



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

MAY 06 2021

MEMORANDUM CIRCULAR

NO.: 2021-045

**GUIDELINES AND PROCEDURES IN THE REVERSION OF
PENSION OVERPAYMENTS TO THE BUREAU OF TREASURY**

1. REFERENCES:

- a. Republic Act No. 6975 as amended by Republic Act No. 8551;
- b. General Appropriations Act FY 2021 (R.A. No. 11518);
- c. General Appropriations Act FY 2020 (R.A. No. 11465);
- d. Presidential Decree 1445 entitled "*Ordaining and Instituting A Government Auditing Code of the Philippines*";
- e. Government Accounting Manual;
- f. Board of Officers Resolution No.8 entitled "*Resolution Establishing A Retirement and Separation Benefits System for the Uniformed Personnel of the Philippine National Police*" as amended by NAPOLCOM Resolution No. 2007-376 "*A Resolution Amending Section 25 of Board of Officers Resolution Number 8 entitled: 'A Resolution Establishing a Retirement and Separation Benefits System for the Uniformed Personnel of the Philippine National Police'*";
- g. PNP Primer on Pay and Allowances, Benefits and Privileges of the Philippine National Police Personnel and their Dependents (2018). Second Edition;
- h. Memorandum from Board of Inquiry dated December 28, 2020 with subject "*Request for Policies, Guidelines or Procedures on the Reversion of Recovered Pension Overpayments to the Bureau of Treasury.*"
- i. PNP Memorandum Circular 2020-049 dated July 21, 2020 entitled: "*Guidelines and Procedures of the 'Pensioner Ko, Sagot Ko' Project*";
- j. PNP Memorandum Circular 2020-019 dated March 10, 2020 entitled: "*Comprehensive Policies, Guidelines and Procedures in the Implementation of the PNP Automatic Pension Deduction Scheme (APDS)*";
- k. PNP Standard Operating Procedure No.2020-001 dated February 3, 2020 entitled: "*Policies and Guidelines in the Conduct of Accounting Monitoring and Periodic Audit of Pensioners for the Protection of the PNP Pension Fund*"; and
- l. PNP Memorandum Circular 2017-006 dated January 20, 2017 entitled: "*Amending PNP MC No. 2012-005 dated May 31, 2012 entitled Institutionalizing the Issuance of Monthly Pension every 16th of the Month Onwards.*"

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Police Lieutenant Colonel
Administrative Officer

2. RATIONALE:

Over the years, the number of PNP retirees has progressively increased. Along with it, are the internal and external challenges that confronted the PNP organization, particularly on accounting and liquidation of pension fund. Recognizing this need, the PNP has initiated reforms to address these issues. One of these problems is the recovery of overpayments of retirement benefits to retirees and beneficiaries.

In CY 2020, the PNP has conducted a Nationwide Accounting of PNP/INP Pensioners and Modified Nationwide Accounting of Pensioners (MNAP) which resulted to the identification of disqualified pensioners with overpayments subject to recovery by the PNP.

Presently, the PNP has no policy or guidelines on the reversion of recovered overpayments released to PNP/INP pensioners, their survivors or transferees; hence, the crafting of this PNP Memorandum Circular.

3. PURPOSE and SCOPE:

To provide guidelines and procedures on the reversion of recovered retirement benefits and other forms of overpayments to the Bureau of Treasury.

4. DEFINITION OF TERMS:

- a. **Allottee** - refers to the beneficiary of a living retiree who is receiving a portion of the latter's pension as decreed by court or adjudicated by quasi-judicial bodies;
- b. **Financial Institutions (FI)** - refers to various financial establishments allowed by law to avail of the automatic deduction pursuant to the General Appropriations Act;
- c. **Pension Overpayments** - refers to excess payments of pension benefits accrued to the account of a disqualified retiree, beneficiary or transferee;
- d. **Pension** - refers to a monthly specified cash amount that a PNP pensioner will receive;
- e. **PNP Pensioner** - refers to a person who may either be a retiree, transferee or survivor receiving or entitled to receive pension from the government;
- f. **Report of Changes** - refers to a written report prepared by the processors, verified by Section Chiefs, Certified Correct by Chief, PGD, PRBS and approved by D, PRBS as reference in any changes to be made in the Pension Deduction and Loan Information System (PDLIS) such as Activation of Monthly Pension, Deletion of MP, Adjustment of

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MP; Restoration of MP, Correction of Data (name, birthdate, ATM Account Number, address, rank, pensioner type);

- g. **Retirement Benefits** - refers to the benefits other than salary, regular and collateral pay and allowances;
- h. **Transferees** - refers to the legal beneficiary of the deceased pensioner;
- i. **Survivors** - refers to the legal beneficiary of the PNP personnel who died in line of duty.

5. GENERAL GUIDELINES:

Financial transactions and operations of any government agency shall be governed by the fundamental principles set forth hereunder, to wit:

- a. No money shall be paid out of any public treasury or depository except in pursuance of an appropriation law or other specific statutory authority;
- b. Government funds or property shall be spent or used solely for public purposes;
- c. Fiscal responsibility shall, to the greatest extent, be shared by all those exercising authority over the financial affairs, transactions, and operations of the government agency;
- d. Disbursements or disposition of government funds or property shall invariably bear the approval of the proper officials;
- e. Claims against government funds shall be supported with complete documentation;
- f. All laws and regulations applicable to financial transactions shall be faithfully adhered thereto;
- g. Generally accepted principles and practices of accounting as well as of sound management and fiscal administration shall be observed, provided that they do not contravene to the existing laws and regulations;
- h. The order of priority for recovery of overpayment shall be Back-Earned Pension (BEP) and regular monthly pension, respectively.
- i. Disbursement Vouchers (DVs) shall be prepared for overpayment with the corresponding sum total not exceeding 50% of the receivable retirement benefits of the pensioner; and

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- j. Recovered overpayments from retirement benefits are payable to the Bureau of Treasury.

6. COMMON FORMS FOR PENSION OVERPAYMENT TO POLICE RETIREES, SURVIVOR AND TRANSFEREES:

- a. Unreported death of a retiree, survivor, and transferees;
- b. Re-marriage or cohabitation with another person by a surviving spouse;
- c. Loss of Filipino citizenship of a survivor or transferee;
- d. Conviction of a crime which carries a penalty of *Prision Mayor* or higher;
- e. Minor beneficiaries who continue to receive pension despite reaching the age of majority;
- f. TPPD transferee who continuously receives pension benefits despite the lapse of the 5-year guaranteed period;
- g. Allottee who continuously receives benefits from a pensioner despite rescission of a Court Order or Compromise Agreements;
- h. In case of technical errors resulting to data errors; and
- i. Other instances wherein the continued disbursement of funds to a particular retiree, survivor or transferee resulted in the release of pension funds without legal basis as well as other analogous circumstances contemplated in this Circular.

7. PROCEDURES:

a. With Transferee

1) Pension Overpayment to be Deducted from BEP

- a) PRBS shall prepare DV for pension overpayment which shall be deducted from the BEP of the pensioner/transferee;
- b) PRBS shall forward to DC (Attn: Accounting Division) for processing of DV with supporting documents;
- c) DC (Attn: Accounting Division) shall forward the processed retirement claims with corresponding Disbursement Voucher representing pension overpayment to FS (Attn: CAS, DD); and
- d) FS (Attn: CAS, DD) shall prepare LDDAP-ADA payable to Bureau of Treasury for subsequent submission to Land Bank of

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the Philippines (LBP) Camp Crame representing remittance of pension overpayment.

2) Pension Overpayment to be deducted from Disqualified Pensioner's LBP Account

- a) PRBS shall determine the pensioner with pension overpayment and its nature, and forward the same to DC (Attn: Accounting Division);
- b) DC (Attn: Accounting Division) shall ensure that documents supporting the pension overpayment are complete and in accordance with relevant laws, rules, and regulations. It shall likewise review and verify the correctness of the amount of pension overpayment. After ascertaining the correctness of the amount, the same shall be returned to PRBS;
- c) PRBS shall prepare an endorsement letter for FS (Attn: PGS, DD) signed by D, PRBS and attached thereto all validated supporting documents;
- d) Upon receipt, FS shall send a letter signed by D, FS and TDC, to the LBP Camp Crame, requesting the latter to facilitate the transfer of pension overpayment from the account of the disqualified pensioner to the Bureau of Treasury. If the said account has remaining balance after the deduction, it shall be transferred to the transferee/qualified beneficiaries' account. FS shall forward a copy of the validated letter to DC (Attn: Accounting Division) for their reference; and
- e) PRBS shall notify the disqualified pensioner or his/her beneficiaries/relatives regarding the deduction of pension overpayment from the account of the disqualified pensioner.

3) Pension Overpayment to be Deducted from Regular Monthly Pension

- a) PRBS shall prepare the "Report of Changes" that includes pensioners with remaining pension overpayment every 15th day of the month and implement the same in the PDLIS using the PRBS module;
- b) FS shall immediately prepare the corresponding DV and its remittance voucher for the remaining pension overpayment and request DC for the fundings. Upon approval of the processed voucher, FS shall be responsible in facilitating the automatic generation of Funding Warrant for the pension month and the

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corresponding LDDAP-ADA to be signed by the D, FS and TDC;
and

- c) FS shall submit to Land Bank of the Philippines (LBP), the LDDAP-ADA and shall deposit the Funding Warrant to the PNP Pension Account. It shall likewise request the LBP Camp Crame to facilitate the remittance of pension overpayment to the Bureau of Treasury.

b. Without Transferee

1) Pension Overpayment to be deducted from Disqualified Pensioner's LBP Account

- a) PRBS shall determine the pensioner with pension overpayment and its nature, and forward the same to Accounting Division, DC;
- b) DC (Attn: Accounting Division) shall ensure that documents supporting the pension overpayment are complete and in accordance with relevant laws, rules, and regulations. It shall likewise review and verify the correctness of the amount of pension overpayment. The same shall be returned to PRBS;
- c) PRBS shall prepare an endorsement letter to FS (Attn: PGS, DD) signed by D, PRBS, and attached thereto all the validated supporting documents; and
- d) Upon receipt, FS shall send a letter signed by D, FS and TDC to LBP Camp Crame requesting the latter to facilitate the transfer of pension overpayment from the account of a disqualified pensioner to the Bureau of Treasury. Likewise, FS shall forward a copy of the validated letter to DC (Attn: Accounting Division) for their reference;

2) Overpayment to be Deducted from Retirement Benefits

- a) PRBS shall prepare DV for the remaining pension overpayment which shall be deducted from the CAL and BEP;
- b) PRBS shall forward to DC (Attn: Accounting Div.) for processing of DV with supporting documents;
- c) DC (Attn: Accounting Div.) shall forward to FS (Attn: CAS, DD), the processed retirement claims with corresponding Disbursement Voucher representing pension overpayment; and
- d) FS (Attn: CAS, DD) shall prepare LDDAP-ADA payable to Bureau of Treasury for subsequent submission to LBP, Camp Crame representing remittance of pension overpayment.

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3) Direct Payment of Remaining Pension Overpayment

- a) PRBS shall notify the pensioner with pension overpayment or its relatives thru Demand Letters to settle the remaining pension overpayment which can be paid in one (1) or a maximum of three (3) schedule of payment, which should be within the prescribed period of three (3) months. Requests for two (2) to three (3) payments can be approved or disapproved by the D, PRBS;
- b) PRBS shall inform FS on the nature of the collection from the pensioner in furtherance of the issuance of Order of Payment;
- c) Upon receipt of payment from the disqualified pensioner or his/her beneficiaries/relatives, FS through its Collecting Officer, shall deposit the remaining balance of overpayment to Bureau of Treasury; and
- d) Failure to settle the pension overpayment within three (3) months upon demand, the same shall be endorsed to the CIDG for the filing of appropriate civil and criminal cases.

c. Accredited Financial Institutions (FI) and Multi-Purpose Cooperatives (MPC)

- 1) PRBS shall determine the pensioner with pension overpayment and its nature, and forward the same to Accounting Division, DC;
- 2) DC (Attn: Accounting Division) shall ensure that documents supporting the pension overpayment are complete and in accordance with relevant laws, rules, and regulations. It shall likewise review and verify the correctness of the amount of overpayment. The same shall be endorsed to FS (Attn: PGS, DD);
- 3) Upon receipt, FS (PGS, DD) shall notify the accredited FI/MPC through a letter on the nature of the pension overpayment and the collection of the same;
- 4) FI/MPC shall coordinate with FS (Attn: PGS, DD) for the issuance of Order of Payment (OP) in relation to the processing the collection of payment. Upon receipt of payment and OP, the Collection Officer, FS shall issue OR to the payor; and
- 5) Collection Officer, FS shall deposit the collected amount to the Bureau of Treasury and shall form part of his/her monthly Report of Collection and Deposit (RCD).

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8. PENAL PROVISION:

Violations of this MC shall be dealt with accordingly in accordance with NAPOLCOM Memorandum Circular 2016-002.


9. REPEALING CLAUSE:

All provisions of existing circulars and other issuances inconsistent with this Circular are hereby rescinded, repealed, and modified accordingly.

10. EFFECTIVITY:

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




DEBOLD M SINAS
Police General
Chief, PNP

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Republic of the Philippines
 NATIONAL POLICE COMMISSION
 NATIONAL HEADQUARTERS PHILIPPINE NATIONAL POLICE
 DIRECTORATE FOR COMPTROLLERSHIP
 Camp BGen Rafael T Crame, Quezon City



MEMORANDUM

FOR : CPNP

THRU : TDCA C MAY 06 2021

TDCO [Signature] MAY 06 2021

TCDS X MAY 06 2021

FROM : TADC

SUBJECT : **Proposed Memorandum Circular on Guidelines and Procedures in the Reversion of Pension Overpayments to the Bureau of Treasury**

DATE : April 8, 2021.

MAY 06 2021
 APPROVED / DISAPPROVED
 CPNP

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1. References:

- a. Memorandum from Chairman, BOI with subject: "Request for Policies, Guidelines or Procedures on the Reversion of Recovered Pension Overpayments to the Bureau of Treasury dated December 28, 2020;
- b. DPRM Letter Orders No. NHQ-LO-TWG-2021-1062 with subject "Technical Working Group in the Reversion of Pension Overpayment to the Bureau of Treasury dated March 19, 2021; and
- c. Memorandum from Chairman, TWG in the Reversion of Pension Overpayment to the Bureau of Treasury/ Ex-O, DC with subject same as above dated April 7, 2021.

2. This pertains to the proposed Memorandum Circular (MC) on Guidelines and Procedures in the Reversion of Overpayment to the Bureau of Treasury crafted by the TWG in the Reversion of Overpayments to the Bureau of Treasury.

3. As a background, the TWG was created due to the request of the Board of Inquiry for the crafting of guidelines and procedures on the reversion of recovered pension overpayments to the Bureau of Treasury. As previously practiced, pension overpayments are being reverted back to the Pension Fund Account. However, this practice was cautioned by COA and advised to stop the reversion to the Pension Fund Account due to the provision in General Provisions of Fiscal Year 2020 General Appropriations Act (GAA), Section 4 which states " As a general rule, all fees, charges, assessments, and other receipts or revenues collected by departments, bureaus and offices of the National Government, including Constitutional Offices enjoying fiscal

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autonomy in the exercise of their mandated functions, at such rates are now or may be approved by the appropriate approving authority shall be deposited to the National Treasury as income of the General Fund Pursuant to Section 44, Chapter 5, Book VI of EO No. 292, s, 1987 and Section 65 of P.D. No. 1445."

4. Based on the current policy, there are no existing guidelines or procedures on the reversion of recovered pension overpayment to the Bureau of Treasury.

5. Relative to the above references, please be informed that this Directorate has prepared a Memorandum Circular covering the implementation of the said guidelines.

6. Further, respectfully submitted for approval and signature of the CPNP.


7. For consideration.


RODOLFO S AZURIN, JR
Police Brigadier General

Concur/Non-Concur:

 AD. LS 5-3-21

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