



Republic of the Philippines
Department of Education
REGION III – CENTRAL LUZON
SCHOOLS DIVISION OFFICE - SCIENCE CITY OF MUÑOZ

August 2, 2021

DIVISION MEMORANDUM

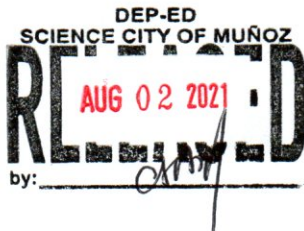
No. 289, s. 2021

IMPLEMENTATION GUIDELINES FOR THE DEPED PROVIDENT FUND REGION III

To: All Teaching and Non-Teaching Personnel

1. Enclosed is the Regional Memorandum No. 292, s. 2021 dated July 26, 2021 entitled "Implementation Guidelines for the DepEd Provident Fund in Region III" which will serve as the basis for the procedure in processing the loans, approval, release of loan proceeds, collection of loan amortizations, recording and reporting.
2. These implementation guidelines shall take effect immediately.
3. Immediate dissemination of this Memorandum is enjoined

DANTE G. PARUNGAO, CESO VI
Officer-In-Charge
Office of the Schools Division Superintendent



Acctng2021



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DSCM-QMS-QMR-QSF-008 Rev.04 (01.31.20)



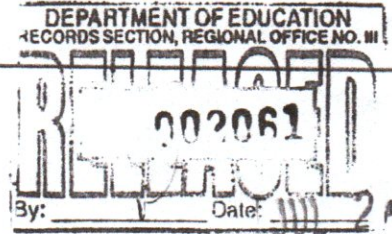
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Republic of the Philippines
Department of Education
REGION III-CENTRAL LUZON

REGIONAL MEMORANDUM

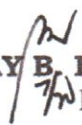
No. _____, s. 2021
292



**IMPLEMENTATION GUIDELINES FOR THE DEPED PROVIDENT FUND IN
REGION III**

TO: Assistant Regional Director
Schools Divisions Superintendents
Provident Fund Regional Board of Trustees
Regional Provident Fund Secretariat
Division Provident Fund Secretariat
All Others Concerned

1. DepEd Region III issues the enclosed Implementation Guidelines for the DepEd Provident Fund (PF) which will serve as the basis for the Regional Office, Schools Division Offices and Schools in the processing of loans, approval, release of loan proceeds, collection of loan amortizations, recording and reporting.
2. These guidelines provide the procedures, accountable persons or offices, roles and responsibilities in the administration and management of the PF. It also provides the types of loans that can be availed and limits, verification of eligibility of borrowers and documentary requirements.
3. All previous regional guidelines and procedures related to the administration and management of the Fund which are inconsistent to this Regional Memorandum are hereby repealed, rescinded, or modified accordingly.
4. These implementation guidelines shall take effect immediately.
5. Immediate dissemination and strict compliance to this Regional Memorandum is desired.


MAY B. ECLAR, PhD, CESO III
Regional Director

Fn1/fin/as1



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Implementation Guidelines for the Department of Education (DepEd) Provident Fund in Region III per DepEd Order No. 12, s. 2004 as amended by DepEd Order No. 36, s. 2007, No. 52, s. 2017 and No. 37, s. 2018

I. Rationale

The Provident Fund (PF) of the Region has grown bigger over the years and competition in the lending business is becoming more challenging in meeting customers' satisfaction. There is a need to streamline the procedure in the processing of loan applications in order to be competitive with the Private Lending Institutions (PLIs) and Government Financial Institutions (GFIs).

Online processing shall be introduced with shared access to the Payroll Masterfile of the Regional Payroll Services Unit (RPSU) and Secondary Schools preparing school-based payroll including individual borrower's Subsidiary Ledgers in lieu of the various documents required to be attached for verification purposes. The responsibility and accountability of the borrowers and personnel involved in the processing of loans and preparation of financial reports shall be strengthened.

Thus, making the PF more relevant in addressing the needs and demands of DepEd teaching and non teaching personnel.

II. Scope

These implementation guidelines cover the process of filling up of loan application form and submission, evaluation, verification/certification and approval of loan application, certification of availability of funds, disbursement approval and release of loan proceeds, collections and remittances, recording and financial reporting.

III. Implementation Arrangements

A) Filling up of loan application form and submission

1. The applicant/borrower shall accomplish the form prescribed in DepEd Order No. 37, s. 2018 "Annex A" which can be downloaded from the websites of the DepED Regional Office III and the Schools Division Office (SDO) covering his/her geographical location. ✓
2. The following types of loans may be applied for and should be indicated in the form:
 - a. Multi-purpose loan (MPL) for educational, medical or emergency need of the teaching and non teaching personnel or the immediate and other members of his/her family, major and

minor house repairs/improvements, payment of loans from other PLIs and/or (GFIs), livelihood and other legal purposes with a total maximum amount of P100,000.00 as per DepEd Order No. 36, s. 2007, Item 1.b.

- b.** Additional loan for extreme emergency cases only to be justified by the borrower with a maximum amount of P100,000.00 per borrower. The Regional PF Board Chairperson shall set aside One Million Pesos (P1,000,000.00) per annum for this purpose pursuant to DepEd Order No. 36, s. 2007, Item 2, 2iv.
3. Application for MPL loan exceeding P50,000.00 shall be approved by the Regional Director. Likewise, application for additional loan shall be approved by the Regional Director (RD) which will then be reported to the National Board for confirmation.
4. Application for additional loan shall be justified by the applicant/borrower by attaching a letter request supported with documents evidencing the cited extreme emergency cases such as:
 - a. Payment of hospital bills of borrower or member of his/her family within the third civil degree of consanguinity/affinity;
 - b. Death of a member of the borrower's family within the third civil degree of consanguinity/affinity;
 - c. Borrower is a direct victim of a natural or man-made calamity, such as typhoons, fire, robbery, armed conflict and others.
5. The loans of teaching and non teaching personnel of the Technical Vocational (TechVoc) schools presently under the Regional Office shall be transferred to the respective SDOs covering their geographical locations together with the loan records/ledgers and the transfer accounting journal entry vouchers (Transfer JEV). The receiving SDOs to where these schools belong shall prepare the responding accounting journal entry vouchers (Response JEV) and set up the loan records ready for the daily record maintenance for good housekeeping.
6. Newly hired teaching and non teaching personnel who are in the service for less than six months are allowed to avail of PF loan of a maximum amount equivalent to one-month salary payable in six months with 6% interest per annum or 0.5% per month computed using the diminishing/declining balance method pursuant to DepEd Order No. 37, s. 2018 Item 2.
7. Co-terminus employees who have been in the service for at least two years inclusive of services as Contract Of Service (COS) for the last five years may avail of the PF loan up to a maximum principal amount of P50,000.00 payable from 12 up to 24 months at the option of the applicant/borrower subject to his/her capacity to pay pursuant to DepEd Order No. 52, s. 2017 Item 1a.

8. The borrower shall be required with one (1) co-maker who is with permanent status of employment in the Department, has been in the service for at least one year inclusive of services rendered as COS for the last five years, a monthly basic salary of equal or greater than to that of the borrower's monthly basic salary and not a co-maker for at least three PF loans with outstanding balances.
9. Application for renewal of loan may be allowed provided that at least 30% of the existing loan has been paid, there are no pending applications for new loans and the balance of the principal amount shall be deducted from the new loan.
10. Interest on all types of loans is computed based on a contractual interest rate of 6% per annum using the diminishing/declining balance method wherein the interest per installment period is calculated based on the outstanding balance of the loan at the beginning of each installment period.
11. The total amount due, inclusive of principal and interest will be payable on monthly equal installment of 12 up to 60 months through the Automatic Payroll Deduction System (APDS) and over the counter (OTC) payment in case of dislodged PF deduction in the payroll.
12. The accomplished loan application form which includes the Authority to Deduct shall be submitted directly to the respective PF Secretariat by the applicant/borrower online, through a liaison officer or courier, as the case maybe.
- B) Evaluation, verification/certification and approval of loan application
13. The Regional and Division PF Secretariats shall evaluate promptly all loan applications received as to whether the form is properly and completely filled up.
14. To support the implementation of the Regional and Division PF, two (2) COS staff maybe hired to assist the Regional/Division PF Secretariat, chargeable against the interest earnings of the PF of up to 20%. These COS shall be assigned in the (1) Personnel Section where the initial loan process, evaluation and verification of loan applications as well as the preparation of Budget Utilization Request (BUR) and Disbursement Voucher (DV) and (2) Accounting Section where the maintenance of loan ledgers of individual borrowers/records, interest computations, preparation of statement of accounts (SOA) and financial reports are being done who shall be under the direct supervision of the Personnel and Accounting Unit Heads.
15. The Regional and Division PF Secretariats assigned to process the loan application shall verify the identification of the applicant/borrower and his/her paying capacity against the database shared from the RPSU Payroll

Masterfile or School Payroll Masterfile of secondary schools preparing school-based payroll which shall be updated monthly after the payroll preparation while the outstanding loan balances will be verified from the shared Subsidiary Ledger Files of the Accounting Section updated daily. The applicant/borrower and loan processor/verifier shall be jointly and severally liable for loans certified but not eligible for deduction due to insufficiency of net pay.

16. If based on the verification process, the applicant/borrower is qualified for the loan applied for, the loan processor shall forward the verified/certified application form to the Head of the PF Secretariat who shall recommend approval and finally forwards to the RD for approval, in the case of the Regional Office.

For loan applications received online, the loan processor shall forward the verified/certified application form for approval only upon receipt of the original copy with wet signature. The same shall be attached to verified/certified application form.

In the case of the SDOs, the loan processor shall forward the verified/certified application form and forward to the Administrative Officer for review/recommendation and Schools Division Superintendent (SDS), being the Head of the PF Secretariat for approval. However, application for MPL in excess of 50,000.00 and additional loan with the attached justification letter and necessary supporting documents signed by the applicant/borrower shall be recommended for approval by the SDS and forwarded to the RD for approval. The approved loan application shall be returned to the SDO for release and reported to the National Board for confirmation, in the case of additional loan

- C) Certification of availability of funds, approval and release of loan proceeds
17. After the approval of the loan application, the loan processor shall prepare the Budget Utilization Request (BUR) and Disbursement Voucher (DV) and attach the approved loan application form and forwards to the Budget Section for signature of the BUR and Accounting Section for the preparation of SOA, pre-audit and certification of the DV.
18. To ensure availability of signatories anytime, alternate signatories may be designated in the absence of the authorized signatories.
19. After the certification of the availability of funds, the signed BUR and certified DV with the approved application form shall be forwarded to the Cashier for the preparation of Automatic Debit Advice (ADA). The Cashier shall verify the accuracy of the Automated Teller Machine (ATM) bank account number of the applicant/borrower, attach his/her signature and forward to the RD, in the case of the Regional Office or SDS, in the case of

- the SDO for approval/signature of the DV/ADA and finally submit the ADA and covering bank advice to the Servicing Bank.
20. The loan proceeds shall be released directly to the ATM bank account of the borrower.
 21. After the release of loan proceeds, the Cashier shall advise the borrower of the details of the loan proceeds credited to his/her ATM bank account.
 - D) Collection and remittance (including employee transfer, retirement, resignation and travel abroad), recording and financial reporting
 22. Remittance of monthly installment payments deducted from borrowers' salaries thru the APDS of the RPSU and school-based payrolls including those paid OTC shall be made on the 10th day following the payroll month supported with abstracts of deductions and details of OTC payments.
 23. All loan proceeds released to borrowers and the corresponding monthly installment payments collected either thru the APDS or OTC shall be recorded daily in the books of accounts and posted in the Subsidiary Ledgers of individual borrowers.
 24. The outstanding principal loan balances of a borrower who transfers from one station to another within the Department shall be transferred in full with the issuance of Transfer JEV to the new station who shall likewise issue a Response JEV. The principal loan balances transferred shall still be subject to the imposition of interest.
 25. A borrower who is to retire shall either pay the outstanding principal loan balances in full or issue a notarized promissory note stating, among others, that the outstanding principal loan balance shall be deducted in full from his/her retirement/terminal leave benefits including the interests due thereon.
 26. A borrower who is to resign or travel abroad shall settle in full his/her principal loan balances including the interests due thereon prior to resignation or travel abroad.
 27. Provision for bad debts for deceased borrowers shall be allowed at 1% of the total outstanding receivables for each of the PF Chapter, subject to the usual accounting and auditing rules and regulations.
 28. The reports on the results of the PF operations in the Regional Office and 20 SDOs shall be submitted on a quarterly basis within 30 days of the succeeding quarter for review and evaluation of the Regional Board.
 1. Status of Fund;
 2. Statement of Financial Performance;
 3. Statement of Financial Position;
 4. Ageing of Loans Receivables; and
 5. List of delinquent loans with plan of actions

29. To validate the veracity of the financial reports and evaluation results, there shall be an annual field audit to be conducted by the Regional Board and Regional PF Secretariat, in coordination with the 20 Division PF Secretariats. Audit results with the corresponding recommendations shall be submitted to the RD for approval. The approved audit results and recommendations will be presented to the REMANCOM. The schedule of the Field Audits shall be covered by a separate memorandum.
30. It shall be the responsibility of the Regional and Division PF Secretariats to ensure the implementation of the PF and should form part of the performance evaluation of the officers concerned.
31. The composition of the Regional and 20 Division PF Secretariats, including their contact numbers, shall be submitted to the Regional Board annually or anytime when changes are made to regularly update the National Board.
32. The Annual Report shall be prepared and submitted by the Regional Board to the Provident Fund National Board of Trustees.

IV. Monitoring and Evaluation

The Regional Board shall be responsible for the monitoring of the effectiveness of the implementation of the PF in the regional and division levels.

The following indicators shall be monitored using the reports enumerated in Item No. 28 submitted on a quarterly basis.

1. Loans are granted to at least 50% of the total number of teaching and non teaching personnel;
2. The total allotment received has a turnaround in a year;
3. 90% of the outstanding loans receivables are current;
4. There shall be a Plan of Action for the remaining 10% outstanding loans receivables in default;
5. At least 20% of the outstanding loans receivables in default are recovered/collected during the year;
6. Utilization of a maximum of 20% of the total annual interest earnings for operational expenses; and
7. Utilization of a maximum of 2% of the total annual interest earnings for the purchase of equipment to improve operation of the PF.

V. Effectivity

This guideline shall take effect upon its approval.

VI. References

DepEd Memo dated March 3, 2021 A Resolution Approving the Continued Implementation of a Simplified Provident Fund Loan Application Process in View of the Imposition of Various Community Quarantine Classifications in the Country

DepEd Order No. 37, s. 2018 Amendments and Additional Provisions to DepEd Order Nos. 12, s. 2014; 36, s. 2007; and 52, s. 2017

DepEd Order No. 52, s. 2017 Amendments to DepEd Order Nos. 12, s. 2004 and 36, s. 2007 (Revised Implementing Guidelines for the DepEd Provident Fund)

DepEd Memo dated January 8, 2014 Dissemination of Resolution No. 02, s. 2013 Increasing the Amount of DepED Provident Fund Loan Within the Approving Authority of the Schools City/Division Superintendent

DepEd Order No. 36, s. 2007 Amendments and Addendum to DepEd Order No. 12, s. 2004 (Revised Implementing Guidelines for the DepEd Provident Fund)

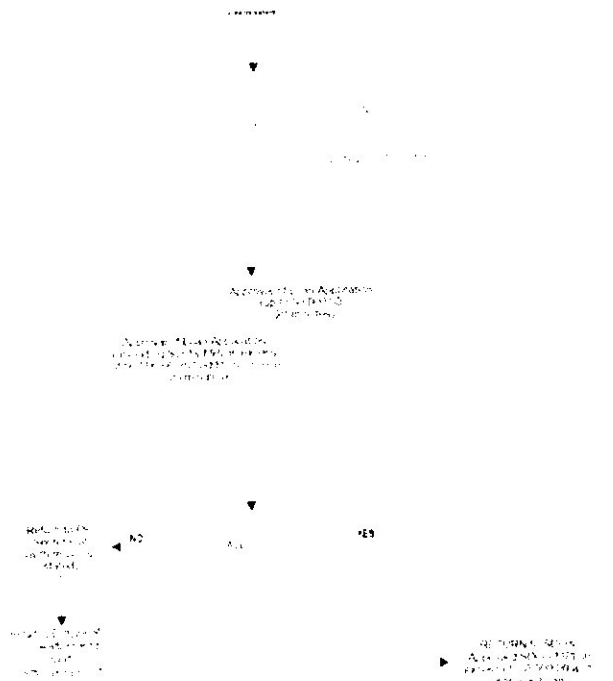
DepEd Order No. 12, s. 2004 Revised Implementing Guidelines for the DepEd Provident Fund

PROCESS NO.

PROCESS

PERSON RESPONSIBLE

8



Chief AO

SDS

Regional Director

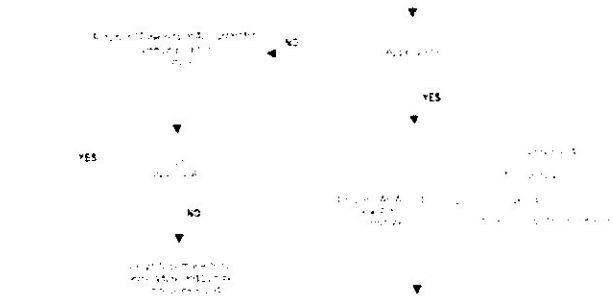
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Budget Officer

Accountant

10



Regional Director/SDS

11



Cashier

12



Regional Director/SDS

13



Cashier

14



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