



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

17 JAN 2021

MEMORANDUM CIRCULAR
NO.: 2021-006

**POLICIES AND GUIDELINES IN THE PROHIBITION OF PNP PERSONNEL
WITH TEMPORARY AND/OR PROBATIONARY APPOINTMENT FROM
AVAILING THE AUTOMATIC SALARY DEDUCTION SCHEME (ASDS)**

1. REFERENCES:

- a. Section 47 of Republic Act (RA) No. 11465 or the General Appropriations Act of 2020;
- b. NAPOLCOM Memorandum Circular (MC) No. 2018-002 dated November 8, 2018 entitled: "Prescribing the Procedures and Guidelines in the Processing of Applicants for Appointment as Police Commissioned Officers via Lateral Entry";
- c. PNP MC No. 2020-042 dated June 16, 2020 entitled: "Amending PNP MC No. 2020-020 dated March 13, 2020 Entitled Comprehensive Policies, Guidelines and Procedures in the Implementation of the PNP Automatic Salary Deduction Scheme (ASDS)";
- d. PNP MC No. 2020-020 dated March 13, 2020 entitled: "Comprehensive Policies, Guidelines and Procedures in the Implementation of the PNP Automatic Salary Deduction Scheme";
- e. PNP 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. NHQ PNP Circular No. 01-2008 entitled: "Policies, Guidelines and Procedures on the Processing of Loans Contracted by PNP Uniformed Personnel";
- h. Standard Operating Procedure (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'";

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- i. 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"; and
- j. 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."

2. RATIONALE:

This MC prescribes the guidelines and procedures in the exclusion of Philippine National Police (PNP) personnel with temporary and/or in probationary appointment in the coverage of the Automatic Salary Deduction Scheme (ASDS), such as deductions for capital contributions, loan amortizations, insurance premiums, and other similar coverage.

3. SITUATION:


It is becoming a subculture in the PNP that personnel with temporary and/or probationary appointment avail the services of the different Financial Institutions (FIs) to either contract a loan or to become members of the FIs, subject to payment of monthly fees, contribution, and/or loan amortizations through ASDS.

This practice was stopped in 2012 when the Directorate for Comptrollership issued Fiscal Directive No. 2012-08, 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.*" This however, for some reasons, was set aside several years after and the offering of memberships and loans to PNP personnel with temporary and/or probationary appointments has again continued in the PNP.

Several studies conducted by concerned offices of the PNP revealed that most of the personnel who engage in illegal activities have low Net Take Home Pay. They resort to illegal means to augment their income in order to provide for their family needs. Thus, to break this practice, there is a need to inculcate and develop the value of sound financial management specifically to the PNP personnel whose appointments are still temporary and/or probationary, through the issuance of a MC.

4. PURPOSES:

- a. To inculcate and develop the value of a sound financial management among the cadets and recruits in the early stage of their training and career;
- b. To instill to PNP personnel with temporary and/or probationary appointments, the importance of saving rather than entering into different loan obligations, without disregarding the right of the personnel the freedom to contract; and

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- c. To exclude in the coverage of ASDS the loan amortizations and membership fees to different FIs of all PNP personnel with temporary and/or probationary appointments.

5. DEFINITION OF TERMS:

- a. **Authorized Deductions** – refer to the deduction from salaries, emoluments or other benefits authorized in writing by government employee for purposes of payment of his contributions or obligations due to Government Financial Institutions (GFIs), PNP Provident Fund (PNPPF) and FIs, based on the order of preference as provided for in the yearly General Appropriations Act (GAA).
- b. **Automatic Salary Deduction Scheme (ASDS)** – refers to the payment scheme wherein the PNP personnel authorized 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 GFIs.
- c. **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.
- d. **Financial Institutions (FIs)** – refers to the PNP accredited Non-Stock Savings and Loan Associations (NSSLAs), Cooperatives, Insurance Companies, Mutual Benefit Fund Associations authorized by law.
- e. **Loan** – refers to a sum of money given by GFIs, PNPPF, and FIs to PNP personnel, that the latter promise to pay the former with interest within a specified period of time as agreed upon and covered by a contract.
- f. **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.
- g. **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 to that of the original lending agreement.
- h. **PNP Recruits** – Police trainees with the rank of Patrolman/woman who were appointed in temporary status pending compliance with the Field Training Program (FTP).

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- i. **PNP Personnel** – shall include police cadets, PNP recruits, uniformed and non-uniformed personnel or employees of the Philippine National Police.
- j. **PNPA** – Philippine National Police Academy.
- k. **PNPTI** – Philippine National Police Training Institute.
- l. **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, rules and standards congregated in pursuant thereof. (Section 13, Rule V Omnibus Rules Implementing Book V of E.O. 292); and
 - 2) Issued to Patrolman/woman (PNP recruits), lateral entrants, and police cadets after completion of the required PNP FTP for 12 months involving actual experience and assignment in patrol, traffic, and investigation whose appointment is attested by the Civil Service Commission (CSC) and certified by the PAIS, Records Management Division (RMD) Directorate of Personnel and Records Management (DPRM).
- m. **Probationary Period** – refers to the 12-month period where the newly appointed Police Commissioned Officers (PCOs) through lateral entry possess a temporary status pending the completion of the Public Safety Training Program (Public Safety Officers Basic Course and Field Training Exercises).
- n. **Temporary Appointment** – refers to the following:
 - 1) Issued to PNP personnel without appropriate eligibility but is willing and able to assume the position, as certified by the Civil Service Regional Director (CSRO) concerned. (Section 13, Rule V Omnibus Rules Implementing Book V of E.O. 292); and
 - 2) Issued to newly appointed Patrolman/Patrolwoman (PNP recruits), lateral entrants, and police cadets who meet the minimum requirements but whose appointment has not yet been attested by the CSC as certified by the PAIS, RMD, DPRM.
- o. **Police Cadets** – Cadets of the PNPA who shall be appointed by the Chief, PNP, or upon his authority, by the Director, PNPA, and who shall hold the rank of Police Cadet, in temporary status, renewable every year until their graduation or separation from the academy for just cause in accordance with existing laws, rules and regulations, whichever comes first.

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6. GUIDELINES:

a. General Guidelines

- 1) The PNP shall not act as the conduit of the FI in the collection of contributions, loan amortizations, and other similar monetary obligations of PNP personnel with temporary and/or probationary appointments;
- 2) PNP personnel with temporary and/or probationary appointments are prohibited to issue Authority to Deduct to any FI;
- 3) Loans and other similar monetary obligations contracted by PNP personnel with temporary and/or probationary appointments shall be excluded from the coverage of ASDS; and
- 4) Renewal of loans or restructuring of loans originally contracted by PNP personnel while in temporary and/or probationary status, shall likewise not qualify for purposes of availment of ASDS, even if the applicant has already acquired regular/permanent status. To be included in the coverage of ASDS, the loan or other similar contractual obligations should be acquired at the time when the personnel have already been appointed to permanent status.

b. Responsibilities:

- 1) Committee on Accreditation for Automatic Deduction (CAAD)
 - a) Designated as the OPR to supervise the proper implementation of this MC;
 - b) Initiate appropriate action to implement this policy; and
 - c) Perform other tasks as directed.
- 2) Directorate for Personnel and Human Resource Management (DPRM)
 - a) Promptly endorse to Finance Service the names of PNP personnel with temporary and probationary appointment;
 - b) Initiate appropriate action to properly implement its function; and
 - c) Perform other tasks as directed.
- 3) Finance Service (FS)
 - a) Ensure that no automatic salary deductions will be implemented against uniformed and non-uniformed personnel with temporary appointment;
 - b) Initiate appropriate action to effectively implement its responsibilities based on this MC; and

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c) Perform other tasks as directed.

7. PROCEDURES:

a. Tagging of PNP Personnel with Temporary and/or Probationary Appointment:

- 1) The DPRM, through the PNP Recruitment Service and its Non-Uniformed Personnel Affairs Division shall submit the names of the PNP personnel with temporary and/or probationary appointments who contracted loans to the FS for purposes of tagging; and
- 2) Names of tagged PNP personnel shall be automatically excluded in the coverage of the ASDS.

b. Un-tagging of PNP Personnel who have Acquired Permanent Status:

- 1) The DPRM, upon receipt of regular/permanent appointment status of PNP personnel, shall endorse the same to the FS for purposes of un-tagging. Un-tagging of names shall be done within the period of seven from receipt of endorsement from the DPRM; and
- 2) Untagged personnel shall be qualified to be included in the coverage of the ASDS.

c. Conformity of Memorandum of Agreement (MOA) with FIs to the Circular:

- 1) Upon approval of this MC, the CAAD shall ensure the conformity of all existing MOAs, to include the new MOAs on the relevant provisions of the policy;

Upon approval of this MC, the CAAD shall revise the MOA and further include all revisions, as well as the relevant provisions of this MC to the new MOA; and


- 2) The CAAD shall monitor the implementation of the provision of this MC and the revised MOAs with FIs.

8. REPEALING CLAUSE:

All PNP policies and guidelines particularly PNP MC No. 2020-042 are hereby repealed or amended accordingly.

9. PENAL CLAUSE:

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

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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 actions.

10. TRANSITORY PROVISION:


This MC shall have a prospective application.

All loans contracted by PNP personnel with temporary and/or probationary appointment prior to the effectivity of this MC shall continue to be included in the coverage of the ASDS until fully paid.

Restructuring of loans or renewal of loans during the temporary and/or probationary status/appointment of the PNP personnel after the effectivity of this MC shall not be covered by ASDS.

11. EFFECTIVITY:

This MC shall take effect 15 days from its filing a copy thereof at the U.P. Law Center in consonance with Section 3, Chapter 2, Book VII Executive Order No. 292, otherwise known as the "Revised Administrative Code of 1987," as amended.



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