Deduction Processing Committee (ASPDPC)** - is the forerunner of CAAD and refers to the Committee that resulted from the merger of the Accreditation and Salary Processing Deduction Committee (ASDPC) and Pension Deduction Processing Committee (PDPAC) which performs the usual functions and duties as earlier established but with an extended jurisdiction and scope as to cover the matters related to the implementation of automatic pension deduction.
- c. **Authority for Pension Deduction (APD)** – refers to the document executed by PNP pensioners authorizing the PNP to make deductions from their monthly pension.
- d. **Authorized Users** – refer to the active personnel of the PNP, the GFIs, the PNPPF, and the FIs who are duly designated to have access to the system. They shall be given a Username, and in turn, register their Password with the System Administrator or PNPFS Information Technology Project (ITP) personnel.

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- e. **Automatic Pension Deduction Scheme (APDS)** – refers to the system whereby monetary obligations of pensioners are deducted outright from their pension in favor of any accredited FI where they contracted loan.
- f. **Billing Report** – refers to the report submitted to Finance Service (FS) by an accredited FI containing the names and the amounts that will be deducted from the individual PNP personnel's salary and/or pension accounts.
- g. **Committee on Accreditation for Automatic Deduction (CAAD)** – refers to the existing Committee created to accredit different FIs in the PNP Automatic Salary and Pension Deduction.
- h. **Cooperatives** – refer to PNP accredited-cooperatives authorized under RA No. 6938, organized and managed by government employees, which provide/extend savings and loan services to PNP members.
- i. **Court Order** – (as defined in MC 2015-031) a formal statement from the court that orders the PNP to allot a definite amount/percentage stated therein of the pension/retirement benefit claims of a PNP retiree/pensioner to his/her allottee.
- j. **Database** – refers to the collection of organized information that can be easily accessed, managed, and updated. In one view, database can be classified according to types of content: bibliographic, full-text, numeric and scanned documents.
- k. **Financial Institutions** – refer to the PNP accredited NSSLAs and Cooperatives authorized by law.
- l. **Financing Companies** – hereinafter called companies, are corporations, except banks, investment houses, savings and loan associations, insurance companies, cooperatives, and other financial institutions organized or operating under other special laws, which are primarily organized for the purpose of extending credit facilities to consumers and to industrial, commercial, or agricultural enterprises, by direct lending or by discounting or factoring commercial papers or accounts receivable, or by buying and selling contracts, leases, chattel mortgages, or other evidence of indebtedness, or by financial leasing of movable as well as immovable property.
- m. **List of Due and Demandable Accounts Payable with Advice to Debit Account (LDDAP-ADA)** – refers to an accountable form integrating the ADA with the LDDAP which is a list reflecting the names of creditors/payees to be paid by the Non-Government Agency (NGA)/Operating Unit (OU) and the corresponding amounts of their unpaid claims, duly certified and approved by the heads of the accounting unit and the agency, or authorized officials.

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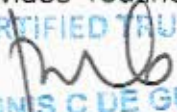
- n. **Loan** – refers to a sum of money given by GFIs, PNPPF, and FIs to PNP personnel, that the latter promised to pay the former with interest within a specified period of time as agreed upon and covered by a contract.
- o. **Loan Amortization** – refers to the amount of money earmarked for the payment of loans that will be deducted from the monthly earnings through automatic salary deduction as authorized by the personnel-borrower.
- p. **Loan Release Voucher** – refers to the document processed by FIs containing details such as the principal amount, interest, surcharges and date of loan granted duly signed and acknowledged by the pensioner/borrower.
- q. **Loan Renewal** – refers to the act of extending the term of loan upon or prior to its maturity. The interest rate and other terms of the loan offered for renewal may or may not differ from that of the original lending agreement.
- r. **Non-Stock Savings and Loan Associations (NSSLAs)** – refer to PNP-accredited NSSLAs pursuant to RA No. 8367 providing savings and loan services to PNP pensioners.
- s. **Outstanding Loans** – refer to the remaining loan balance.
- t. **Password** – is a word or string of characters used for user authentication to prove identity or access approval to gain access to a resource which is to be kept secret from those not allowed access.
- u. **Past Due Account (PDA)** – refers to unpaid accounts of PNP personnel arising from obligations contracted from different FIs.
- v. **Pension Deduction Processing and Accreditation Committee (PDPAC)** – refers to the previous Committee which was responsible for the processing of pension deduction and accreditation of FIs that wish to transact business with the PNP/INP pensioners.
- w. **Pension** – refers to a monthly specified cash amount that a PNP uniformed personnel will receive upon retirement.
- x. **Pension Assignment** – refers to a definite portion of the pension which a PNP pensioner has authorized to pay for his/her dependent/s as follows:
 - 1) Lawful spouse;
 - 2) Unmarried legitimate minor children;
 - 3) Biological or adoptive father or mother of PNP pensioner;
 - 4) Unmarried legitimate brother or sister;
 - 5) Unmarried illegitimate minor children; and
 - 6) Court-appointed guardian for mentally incapacitated assignee/dependent whose ATM Payroll account shall be in the name of the court-appointed guardian, in trust for the assignee/dependent.

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- y. **Pension Deduction and Loan Information System (PDLIS)** – refers to the online system being used for the implementation of Automatic Pension Deduction Scheme (APDS).
- z. **PNP Pensioner** – refers to a person who may either be a retiree, transferee, or survivor. An outright pensioner refers to a PNP personnel who opted to avail of the monthly pension upon retirement instead of lumpsum.
- aa. **PNP Retirement and Benefits Administration Service (PRBS)** – refers to a PNP Administrative Support Unit tasked to administer the retirement and separation benefits of all PNP personnel as well as the implementation of plans and programs, to uplift the morale and welfare of all PNP retirees and their survivors.
- bb. **Restructured Loans** – refer to original loans wherein the principal amount, terms and conditions have been modified in accordance with the Terms and Conditions of the new contract of loan and APD signed and executed by the borrowers.
- cc. **Retiree** – refers to PNP uniformed personnel who is compulsorily, optionally or through Total Permanent Physical Disability (TPPD) retired from the police service.
- dd. **Retirement Benefits** – refer to the:
 - 1) Retirement Gratuity/Lump Sum benefits due to employee or personnel as a result of his/her retirement from the service subject to existing laws and regulations; and
 - 2) Terminal Leave/Commutation of Accrued Leave benefits given based on the total number of leave credits accumulated by the retiree from the time he/she entered the police service up to his retirement date, subject to existing laws and regulations.
- ee. **Survivors** – refer to the beneficiaries of a PNP personnel who died while in the active police service.
- ff. **System Administration** – refers to the supervision of the system to ensure the upkeep, configuration and reliable operation of computer systems.
- gg. **System Administrator** – refers to FS personnel who performs any or combination of the duties and responsibilities such as the upkeep, configuration, and reliable operation of computer systems and/or servers. His/her specific tasks include the following: ensures the uptime, performance, resources, and security of the computers to meet the needs of the users in the most economical way; acquires, installs, or upgrades computer components and software; provides routine automation; and,

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maintains security policies, trouble shoots, trains and/or supervises staff or technical support in projects.

- hh. **Transferee** – refers to a beneficiary of a deceased PNP retiree.
- ii. **Transfer of Loan** – refers to the stoppage of an existing loan with the losing creditor where the loan was fully settled and as new loan for the gaining creditor where the personnel applied for transfer of the old loan.
- jj. **Unauthorized Deduction** – refers to deduction made by the concerned FIs which is not in accordance with the Terms and Conditions of the contract of loan and APD signed and executed by the borrowers.
- kk. **Underpaid Deduction** – refers to the amount of deduction for a loan that is less than the required monthly amortization stipulated in the loan contract.
- ll. **Username** – refers to an identification used to gain access to a computer system or network.

6. GUIDELINES:

a. General Guidelines

- 1) The payment of debt and other obligations incurred by PNP retirees from different financial institutions, whether governmental or non-governmental, shall be their own lookout and the PNP shall not in any way interfere therewith nor a party of obligation thereof unless allowed by law and/or to protect their interest;
- 2) The Pension Deduction Processing and Accreditation Committee (PDPAC) shall cease to exist as a separate and distinct committee while its functions, duties and other members shall be merged with the existing Committee on Accreditation for Automatic Deduction (CAAD);
- 3) The PDPAC's extended jurisdiction to cover pension deductions, after the merger with ASDPC to form the Accreditation and Salary and Pension Deduction Processing Committee (ASPDPC), which was later on renamed as Committee on Accreditation for Automatic Deduction (CAAD), will be totally extinguished after the merger and such power shall be conferred upon the newly constituted CAAD;
- 4) For the purpose of APDS, only NSSLAs, Rural Banks and Cooperatives are allowed to avail of the PDLIS pursuant to RA No. 8367, RA No. 7353 in accordance with Section 7 of the NSSLA Law and RA No. 6938, respectively;
- 5) The MOA to be entered into by and between the PNP and FIs shall include provisions for the payment of service fee which shall be in a certain percentage, as provided for in the negotiated agreement, of the

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total monthly collections made due the accredited FIs. The Committee could negotiate for another rate prescribed herein, if warranted and if it will not unduly burden PNP retirees;

- 6) No deduction shall be made in favor of any FIs not duly accredited by the PNP Committee on Accreditation for Automatic Deduction (CAAD);
- 7) Automatic deduction shall be allowed for payment of loans contracted by the following PNP retirees, to wit:
 - a) *APDS shall be allowed for payment of loans contracted by retired personnel when they were still in the active service; and*
 - b) *APDS shall be allowed for payment of loans of PNP pensioners.*
- 8) When a retiring personnel opts for outright pension, the subsisting loan balances which remain unpaid after the last day in service may be deducted from his/her monthly pensions based on the terms of the loan voluntarily agreed upon by the retiree and NSSLA. In case of cooperative, the deduction shall be made based on the instruments executed by the retiree who shall specify the amount to be deducted as mutually agreed upon with the said cooperative.
- 9) In no case shall the FIs impose penalties and other surcharges as a result of underpayment of amortization that is not the fault of pensioner/borrower.

b. Specific Guidelines:

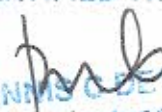
- 1) The Net Take Home Pension shall be Six Hundred Fifty Pesos (Php 650.00) per month.
- 2) Requirements to support deduction from monthly pension:
 - a. Duly notarized Authority for Pension Deduction (APD); and
 - b. Loan release voucher.
- 3) It shall be the responsibility of the FIs to validate all the entries and the authenticity of the required documents attached/submitted for reservation or uploading in the PDLIS. FIs which will be found to violate this provision shall be penalized under the provisions of the MOA between the PNP and the FIs.
- 4) The PNP will honor in the APDS through PDLIS all existing loans of PNP pensioners from the FIs provided that supporting documents shall be electronically attached as proof of loan transactions before it will be uploaded in the system for withholding.

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- 5) The PNP through the Accounting Division, DC shall deduct the System Administration Fee (SAF) from the FIs collection based on the MOA signed by the PNP and the FIs. The SAF shall be deposited in an account to be opened in a government servicing bank. Utilization of funds shall be strictly observed based on government accounting and auditing rules and procedures. It shall not be charged or passed on by the FIs to the PNP pensioners as stipulated in the MOA between the PNP and FIs.
- 6) The PNP shall not be faulted for penalties and charges for stoppage of loan deductions as a result of implementation of order from courts or other competent authorities on forfeitures of pension and penalties in favor of the government.
- 7) Loans contracted by retiring PNP personnel while still in the active service shall be deducted from their retirement benefits provided that:
 - a) Not more than 50% of the retirement benefits due to a retiree will be withheld and applied to settle money and/or property accountabilities with the government and obligations due to the PNP Provident Fund, PNP accredited NSSLAs and Cooperatives;
 - b) In instances when the deduction has been partially implemented from the retirement benefits and the 50% of such benefits is not enough to cover the remaining loan balance, an Authority for Pension Deduction (APD) shall be executed which will be used as authority to deduct from the monthly pension;
 - c) In instances of delay in the release of retirement benefits or monthly pension, any outstanding loan balance of retiring personnel shall not have any interest, surcharge or penalty, provided that the delay is not due to the fault of the retiree. This agreement will be part of the MOA between the PNP and accredited NSSLAs and Cooperatives;
 - d) In case the PNP personnel with loan obligations availed of outright or direct pension, and the 50% of his terminal leave benefits is not enough for the payment of his/her remaining principal loan obligations, the same shall be deducted from his/her monthly pension executing an APD;
 - e) In case the PNP personnel with loan obligations availed of lump sum, and the 50% of his retirement benefits is not enough for the payment of his/her remaining principal loan obligations, the same shall be deducted from his/her monthly pension upon its effectivity without any interest, surcharge or penalty;
 - f) Deductions from retirement benefits to pay obligations shall be implemented based on the following order of preference to be implemented by PRBS:

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DENNIS C. DE GUZMAN, Page 10 of 19
Police Lieutenant Colonel
Administrative Officer: LG

- (1) Those with order from the Court;
 - (2) PNP Provident Fund;
 - (3) Non-Stock Savings and Loan Associations; and
 - (4) Cooperatives.
- g) PRBS shall furnish FS and FIs on a monthly basis, the list of retiring/ retired PNP personnel whose principal loan obligations were partially implemented and those who availed of the outright pension including therein the amount to be deducted in their monthly pension and the Number of Remaining Installments (NRI).
- 8) Loans contracted after retirement
- a) Pensioners, such as retirees, survivors and transferees are allowed to avail of the APDS;
 - b) All accredited NSSLAs and Cooperatives may avail privileges in the APDS pursuant to RA Nos. 8367 and 6938, respectively;
 - c) Rural Banks may avail privileges in the APDS pursuant to Section 12(h) of RA No. 7353, in accordance with Section 7 of the NSSLA Law; and
 - d) For payment of loan contracted after retirement, deductions for pension shall be implemented based on the following:
 - (1) Date the loan was granted;
 - (2) Date of notarized APD with signature of borrower; and
 - (3) Date the billing report was received.
- 9) Requirements to support deduction from the monthly pension and Loan Restructuring:
- a) Clear or visible copy of duly notarized Authority for Pension Deduction (APD);
 - b) Clear or visible copy of Loan Release Voucher;
 - c) Clear or visible photocopy of latest valid ID of Pensioner borrower if he/she is illiterate; and
 - d) Clear or visible copy of Medical Certificate of borrower in case he/she is sick.

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- 10) The organizational, physical and technical security to ensure protection of personal information of retired PNP personnel processed by FI shall be maintained in observance of the provisions set by the Data Privacy Act and National Privacy Commission.

7. PROCEDURES:

APDS THROUGH THE PDLIS

a. The following are the responsibilities of concerned offices and entities:

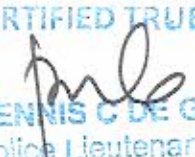
1) CAAD

- a) CAAD to assess applications for the APDS and subsequently prepare a MOA to be signed by accredited FIs; and
- b) CAAD shall furnish FS with the list of accredited FIs and approved number of deduction codes.

2) Financial Institutions

- a) The FIs authorized user shall log-in his/her Username and Password to access the PDLIS;
- b) The system will consider if the transaction involves the following transactions:
 - (1) Investment/ deposit deductions;
 - (2) New loans;
 - (3) Loan renewals;
 - (4) Transfer of Loan;
 - (5) Balance of unpaid loans from active service; and
 - (6) Stoppage of loan deductions (full payment).
- c) The system shall assess if the deduction can be made and if the required attachments have been attached. It will afterwards generate a transaction code for all deductions.
- d) All original documents pertaining to the deduction such as the APD Form and Loan Release Voucher shall be retained by the concerned FI for reference, and to be submitted to FS, if necessary, or as requested, for whatever legal purpose.
- e) The approved transactions through the PDLIS shall be implemented on the following month from the pensioner's monthly pension.

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Transactions after the cut-off date shall be implemented on the next succeeding month.

- f) The FIs may generate the Collection List and other reports from their terminal/work station, for their reference.
- g) It shall be the responsibility of the FI to delete the transaction that did not push through but was encoded in the system. Failure to do so may subject the FI to penalties provided in the SOP.

3) PRBS

- a) Upon release of retirement benefits, and if there is still an existing loan balance, PRBS shall encode in the PDLIS the following data:
 - (1) Pension Account Number (if applicable);
 - (2) ATM Account Number;
 - (3) Name of Retiree;
 - (4) Remaining Principal Loan Balance;
 - (5) Pension Allotment;
 - (6) Date of Expected First Pension; and
 - (7) Date of Retirement.

This data will be used as basis for the deduction from the retiree's first monthly pension.

- b) Upon release of the first monthly pension, the PRBS, after the implementation date of the PDLIS, shall regularly submit to FS every 25th day of the month the following:
 - (1) List of updated PNP pensioners;
 - (2) Report of Pensioners with outstanding loan balance after release of Retirement Benefits:

This refers to the list of retired PNP personnel whose retirement benefit was insufficient to fully pay their outstanding principal loan balance. The monthly amortization to be deducted from the pension through the PDLIS shall be based on the submitted APD presented by the FIs during the processing of retirement benefits signed by the pensioner allowing deduction from his/her monthly amortization based on the Promissory Note he/she signed.

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c) Report of Deleted Pensioners:

- (1) Names of deleted PNP pensioners including the reason for the deletion. The Report of Deleted Pensioners will be used as basis of FS to stop any monthly remittance to the FIs. FS will subsequently inform the FIs of the stoppage made; and
- (2) Based on the PNP Pension Master File, PNP pensioners with forfeiture of monthly pension in favor of the government due to penalties from the active service shall be implemented by PRBS. Implementation of forfeiture of pension shall take into consideration the net-pension-pay (NPP) such that if the NPP is not sufficient to cover the total amount to be forfeited, deduction will be on installment basis.

4) Finance Service

- a) FS to issue deduction codes to accredited FIs based on approval of CAAD.
- b) FS shall validate the list of deleted PNP pensioners submitted by PRBS:

- (1) To verify if on the date after the death of the pensioner, an amount was still forwarded to any FI. If it was verified that an amount was still forwarded to the FI after the death of a pensioner, FS shall prepare the cancellation report to be submitted to the Accounting Division (AD), Directorate for Comptrollership (DC), copy furnished PRBS;
- (2) AD, DC in turn shall effect any adjustment in the remittance voucher of FIs based on the cancellation report submitted by FS;
- (3) FS shall be responsible in the preparation/processing of the Disbursement Voucher for the payment of monthly pension every 16th day of the month and the collected amount authorized by the pensioner in favor of the FIs; and
- (4) FS reserves the right to deny or hold the use of the system for loan deduction implementation encoded by FIs in the PDLIS for valid reasons. The concerned FI shall be informed accordingly and shall be given a chance to explain.

b. The APDS shall be implemented through the PDLIS in the following procedures:

- 1) The enrollment of the following authorized Users and generation of their Username and Password are required:

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Administrative Officer

- a) PRBS Encoder;
 - b) PRBS Approver;
 - c) FS Processor/s;
 - d) FIs Authorized Users based on List; and
 - e) System Administrator/s.
- 2) The transactions that shall be processed in the PDLIS are the following:
- a) Encoding and processing of deductions covering:
 - (1) New loans;
 - (2) Loan renewals;
 - (3) Transfer of Loan; and
 - (4) Balance of unpaid loans from active service.
 - b) Stoppage of loan deductions (full payment);
 - c) Encoding and processing of deposit/investment deductions;
 - d) Attachment of the APD Form and Loan Release Voucher with encoding of the deduction requested by FIs;
 - e) Report Generation
 - (1) Breakdown of Deduction per deduction type;
 - (2) Collection List of FI;
 - (3) Remittance Report per FI;
 - (4) Alpha List of Pensioner – downloadable in Excel Format;
 - (5) LBP Credit Account Report;
 - (6) Added/ Updated/ Removed Report;
 - (7) Billing Report;
 - (8) Funding Warrant; and
 - (9) Registry.

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As part of the audit trail, the infrastructure, operating systems, network and system security shall be handled by an Information Technology Officer of DICTM.

A system audit shall be conducted on a regular basis, or as recommended by the Director, FS. The system will also have an audit trail to determine the users who accessed the system on specific dates and time. Likewise, it shall have a counter to determine the number of times the users have accessed the System.

FS may request and/or recommend to the CAAD the suspension or revocation of the MOA of the concerned FI for valid reasons, such as those that affect the proper implementation and security of the system. Consequently, the concerned FIs authority to access the PDLIS shall be suspended or permanently cancelled. FS shall submit a report to the CAAD for their information, reference, and/or appropriate action.

c. Loan Transaction through the PDLIS

- 1) PNP pensioner who wants to apply for a loan may proceed directly to the accredited FIs of his own choice located at any branch nationwide and personally accomplish the loan application required by FIs.
- 2) FI shall perform the following:
 - a) FIs authorized user shall assess the capacity to pay of the pensioner applying for loan by viewing in the PDLIS the details of his/her monthly pension;
 - b) Shall require the pensioner to submit the duly notarized signed APD;
 - c) Shall process the loan application of the pensioner and once approved, FI shall release to the borrower the amount of loan contracted; and
 - d) Shall issue a copy of loan release voucher to the pensioner.
- 3) PNP pensioner shall affix his/her signature in the loan release voucher as proof of receipt.

d. Billing process using the PDLIS

- 1) After the loan has been released by accredited FIs to the pensioner/ borrower, FIs shall perform the following:
 - a) FIs authorized user shall carefully encode the transaction details in the PDLIS; and

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Police Lieutenant Colonel
Administrative Officer

- b) Shall upload in the system the clear scanned APD and loan release voucher as proof of transaction.

e. Responsibilities of Users of the PDLIS

1) General Responsibility

- a) All Users of the System shall have their Username and Password. Sharing of one's Username and Password is strictly prohibited. The PNP shall not be liable for consequences that may arise due to the user's violation of this policy; and
- b) All Users shall adhere to the policies set in this MC and other applicable rules and/or existing PNP directives.


2) PNP Pensioners

- a) PNP pensioners shall have their own default username (first letter of their name, middle initial, last name and last three digits of their Pension Account No.) e.g. for Juan Go Garcia his default password should be jggarcia396 and alphanumeric format for default password (birthdate ddmmyyy) e.g. 05nov1965 in order to view/print the details of their monthly pension using their personal computer or mobile devices. Such default password can be changed by the PNP pensioner at his own convenience by accessing the link through the internet; and
- b) The PNP pensioner shall be responsible for the settlement of his obligations to the FIs. He shall personally undertake necessary actions pertaining to request to condone penalties and surcharges for underpaid accounts.

3) Institutions (FIs, Provident Fund, Cooperative)

FIs and the PNP Provident Fund shall observe the following:

- a) In order to access the PDLIS, the authorized users designated by the FIs shall enroll in the PDLIS for the issuance of their individual Username and registration of corresponding Password. Enrollment shall be done by FS. The registration shall be supported by the following:
 - (1) Copy of the valid MOA between the PNP and the FI to deduct from the pension of the PNP pensioners;
 - (2) Letter of endorsement from the FIs indicating the names of their authorized users;
 - (3) Authenticated photocopy of their valid company identification card; and

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Police Lieutenant Colonel
Administrative Services

- (4) Changes in the authorized user/s shall be reported to FS (Attn: Pension and Gratuity Section (PGS), Disbursement Division (DD), Finance Service (FS) with proper endorsement, for the updating of users and enrollment of new authorized users in the PDLIS. FS shall not be held liable for loan transactions made by unauthorized users.

4) Finance Service

- a) Authorized PDLIS users in the FS shall be covered with appropriate office orders issued by D, FS. Changes in PDLIS Users shall likewise be issued orders; and
- b) Chief, FIMD, FS shall be the system administrator, and shall be given specific tasks pertaining to: configuration of changes in the system/program; provision of support to the network, hardware and/or system maintenance of security policies, troubleshooting; training and supervision of PGS personnel; and perform other tasks as deemed necessary.

f. Administration of the PDLIS

1) Registration of Users

- a) FIs shall submit the following to PGS, FS:
 - (1) Names of authorized employees;
 - (2) Photocopies of the IDs of their authorized employees; and
 - (3) Contact number and email address.
- b) PGS, FS shall encode the names in the system and generate the username and default password;
- c) PGS, FS shall release said usernames and default password to the FIs authorized users e-mail address; and
- d) PGS, FS processor to print the daily and monthly approved transactions.

2) Remittance of Deductions

FS shall prepare the vouchers and the checks/LDDAP ADA representing the collection of the FIs and release the same not later than what has been stipulated in the MOA.

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DENNIS C. DE GUZMAN Page 18 of 19
Police Lieutenant Colonel
Administrative Officer, DC

8. COORDINATING INSTRUCTIONS:

- a. Supplemental guidelines may be issued by the concerned offices to effectively implement this Circular with the approval of the Chief, PNP; and
- b. Lateral coordination is encouraged.

9. PENALTY CLAUSE:

Any accredited entity/institution which shall violate their MOA with the PNP or pertinent laws, rules and regulations in the implementation of the automatic salary and pension deduction scheme, after notice and hearing, shall be penalized with suspension of accreditation. Subsequent violation shall then be a basis for the cancellation of accreditation and without prejudice to civil actions that the concerned parties may file to protect their respective interest.

PNP Personnel who will found remiss of their duties and responsibilities shall be charged and held liable in accordance with existing laws, rules and regulations. Likewise, accredited FIs that violate the policies herein shall be subject to investigation, and shall be reported to the CAAD and/or other proper authorities for appropriate sanctions.

10. REPEALING CLAUSE:

All previous directives and issuances inconsistent with any provisions of this PNP Circular are hereby rescinded and/or modified accordingly.

11. EFFECTIVITY:

This MC shall take effect fifteen (15) days from the filing of a copy hereof at the University of the Philippines Law Center in consonance with Sections 3 and 4 of Chapter 2, Book VII of Executive Order No. 292, otherwise known as "The Revised Administrative Code of 1987", as amended.



Archie Francisco F. Gamboa
ARCHIE FRANCISCO F GAMBOA
Police General
Chief, PNP

CPNP Ltrs 20 S081157



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