



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

MAR 13 2020

PNP MEMORANDUM CIRCULAR

NO.: 2020-020

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

**1. REFERENCES:**

- a. Applicable Provisions of General Appropriations Act;
- b. 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”;
- c. RA No. 8556 dated February 26, 1998 entitled: “An Act Amending Republic Act No. 5980, as Amended, Otherwise Known as the Financing Company Act”;
- d. PNP MC No. 2016-038 entitled: “Uniform Rules on Automatic Salary and Pension Deductions”;
- e. 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”;
- f. PNP MC No. 2014-045 dated October 8, 2014 entitled: “Standardizing the Documentary Requirements in the Accreditation of Financial Institutions (FIs)”;
- g. PNP MC No. 2014-042 dated September 19, 2014 entitled: “Amendment to PNP MC 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. 2014-030 dated September 1, 2014, “Policies, Procedures and Guidelines in the Implementation of the New Salary System under the Administration of the PNP Finance Service (PNPFS) Using the Data from the Personnel Accounting and Information System (PAIS) of the Directorate for Personnel and Records Management (DPRM)”;
- j. PNP MC No. 2014-002 dated January 16, 2014, “Strengthening of the PNP Finance Service Data Management System (FSDMS)”;
- k. MC No. 2012-019 dated December 14, 2012 entitled: “Creating the PNP Pension Deduction Processing and Accreditation Committee” (PDPAC);

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- i. PNP ASDPC Circular No. 01-2011 dated May 19, 2011 entitled: "Revised Guidelines in the Implementation of Authorized Pay Deduction Scheme";
- m. NHQ PNP Circular No. 01-2008 entitled: "Policies, Guidelines and Procedures on the Processing of Loans Contracted by PNP Uniformed Personnel";
- n. PNP Circular No. 2005-001, "Amendment to PNP Circular Number 2002-001 Entitled 'Salary Assignment' (Revised)";
- o. SOP 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";
- p. SOP 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";
- q. Fiscal Directive No. 2013-01 entitled: "Guidelines in the Implementation of Deductions of Money and Property Accountabilities from Terminal Leave Benefits";
- r. Fiscal Directive No. 2012-08 dated August 15, 2012 entitled "Guidelines and Policies Prohibiting Police Officers I, Lateral Entrants and Non-Uniformed Personnel with Temporary Appointment to Avail of the Automatic Salary Deduction Scheme";
- s. 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)";
- t. ASDPC Resolution No. 06-2010 dated August 25, 2010 entitled: "Guidelines in the Withdrawal of Privileges in the PNP Automatic Salary Deduction Scheme";
- u. Memorandum from TACDS dated October 6, 2015 with subject: "Amendment on the Composition of Committee on Accreditation for Automatic Deduction"; and
- v. Memorandum dated March 25, 2013 with subject: "Scope and Jurisdiction of ASPDPC and PDPAC Regarding Automatic Deduction Either from Salary or Pension".

## 2. RATIONALE

One of the major programs of the PNP on the enhancement of financial management system is the establishment of Automatic Salary Deduction Scheme (ASDS) that provides automated collection of authorized deductions from the accounts of PNP members and the remittances of the same to the concerned Financial Institutions (FIs). Under the administration of the PNP Finance Service (PNPFS), the ASDS becomes more convenient to implement with the help of the Salary Deduction Loan Information System (SDLIS).

With the system already in place and working, FIs that want to avail of the ASDS must undergo the process of accreditation by the PNP in order for them to enjoy its benefits. This is why the Committee on Accreditation for Automatic Deduction (CAAD) was established to oversee the accreditation process as well as recommend to the Chief, PNP policies needed for the orderly implementation of the ASDS. Thus,

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pursuant to its functions, the CAAD has recommended to the Chief, PNP numerous policies governing the effective and efficient implementation of ASDS over the years.

However, these policies must be revisited from time to time in order that their provisions would attune to developments on financial and legal matters. Policies which are considered not applicable in the effective implementation of ASDS should be amended or revised accordingly to suit the needs of a reliable deduction system that is beneficial to all stakeholders. With this notion, the Committee has stepped up to identify and amend certain provisions that are not flexible and consistent with the present ASDS set-up.

Together with the amendment is the effort to incorporate all pertinent policies into one MC so as to provide the implementors with simplified guidelines on matters that range from accreditation of FIs to the implementation of ASDS through the SDLIS. With this catchall MC, the CAAD and all concerned offices will have a single and comprehensive reference where they can base their actions relative to the implementation of ASDS.

### 3. SITUATION:


The PNP has created two distinct committees to implement the automatic deduction scheme for payment of loans contracted by its members or retirees. One is the Accreditation and Salary Deduction Processing Committee or ASDPC, which implements automatic salary deductions for PNP active members; and the Pension Deduction Processing and Accreditation Committee or PDPAC, which is subsequently created purposely to implement automatic pension deductions for PNP pensioners/retirees.

However, numerous letters and memoranda regarding automatic pension deduction were received from various financial institutions that are interested in availing the same, which prompted the PDPAC to review its mandate and other related issues. Consultations and discussions thereon led to a decision by the committee to recommend a merger with the ASDPC, to further improve the automatic deduction scheme, thus shortening the processes, minimizing red tape, and streamlining the whole system.

Hence, a single accreditation and processing committee catering to both automatic salary and pension deduction had arisen out of the merger. The merger had an increased number of regular members and Secretariat, which include focal persons knowledgeable and involved in matters related to pension and retirement benefits, in addition to the present regular members and Secretariat of the ASDPC. The new committee to be called Accreditation and Salary and Pension Deduction Processing Committee (ASPDPC) should perform usual functions and duties as earlier established but with an extended jurisdiction and scope so as to cover matters related to the implementation of automatic pension deduction.

Later on, to simplify the name of the Committee, MC No. 2014-057 was issued on November 25, 2014 renaming the ASPDPC to Committee on Accreditation for Automatic Deduction (CAAD). The latter carried out the functions of ASPDPC in the

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accreditation of Financial Institutions (FIs) that want to avail of the PNP Automatic Salary and Pension Deduction Scheme (ASPDS).


#### 4. PURPOSES:

- a. To harmonize all existing policies, guidelines, and procedures governing the implementation of PNP Automatic Salary Deduction Scheme (ASDS);
- b. To strengthen the Committee on Accreditation for Automatic Deduction (CAAD) as the only body responsible for the accreditation of FIs in the ASDS;
- c. To establish procedures and effective control measures in the accreditation of Financial Institutions (FIs) in the ASDS;
- d. To standardize the documentary requirements in the accreditation of FIs as well as provide guidelines in establishing a standard Memorandum of Agreement (MOA) with the different financial institutions, associations or entities which will be accredited by the organization;
- e. To provide specific guidelines and procedures in the systematic implementation of ASDS through the Salary Deduction and Loan Information System (SDLIS);
- f. To provide more efficient service to the PNP personnel in the collection of deductions through automatic salary deduction and remittances to concerned FIs; and
- g. To protect the best interest of the organization and its members by imposing sanctions against erring entities that violate existing laws, rules and regulations in implementing the ASDS.

#### 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 (ASPDPAC)** - 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. **Authorized Deductions** – refer to the deduction from salaries, emoluments or other benefits accruing to any government employee chargeable against

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- the appropriations for Personnel Services for the payment of individual employee's contributions or obligations due to GFIs, PNPPF and FIs based on its order of preference as provided for in the yearly GAA. Such deductions shall not reduce the employee's monthly NTHP as mandated by the yearly GAA.
- 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.
  - e. **Automatic Salary Deduction Scheme (ASDS)** – refers to the payment scheme wherein the PNP personnel authorize the PNP Finance Service to deduct from their monthly salary a specific amount for the payment of any of the following: loan obligations, premiums, contributions, and other authorized deductions, and to remit the collected amount to the concerned FIs and Government Financial Institutions (GFIs).
  - f. **Authorization to Deduct (ATD)** – refers to the document executed by active PNP personnel authorizing the PNP to make deductions from their salary in favor of an accredited Financial Institutions (FIs) and GFIs.
  - g. **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.
  - h. **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.
  - i. **Capital Contribution (CAPCON)** – refers to the sum of money given voluntarily by members of the FIs for purposes of capitalization. CAPCON are deducted from salaries as authorized by the personnel-member.
  - j. **Cooperatives** – refer to PNP accredited-cooperatives authorized under Republic Act No. 6938, organized and managed by government employees, which provide/extend savings and loan services to PNP members.
  - k. **Database** – refers to the collection of organized information that can easily be accessed, managed, and updated. In one view, database can be classified according to types of content: bibliographic, full-text, numeric and scanned documents.
  - l. **Financial Institutions** – refer to the PNP accredited NSSLAs, Cooperatives, Insurance Companies, Mutual Benefit Fund Associations authorized by law.

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ADMINISTRATIVE OFFICER, DC

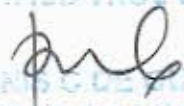
- m. **Financing Companies** – except banks, are corporations, investment houses, savings and loan associations, insurance companies, cooperatives, and other financial institutions organized or operating under other special laws, which are primarily organized for the purpose of extending credit facilities 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 evidences of indebtedness, or by financial leasing of movable as well as immovable property.
- n. **General Appropriations Act (GAA)** – refers to a law that provides annual financial operation of the whole government agency.
- o. **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.
- p. **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.
- q. **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.
- r. **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.
- s. **Maximum Amortization Amount** – refers to the amount, excluding the subsistence allowance and the minimum NTHP as provided for in the GAA, that can be used to settle loan obligations or monthly amortization for loans, insurance premiums, class contributions, capital contributions, salary assignment, adjustment in mandatory deductions, and other forms of deductions authorized by law.
- t. **Memorandum of Agreement (MOA)** – is a document executed between parties to cooperate on an agreed upon project or meet an agreed objective.
- u. **Net Take Home Pay (NTHP)** – refers to the amount of total earnings minus the total authorized deductions, at the disposal of the PNP personnel that may be used to defray personal expenses and to pay for obligations as provided for in the yearly GAA.
- v. **Non-Stock Savings and Loan Associations (NSSLAs)** – refer to PNP-accredited NSSLAs pursuant to Republic Act No. 8367 providing savings and loan services to PNP members.
- w. **Outstanding Loans** – refer to the remaining loan balance.

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- x. **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.
  - y. **Payslip** – refers to the summary of the gross earnings, deductions, and net pay of each PNP personnel.
  - z. **Pension Deduction Processing and Accreditation Committee (PDPAC)** – refers to the Committee which is responsible for the processing of pension deduction and accreditation of FIs that wish to transact business with the PNP/INP pensioners.
- aa. **Permanent Appointment** – refers to the following:
- 1) Issued to person who meets all the requirements for the position to which he/she is being appointed/promoted, including the appropriate eligibility prescribed, in accordance with the provisions of law, rule and standards congregated in pursuant thereof. (Section 27, Rule V Omnibus Rules Implementing Book V of E.O. 292); and
  - 2) As applied to this MC, permanent appointment refers to Patrolman/ Patrolwoman and Lateral Entrants after completion of the required PNP Field Training Program for twelve (12) months involving actual experience and assignment in patrol, traffic, and investigation whose appointment is attested by the Civil Service Commission and certified by the PAIS, Records Management Division (RMD), Directorate for Personnel and Records Management (DPRM).
- bb. **PNP Provident Fund (PNPPF)** – refers to the fund created and established in accordance with Administrative Order Number 279 and PNP Memorandum Circular Number 2009-017, by virtue of and pursuant to Section 41 of the general provisions of the GAA for 2009, which shall be administered and controlled by the PNP.
- cc. **Remittance Voucher** – refers to a document prepared by FS for processing and subsequent issuance of check/LDDAP-ADA in favor of GFIs, PNPPF and accredited FIs for payment of loans, premiums, contributions, and remittance of savings of active or retired PNP personnel.
- dd. **Required Monthly Amortization (RMA)** – refers to the amount of money required to pay a loan for a specific period of time that shall be deducted from the salaries of Active PNP personnel and Pension of PNP retirees every month based on the approved loan, as stipulated in the loan contract between the PNP personnel/borrower and the FI.
- ee. **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 ATD signed and executed by the borrowers.

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- ff. **Salary Deduction and Loan Information System (SDLIS)** – refers to a system which processes authorized deductions in favor of GFIs, PNPPF, and PNP accredited FIs while securing the minimum NTHP as provided for in the GAA.
- gg. **System Administration** – refers to the supervision of the system to ensure the upkeep, configuration, and reliable operation of computer systems.
- hh. **System Administrator** – refers to FS personnel who performs any or combination of the following 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, maintains security policies, trouble shoots, trains and/or supervises staff or technical support in projects.
- ii. **Temporary Appointment** – refers to the following:
- 1) Issued to persons in absence of appropriate eligibility in the area willing and able to assume the position, as certified by the Civil Service Director (CSRO) concerned (Section 27, Rule V Omnibus Rules Implementing Book V of E.O. 292); and
  - 2) As applied to this MC, temporary appointment refers to newly appointed Patrolman/ Patrolwoman and/or lateral entrant who meets the minimum training requirements but whose appointment has not yet been attested by the Civil Service Commission as certified by the PAIS, Records Management Division (RMD), Directorate for Personnel and Records Management (DPRM).
- jj. **Transfer of Loan** – refers to the stoppage of an existing loan with the losing creditor where the loan was fully settled and as a new loan for the gaining creditor where the personnel applied for transfer of the old loan.
- kk. **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 ATD signed and executed by the borrowers.
- ll. **Underpaid Deduction** – refers to the amount of deduction for a loan that is less than the required monthly amortization stipulated in the loan contract.
- mm. **Username** – refers to an identification used to gain access to a computer system or network.

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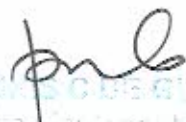


## 6. GUIDELINES:

### a. General Guidelines

- 1) Except as may otherwise be provided by law, it shall be unlawful for a treasurer or other fiscal officer to draw or retain from the salary due an officer or employee, any amount for contribution or payment of obligations other than those due the government or its instrumentalities (Section 66, Title I (A), EO 292);
- 2) The payment of debt and other obligations incurred by PNP personnel members from different financial institutions, whether governmental or non-governmental, shall be their own responsibility 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;
- 3) The accreditation of Financial Institutions (FIs) in the Automatic Salary Deduction Scheme (ASDS) is a privilege that can be withdrawn, for cause, by the Chief, PNP;
- 4) 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);
- 5) 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 (ASPDC), 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;
- 6) For the purpose of ASDS, a standard Memorandum of Agreement (MOA) shall be entered into with FIs authorized under the GAA to avail of automatic salary deduction scheme through SDLIS;
- 7) 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 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 personnel or retirees;
- 8) No deduction shall be made in favor of any FIs not duly accredited by the PNP Committee on Accreditation for Automatic Deduction (CAAD);
- 9) ASDS shall be allowed for payment of loans contracted by active PNP personnel;

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- 10) 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;
- 11) The automatic salary deduction scheme maybe extended to the GFIs, PNPPF and accredited FIs based on the order of preference provided by the existing GAA to include all other deductions that may be allowed by the PNP. Provided, such deductions shall not reduce the employee's monthly net take home pay based on the amount provided by existing GAA, exclusive of the Subsistence Allowance for the specific month, after all authorized deductions;
- 12) A substantial change in the coverage of authorized deductions in future GAAs automatically forms part of the coverage of this MC;
- 13) The organizational, physical, and technical security to ensure protection of personal information of PNP personnel processed by FI shall be maintained in observance of the provisions set by the Data Privacy Act and National Privacy Commission; and
- 14) Personnel who are meted with suspension for administrative offenses will temporarily stop receiving their monthly salary. Payment or monthly deduction shall resume upon their return to service.


**b. Specific Guidelines:**

**1) ACCREDITATION OF FINANCIAL INSTITUTIONS (FIs)**

- a) The Committee shall establish procedures and controls in the accreditation of FIs and provide appropriate measures to facilitate the monitoring of collections and deposits of Service Fees;
- b) The Committee shall require the FIs requesting accreditation and/or renewal of accreditation to submit documentary requirements as stated in the procedures;
- c) An Entity/FI applying for accreditation shall submit to the Committee the required documents in four (4) sets, one of which shall contain authenticated copy by issuing agency and the other three (3) sets shall contain photo copies;
- d) The Secretariat shall initially validate the completeness, regularity, and truthfulness of submitted documents. Should the need for further validation arise, the Committee may seek assistance of appropriate PNP operating units to conduct mandatory Background Investigation

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(BI) in determining the true operational and financial status of the applying FI;

- e) In cases where BI is resorted to and pending its result, the Committee may defer deliberation on the application for accreditation and/or renewal of accreditation or, after its initial deliberation, grant temporary accreditation to the applying FI. The Committee shall take full consideration of the result of the BI, whether favorable or unfavorable, during its final deliberation;
- f) All applications for accreditation shall be accompanied by a prepared MOA and shall be processed by the appropriate office in charge;
- g) Upon completion of the processing, the Head Secretariat shall submit a recommendation to the Committee to convene for evaluation/consideration of the application. Upon favorable consideration of the application, the Committee shall prepare a Resolution and subsequently transmit same to the Chief, PNP for approval;
- h) Once the Resolution is approved, the accompanying prepared MOA shall be signed by the parties;
- i) The approved Resolution shall then be transmitted to the Finance Service by the Head, Secretariat for implementation, copy furnished the members of the Committee;
- j) The MOA entered into and by any accredited entity with the PNP thru the Committee shall be valid for a period of two (2) years from the date of its approval by the Chief, PNP and may be renewed upon compliance with the requirements for such purpose;
- k) The Finance Service shall allot fifteen (15) deduction codes for each FI in the SDLIS based on CAAD Resolution approved by the Chief, PNP; and
- l) The Committee shall require the FIs to submit the following documents in their application for accreditation and/or renewal of accreditation:
  - a) For entities registered with Securities and Exchange Commission (SEC)
    - (1) Certificate of Incorporation;
    - (2) Article of Incorporation and By-Laws to include latest amendment, if there is any; and
    - (3) Updated General Information Sheet.
  - b) For entities registered with Cooperative Development Authority (CDA)
    - (1) Certificate of Registration;

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- (2) Article of Incorporation and By-Laws to Include latest amendment, if any;
  - (3) Updated General Information Sheet;
  - (4) Certificate of Good Standing; and
  - (5) Latest Annual Performance Report.
- c) For entities registered with Bangko Sentral ng Pilipinas (BSP)
- (1) Certificate of Registration; and
  - (2) Certificate of Good Standing.
- d) For entities registered with Insurance Commission (IC)
- (1) Certificate of Authority to Conduct Business
- e) In addition to the aforementioned documentary requirements, all applicants for accreditation shall submit certified true copy of the following documents:
- (1) For new applicants' accreditation:
    - (a) Letter Request;
    - (b) Copy of Credit Redemption Insurances;
    - (c) Updated Audited Financial Statements;
    - (d) Summary List of PNP Borrowers-Members which includes Billing Reports containing therein are Schedule of Computation of Loans such as: Principal Amount, Date of Loan Granted, Mode of Payment/ Terms, Interest and Other Charges, Effectivity of 1<sup>st</sup> Billing, and Maturity;
    - (e) Copy of Loan Release Vouchers, Promissory Note/ Policy Contract signed by PNP members;
    - (f) List of Plan Holders (for Insurance Company), which includes amount of premium, effectivity, and maturity date of policy contract; and
    - (g) At least 500 memberships.
  - (2) For renewal of accreditation, submit the same requirements stated in para 5.a except item 5.a.5.


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## 2) TERMINATION OF ACCREDITATION OF FINANCIAL INSTITUTIONS

- a) The following are grounds for the termination of accreditation of FIs in the PNP Automatic Salary and Pension Deduction Scheme (ASPDS):
- (1) Cancellation of accreditation for cause;
  - (2) Non-renewal of accreditation after expiration of MOA pertaining to automatic salary and pension deduction between the PNP and concerned FIs;
  - (3) Unauthorized deductions;
  - (4) Non-compliance to the provisions stipulated in the MOA;
  - (5) Imposition of any fee, charge or interest without consent of the clients;
  - (6) Failure to issue the Statement of Account and Loan Ledger within forty-eight (48) hours upon request of the borrower;
  - (7) Failure to issue Certification of Full Payment upon completion of the Loan Obligation; and
  - (8) Other analogous circumstances.
- b) In case of non-renewal of accreditation after expiration of MOA, the concerned FI shall be given a 60-day grace period from the date of expiration to renew accreditation unless there is urgent reason to terminate accreditation at once.
- c) The Committee deems it necessary to strengthen its authority to make recommendation to the Chief, PNP for the unilateral cancellation of accreditation, termination of MOA, and the withdrawal of privileges in the ASPDS, based on legally justifiable circumstance.
- d) The following are the procedures in the termination of accreditation in the PNP ASPDS:
- (1) The Secretariat shall validate the grounds for termination of the Financial Institution (FIs);
  - (2) Once validated, the Head Secretariat shall submit a recommendation to the Committee to convene for evaluation/consideration of the termination. Upon favorable consideration of the termination, the Committee shall prepare a Resolution and subsequently transmit same to the Chief, PNP for approval; and

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FINANCIAL INSTITUTIONS COLONEL  
ARMED AND ARMED OFFICER, DC

- (3) Once the Resolution is approved, it shall then be transmitted to the Finance Service by the Head, Secretariat for implementation, copy furnished the members of the Committee.
- e) Upon approval of withdrawal of privilege in the ASPDS, the CAAD shall inform in writing the concerned institution at least thirty (30) days prior to the effectivity of stoppage of deductions.
  - f) The Directorate for Comptrollership shall issue implementing order to FS upon request by the Chairman, CAAD.
  - g) The FIs shall exhaust all means to inform affected personnel of the stoppage of deduction of their obligation in favor of concerned institution advising them to directly settle any remaining balances in their respective accounts.
  - h) The FS shall, after one (1) month, submit to the Directorate for Comptrollership a report pertaining to the implementation of the stoppage of deduction against the concerned institution.
  - i) The withdrawal of privilege in the ASPDS of the PNP shall not preclude the affected institution to directly collect unpaid obligations directly from concerned PNP personnel.
  - j) The FIs shall not impose interests, penalties, and surcharges to PNP personnel assigned in remote areas who are affected by the cancellation of FIs accreditation.

### 3) AUTOMATIC SALARY DEDUCTION SCHEME (ASDS)

- a) All FIs accredited by CAAD may enjoy the privilege of availing the ASDS;
- b) PNP personnel with permanent appointment are allowed to avail of the ASDS provided:
  - (1) They have sufficient Net Take Home Pay (NTHP) as prescribed by the current General Appropriations Act (GAA), excluding the Subsistence Allowance (SA) which is intended to defray the cost of daily meals of PNP uniformed personnel; and
  - (2) If the NTHP is on the limit, payment of amortization of a re-loan through ASDS may be allowed, provided that the new monthly amortization to be deducted will be the same or lower than the previous one and the borrower has no past due accounts with any accredited FIs. Provided further, that the re-loan shall not result in having understatement or underpayment of any existing loan enrolled with the ASDS.


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Administrative Officer, DO

- c) Newly appointed PNP uniformed personnel on temporary status may be allowed to avail the ASDS for purposes of loan amortization subject to the following conditions:
- (1) Loan/s, the total amount of which, shall not exceed Php100,000.00; and
  - (2) The loan/s shall be payable within the maximum installment of 12 months.
- d) Newly appointed NUP, while their appointments are already permanent upon entry in the service, are still placed under six (6) months probationary period. For this reason, they shall only be allowed to avail the ASDS for payment of loan amortization after the said probationary period;
- e) In-service lateral entrants, though appointed in temporary status, shall be allowed to avail of ASDS for payment of loan amortization provided they can present proof of continuous service rendered until their appointment to the new rank;
- f) Types of deductions that can be accommodated through ASDS:
- (1) Premium contributions for GFIs such as the BIR, PHILHEALTH, GSIS and PAG-IBIG;
  - (2) Loan deductions for GFIs and accredited FIs;
  - (3) CAPCON/Savings for accredited FIs;
  - (4) Insurance deduction for accredited insurance companies; and
  - (5) All other deductions which may be authorized by laws and rules such as:
    - (a) Salary Assignment;
    - (b) PNP Shelter Board; and
    - (c) Existing Class/Association Contributions.

However, salary assignment by virtue of court order, although not stipulated in the Order of Preference in the GAA, should be mandatorily deducted from the pay and allowances of PNP personnel obliged to give support. The same treatment shall be accorded to salary overpayment. Likewise, for personnel with penalty of forfeiture of pay the amount equivalent to the penalty shall be treated as mandatory deduction for the period to be prioritized over loan payments.

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Administrative Officer, DC

g) A duly signed ATD shall be uploaded in the SDLIS to support the deduction from the pay and allowances of concerned PNP personnel.

**c. COMPOSITION AND FUNCTIONS OF THE COMMITTEE ON ACCREDITATION FOR AUTOMATIC DEDUCTION (CAAD):**


a. The PNP Committee on Accreditation for Automatic Deduction shall be composed of the following:

The Director for Comptrollership	-	Chairman
Deputy Director for Personnel and Records Management	-	Vice-Chairman
Deputy Director, Finance Service	-	Member
Deputy Director, Legal Service	-	Member
Deputy Director, ITMS	-	Member
Deputy Director, PRBS	-	Member
Assistant Chief, Management Division, DC	-	Head Secretariat

b. The Committee shall be responsible for:

- 1) The accreditation of financial entities authorized by law other than entities of the government to avail of the scheme, subject to the approval of the Chief, PNP;
  - 2) The formulation of policies governing the effective and efficient implementation of ASPDS, subject to the approval of the Chief, PNP;
  - 3) The entry into a Memorandum of Agreement (MOA) with accredited entities for the availment of the ASPDS subject to the approval of the Chief, PNP;
  - 4) The incorporation in the MOA of a provision for the payment of service fee which shall be at certain percentage of the total monthly collections made in favor of the accredited FIs. The Committee, if warranted and if it will not unduly burden PNP personnel, could negotiate for another rate prescribed herein;
  - 5) The monitoring of the collection of service fees and their disposition in accordance with laws, rules and regulations so as to negate unauthorized disbursement;
  - 6) The submission of reports with regard to their activities and such other matters that should be brought to the attention of the Chief, PNP; and
  - 7) The performance of other related functions to ensure efficient and effective implementation of the ASPDS.
- c. A quorum of the Committee shall be composed of the Chairman or, in his absence, the Vice-Chairman plus three (3) members. The presence of a quorum is sufficient to carry out the business of the committee and to decide

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Administrative Officer, DC



issues pending before it, provided the absent members have been duly notified;

- d. The Committee shall have authority to promulgate its own rules and procedures in conducting its business and impose requirements for accreditation which, from time to time, may be revised to be more flexible and attuned to developments on financial and legal matters;
- e. To assist the Committee members to access the needed files, data and other important inputs, and in the promulgation of approved committee resolutions, the Chief, Revenue Collection Division, FS; Chief, Financial Information Management Division, FS; Chief, Pension Division, PRBS; and Chief, Data Management Division, ITMS shall be permanent representatives in the regular committee meetings;
- f. To assist the Committee in the conduct of its business, a Secretariat is hereby constituted headed by the Assistant Chief, Management Division, Directorate for Comptrollership;
- g. The Secretariat shall be responsible for:
  - 1) The processing of all applications for accreditation. It shall determine and ensure that all requirements set forth by the Committee are complied with; and
  - 2) The keeping of all records of the Committee, the preparation of the issuances, correspondence and minutes of proceedings, and the performance of such other functions that the Committee may require from time to time; and
- h. The Secretariat shall be supported by the Deputy Chief, Disbursement Division, FS, Assistant Chief, Revenue Collection Division, FS, NUP Supervisor Pension and Gratuity Section, FS; and NUP Supervisor, PRBS, as additional members who shall assist the Committee on matters pertaining to Automatic Salary and Pension Deduction.

## 7. PROCEDURES:

### a. ASDS THROUGH THE SDLIS

*The following are the responsibilities of concerned offices and entities:*

**FIs and the management of PNPFS shall observe the following:**

- 1) In order to access the SDLIS, the authorized users designated by the FIs shall enroll in the SDLIS for the issuance of their individual Username and registration of corresponding Password;
- 2) Enrollment shall be done at the FIMD, PNPFS, RFSOs and FSOs. The registration shall be supported by the following:

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Police Lieutenant Colonel  
Administrative Officer, DC

- a) Letter request/endorsement from the FIs indicating the names of authorized users and their functions as SDLIS users (as loan assessor and/or approver);
  - b) Authenticated photocopy of their valid company identification card;
  - c) For FIs accredited by the CAAD, a certified copy of the Memorandum of Agreement (MOA) shall be submitted to the RCD, PNPFS for reference in the processing of Billing Reports for the collection of payment for loans through automatic salary deduction, and subsequent remittance of collections; and
  - d) Duly signed Data Sharing Agreement (DSA).
- 3) Usernames and passwords assigned by FIMD, PNPFS shall be non-transferable. These shall be solely used by the registered users; and
  - 4) FIs shall immediately inform FIMD, PNPFS for the termination of access of authorized users who are transferred to other duties or assignments not connected in loan processing.

*The following tasks shall be performed by the PNPFS:*

- 1) RCD, PNPFS will validate the entries in the SDLIS based on the uploaded ATD, which shall indicate the monthly amortization, number of remaining installment (NRI), deduction code, date granted, and principal amount of loan;
- 2) PNP Personnel of the FIMD, PNPFS shall be the system administrators. Any changes in the system shall be subject for recommendation of the C, FIMD for approval by the Director, PNPFS;
- 3) FIMD, PNPFS shall maintain the list of authorized users both from the PNP and the FIs;
- 4) FIMD, PNPFS shall ensure that the confirmed and approved loan transactions are migrated in the PMS on the 26<sup>th</sup> day of the month for the payment of loans through automatic salary deduction;
- 5) When an exception report is generated, authorized PNP personnel of RCD, PNPFS shall conduct verification and/or validation of questionable loan transactions by coordinating with the concerned FI; and
- 6) PNPFS reserves the right to disqualify, deny or suspend the implementation of a loan for automatic salary deduction for valid reasons and/or legal consideration provided there is proper documentation. The concerned FI shall be informed accordingly and shall be given a chance to explain. PNPFS may recommend to CAAD the suspension or cancellation of accreditation of concerned FI.

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 Administrative Officer, DC

*Responsibilities of PNP Personnel:*

- 1) Enrollment with Online Payslip Portal;
- 2) Keeping their his/her usernames and passwords secured. Sharing of one's username and password is strictly prohibited, hence loan application through a representative is not allowed. The PNP shall not be liable for consequences that may arise due to the personnel's willful violation of this policy;
- 3) Settlement of their obligations with the FIs. They shall personally undertake necessary actions pertaining to their request to condone penalties and surcharges for underpaid and/or past due accounts; and
- 4) Adherence to the policies set in this MC or other applicable rules and/or existing PNP directives.

**The ASDS shall be implemented through the SDLIS in the following procedures:**

- 1) The following transactions shall be processed in the SDLIS:
  - a) Implementation of loan deductions;
  - b) Stoppage of loan deductions;
  - c) Adjustment of underpaid/overpaid monthly loan amortization; and
  - d) Implementation and adjustment of contributions such as CAPCON, class contribution, insurance, and other contributions as may be authorized by law.
- 2) All PNP personnel shall enroll their passwords in the PMS with their usernames as defined in the system. Their usernames and passwords shall be required to access the SDLIS for loan application.
  - a) The username and password shall be used every time the PNP personnel apply for loans with GFIs, accredited FIs and the PNPPF; and
  - b) Loan application shall be personally done by the borrower in any of the FIs' branches nationwide.
- 3) GFIs, PNPPF, and FIs shall enroll their authorized loan assessors and validator, with their usernames and passwords and duly signed DSA in order to access the SDLIS for the processing of loan application and approval;
- 4) Security of one's username and password is the responsibility of the user. Sharing of these pieces of information is strictly prohibited. In case

they will be compromised, the user shall proceed/contact the FIMD to request for change of Username and/or Password. The PNPFS shall not be faulted for the unlawful use of the personnel's username and/or password by another party. In case of forgotten password, concerned personnel may proceed to FIMD, FS/FSO/RFSO, PNPFS for the resetting of Password;

- 5) The SDLIS shall 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;
- 6) Vulnerability assessment and patch management shall be conducted on a regular basis, or as per recommendation of the C, FIMD, PNPFS as system administrator;
- 7) The PNPFS may request and/or recommend to the CAAD for the suspension or revocation of the MOA for valid reasons, such as those that will affect system security and proper implementation. Consequently, the concerned FI's authority to access the SDLIS shall be suspended or permanently cancelled. PNPFS shall submit report to the CAAD for their information, reference, and/or appropriate action;
- 8) PNCOs/NUP who were appointed through lateral entry shall be allowed to avail loans and CAPCON, regardless of the status of the appointment as officer;
- 9) Patrolmen and lateral entrants in temporary status to include PNP personnel retiring within 12 months shall not be allowed to avail loan through SDLIS;
- 10) NUP appointed in permanent status shall not be allowed to avail the automatic salary deduction through SDLIS during the 6-month probationary period reckoning from the date of their appointment;
- 11) In no case shall the minimum NTHP as provided for in the GAA shall be utilized as payment for loan amortization or whatever deductions except for Salary Assignment with court order;
- 12) In case of minimum NTHP, salary assignor may utilize its CAPCON for Salary Assignment. The Salary Assignment for dependents of the PNP personnel shall be treated as mandatory deduction, hence, it shall be prioritized over loan payments;
- 13) First come first serve basis as preference of monthly deduction in the automated salary deduction shall be observed;
- 14) Application for access in the system by users of FIs shall be subject for approval of the Director, PNPFS upon the recommendation of the Chief, RCD. Application, change, and termination of users must be endorsed

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ADMINISTRATIVE DIRECTOR  
Administrative Director, DC

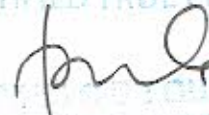
by the General Manager or authorized personnel of the FI's Central Office;

- 15) In case of transfer of loan from one FI to another, the losing FI shall immediately effect the stoppage of loan amortization once full payment has been made. Transfer of loans will not be allowed if there is an existing past due account or when the maximum amortization amount is not sufficient to cover the monthly loan amortization. The losing FI shall issue and submit to RCD a Certificate of Full Payment and Official Receipt. On the other hand, the gaining FI shall submit corresponding ATD to RCD;
- 16) In case of unauthorized deduction, the concerned FIs shall refund the deducted amount. Likewise, the FI shall refund the expenses of the concerned member of the PNP borrower/such as transportation expense and board and lodging on the day of completion/settlement of the transaction;
- 17) FIs shall not utilize CAPCON as a mode of deduction to pay loan amortization;
- 18) In no case shall the FIs impose penalties and other surcharges as a result of underpayment of amortization that is not the fault of personnel/borrower;
- 19) The PNPFS shall not be faulted for penalties and charges for stoppage of loan deductions as a result of the forfeiture of salaries, overpayment, and/or implementation of correct withholding taxes as well as adjustments in mandatory contributions or premiums; and
- 20) Based on the GAA, the mandatory deductions by the GFIs (BIR, GSIS, PAG-IBIG Fund and PhilHealth) are the first in the order of preference for automatic salary deduction. If the remaining NTHP is not sufficient to cover a forfeiture of salary, or an adjustment in withholding tax, government premiums and/or mandatory contributions, the borrower's CAPCON shall cover the insufficient monthly amortization even without the consent of the borrowers. However, if the amount of the CAPCON is still insufficient to cover the same, the system shall adjust or stop existing deductions for loans on a last-in-first-out basis reckoning on the date the loan was granted. Such adjustments or stoppage shall be reflected in the exception report. The affected personnel may apply with the concerned FI for condonation of penalties and surcharges that may have resulted due to such stoppage of loan deductions. Likewise, the borrower may apply for restructuring of loans, subject to approval of the concerned FI.

## 8. COORDINATING INSTRUCTIONS:

- a. Supplemental guidelines may be issued by the concerned offices to effectively implement this MC with the approval of the Chief, PNP; and

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First Lieutenant Colonel  
Administrative Officer DC

b. Lateral coordination is encouraged.

**9. PENAL 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 be 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 MC are hereby rescinded and/or modified accordingly.

**11. EFFECTIVITY:**

This MC shall take effect after 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

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*Paulo*  
PAULO M. MANSAN  
Police Colonel  
Administrative Officer, DC