



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

MEMORANDUM CIRCULAR

NO: 2021-021

25 FEB 2021

GUIDELINES ON THE FINANCIAL TRANSACTION OF APPLICANTS AND NEWLY APPOINTED PNP UNIFORMED PERSONNEL AND PHILIPPINE NATIONAL POLICE ACADEMY CADETS

1. REFERENCES:

- a. Applicable Provisions of the General Appropriations Act;
- b. PNP Memorandum Circular No. 2020-020 dated March 13, 2020 entitled: Comprehensive Policies, Guidelines and Procedures in the Implementation of the PNP Automatic Salary Deduction Scheme (PNP ASDS); and
- c. NHQ PNP Circular No. 01-2008 entitled: Policies, Guidelines and Procedures on the Processing of Loans Contracted by PNP Uniformed Personnel.

2. RATIONALE:

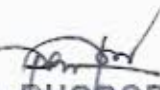
This Memorandum Circular (MC) provides the guidelines and procedures to be undertaken by concerned D-Staff, Offices, Units responsible in the PNP Recruitment and Selection Program and mandatory trainings of Newly Appointed Police Commissioned Officers (NAPCOs) via Lateral Entry, Police Trainees (PTs), and Philippine National Police Academy (PNPA) Cadetship Program.

3. SITUATION:

It has been observed that "issue-matic" business scheme became rampant in the training institutions and it has become a source of corruption. This led most of the NAPCOs and PTs to apply for loans to the extent that their respective salaries are depleted. The "in-house training business" engaged in catering the subject PNP uniformed personnel with paraphernalia and training needs resulted in various financial manipulations and abuses. Needless to say, the NAPCOs and PTs turned out to be victims of this "issue-matic" scheme purposely designed to ensure monetary advances or financial gains at the expense of said personnel.

In order to put a stop to the lingering problem and spare the newly appointed PNP uniformed personnel from the said occurrences, the PNP has to formulate plans and programs that would restrain these unwanted activities and provide measures to prevent the newly appointed recruits from incurring debts at the early stage of their

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career and let them realize the importance of managing their salaries and allowances vis-à-vis the funds required for their basic needs.

4. PURPOSE:

- a. To establish a system, which will strictly prohibit the unnecessary financial engagements of NAPCOs and PTs and PNPA Cadets while in temporary status;
- b. To prescribe the guidelines on the restriction of the newly appointed PNP uniformed personnel in temporary status to apply for loans, insurance products and services being offered by various financial institutions by amending paragraph 6(3)(c) of PNP Memorandum Circular No. 2020-020; which provides thus:


"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.*
- c. To restrict the activities such as induction of officers, graduation ball, happy hour, and other acquaintances activities;
 - d. To ensure that all training officers and staff will be held liable for any business scheme in the training institutions; and
 - e. To protect the welfare and interest of NAPCOs and PTs against financial abuses and manipulations.

5. DEFINITION OF TERMS:


- a. **Applicants** – refer to persons applying for PNPA Cadetship or applying as Patrolman/woman and Lateral Officer both in line and technical services.
- b. **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 Financial Institutions (FIs) and Government Financial Institutions (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.

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- d. **Financial Institutions**- refer to the PNP-accredited Non-Stock Savings and Loan Associations, Cooperatives, Insurance Companies, Mutual Benefit Fund Associations authorized by law.
- e. **Loan**- refers to a sum of money given by GFIs, PNP Provident Fund (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.
- f. **Lateral Entry** - is a provision of law that allows the appointment of Police Commissioned Officers (PCOs) to fill the vacancies for line and technical service positions in the PNP.
- g. **Probationary Period** - refers to the 12-month period where the newly appointed PCOs, through lateral entry, and Patrolman/Patrolwoman possess a temporary status pending the completion of the Public Safety Training Program (Public Safety Officers Basic Course and Field Training Exercises) or Public Safety Basic Recruit Course and Field Training Program, respectively.
- h. **Recruitment Office** - refers to a designated Office in Police Regional Offices (PROs) and National Support Units (NSUs) that shall continuously initiate and conduct extensive information dissemination, pre-assessment of applicants, acceptance of folders, initial evaluation of the submitted documents, and facilitate the entire screening and selection process.
- i. **Recruitment Staff and Officers** - refer to personnel of PNP Recruitment and Selection Service, PNP Recruitment and Selection Units and Regional Recruitment and Selection Units including all personnel from Directorate for Intelligence/Intelligence Group, Health Service, Crime Laboratory and PROs/NSUs involved in the recruitment and procurement of Initial Clothing Allowance.
- j. **Recruiting Units** - refer to PROs/NSUs with allocated Lateral Entry recruitment quota and are authorized to process applications to fill the quota.
- k. **Temporary Appointment/Status** - 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 PNP Accounting Information System, Records Management Division, Directorate for Personnel and Records Management.
- l. **Training Institutions**- refer to the Training Service (TS), National Police Training Institute (NPTI) and the PNPA.
- m. **Training Personnel/Staff/Officers** - refer to the personnel of TS, NPTI, and PNPA.


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- 1) Prohibition on the Collection of Fees and Contributions from Applicants or Recruits or Police Trainees
 - a) The training institutions shall establish procedures and controls by crafting an implementing plan (IMPLAN) to effectively carry-out the provisions of this MC to ensure that there will be no financial transactions to occur or transpire between the police

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6. GUIDELINES:

a. General Guidelines:


- 1) Except as may otherwise be provided by law, it shall be unlawful for the training officers and staff to collect any fees or contributions from the newly appointed PNP uniformed personnel during their mandatory training period or any PNPA cadets during the cadetship training;
- 2) All training officers and staff shall not be allowed to sell any material for training or basic needs of the newly appointed PNP uniformed personnel while in mandatory training and PNPA cadetship training;
- 3) All financial institutions shall not be entertained by the recruitment offices and training staff and officers or any personnel of PROs/NSUs to offer insurance products and services to applicants or police trainees in temporary status including PNPA Cadets;
- 4) Newly appointed PNP uniformed personnel in temporary status and PNPA cadets are prohibited from availing of the ASDS with any private financial institutions/companies during their probationary period;
- 5) Newly appointed PNP uniformed personnel in temporary status and PNPA cadets are prohibited from availing of the ASDS for capital contributions, financial investments or any financial obligation, loan contracts or obligations with any private financial institutions/companies during their probationary period;
- 6) Newly appointed PNP uniformed personnel in temporary status and PNPA cadets are prohibited from availing of the ASDS for insurances or obligations with any private financial institutions/companies during their probationary period;
- 7) All training staff and officers including the PNPA shall not directly or indirectly ask for contributions from the police trainees for parties, happy hours, and other activities if there is no fund allocated for such;
- 8) PNP uniformed personnel in temporary status and PNPA cadets shall not be allowed to avail of the ASDS for purposes of loan amortization; and
- 9) Any form of recruitment irregularities shall be reported to the CPNP, and if warranted, be referred to the appropriate disciplinary authority.

b. Specific Guidelines:

- 1) Prohibition on the Collection of Fees and Contributions from Applicants or Recruits or Police Trainees
 - a) The training institutions shall establish procedures and controls by crafting an implementing plan (IMPLAN) to effectively carry-out the provisions of this MC to ensure that there will be no financial transactions to occur or transpire between the police

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trainees, training staff or personnel or with any uniformed personnel;

- b) A detailed calendar of activities of the police trainees shall be prepared by the training institutions to include the names and participation of the training personnel which shall be submitted every quarter to the Directorate for Human Resource and Doctrine Development for monitoring purposes;
 - c) All recruitment officers and personnel of PROs and NSUs and training officers and staff of training institutions shall be regularly subjected to Complete Background Investigation upon request of the respective Directors;
 - d) All recruitment and training personnel are prohibited to directly or indirectly engaged in any business schemes or financial transactions or collections of money from any applicant or newly appointed PNP uniformed personnel and/or PNPA Cadets; and
 - e) All recruitment and training personnel shall ensure and monitor all applicants or newly appointed uniformed personnel free from any unreasonable financial obligations.
- 2) Administrative Liability of Recruitment and Training Personnel/Staff/Officers

Any recruitment and training officers/staff/personnel who shall violate the provisions of this MC shall be subjected to the provisions of Republic Act 3019, NAPOLCOM Memorandum Circular No. 2016-002 and the 2017 Rules on Administrative Cases in the Civil Service.

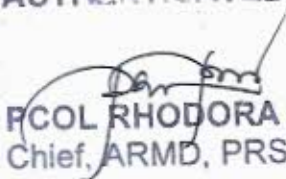
7. REPEALING CLAUSE:

All PNP issuances, which are contrary or inconsistent with this MC are hereby repealed or amended accordingly. Paragraph 6(3)(c) of PNP Memorandum Circular No. 2020-020, is hereby rescinded, as well.

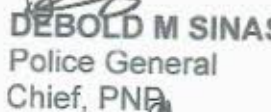
8. EFFECTIVITY:

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

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