1.0 REFERENCES

a. Republic Act No. 6939 otherwise known as An Act Creating the Cooperative Development Authority dated March 10, 1990;
b. Republic Act No. 8367 otherwise known as Revised Non-Stock Saving and Loan Association Act of 1997;
c. Republic Act No. 8799 otherwise known as The Securities Regulation Code of July 19, 2000;
d. Republic Act No. 9474 otherwise known as an Act Governing the Establishment, Operation and Regulation of Lending Companies of May 22, 2007;
e. Republic Act No. 9520 otherwise known as An Act Amending the Cooperative Code of the Philippines to be Known as the Philippine Cooperative Code of 2008;
f. Republic Act No. 10607 otherwise known as An Act Strengthening The Insurance Industry, Further Amending PD 612, PD 1141, PD1289, PD1455, PD1460, PD1814 and PD1981, and Batas Pambansa Blg. 874, and for other Purposes; and

2.0 BACKGROUND AND RATIONALE

It is the inherent function of the Jail Bureau to protect and promote the welfare of its officers and employees. Through this guidelines, the officers and employees will be...
protected by accrediting the different cooperatives, savings and loan associations, mutual benefit associations, lending institutions, and insurance companies.

At present there are several financial institutions which are offering various range of products and services to the active and retired personnel of the Jail Bureau. These entities are governed by different laws, rules and regulations, as follows:

A. Cooperative:

A cooperative is an autonomous and duly registered association of persons, with a common bond of interest, who have voluntarily joined together to achieve their social, economic, and cultural needs and aspirations by making equitable contributions to the capital required, patronizing their products and services and accepting a fair share of the risks and benefits of the undertaking in accordance with universally accepted cooperative principles. It promotes and undertakes savings and lending services among its members. It generates a common pool of funds in order to provide financial assistance and other related financial services to its members for productive and provident purposes.

One of the cooperative principles is the Voluntary and Open Membership - Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, cultural, political or religious discrimination.

It is a declared policy of the State to promote the creation and growth of cooperatives as a practical vehicle for promoting self-reliance and harnessing people power towards the attainment of economic development and social justice. The State shall encourage the private sector to undertake the actual formation and organization of cooperatives and shall create an atmosphere that is conducive to the growth and development of these cooperatives.

B. Savings and Loan Association:

Is a non-stock, non-profit corporation engaged in the business of accumulating the savings of its members and using such accumulations for loans to members to service

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the needs of households by providing long term financing for home building and development and for personal finance.

C. Mutual Benefit Association:

Is an association or corporation, without capital stock, formed or organized not for profit but mainly for the purpose of paying sick benefits to members, or of furnishing financial support to members while out of employment, or of paying to relatives of deceased members of fixed or any sum of money, irrespective of whether such aim or purpose is carried out by means of fixed dues or assessments collected regularly from the members, or of providing, by the issuance of certificates of insurance, payment of its members of accident or life insurance benefits out of such fixed and regular dues or assessments, but in no case shall include any society, association, or corporation with such mutual benefit features and which shall be carried out purely from voluntary contributions collected not regularly and or no fixed amount from whomsoever may contribute.

D. Lending Institution:

Is an institution, credit union, or finance company that collects membership fees and/or capital contribution from its members and invests the same for financial assets. It may or may not be a depository institution.

In its most general sense is the temporary giving of money or property by a person or institution to another person with the expectation that it will be repaid with corresponding interest.

E. Insurance Companies:

Is an institution which provides coverage, in the form of compensation resulting from loss, damages, injury, and any other form in exchange for premium payments of their members.

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MEMORANDUM CIRCULAR

TOPIC:
GUIDELINES ON ACCREDITATION OF COOPERATIVES AND OTHER FINANCIAL INSTITUTIONS DOING BUSINESS WITH THE BJMP

SUB-TOPIC:
PREScribes THE RULES, REGULATIONS AND PROCEDURES OF ACCREDITATION ON COOPERATIVES, SAVINGS AND LOAN ASSOCIATIONS, MUTUAL BENEFIT ASSOCIATIONS, LENDING INSTITUTIONS, AND INSURANCE COMPANIES DOING BUSINESS WITH THE BJMP

With the different services offered by the above-stated financial institutions, their respective Memorandum of Agreements (MoAs) have different provisions that may create confusion and generate suspicion of partiality or bias. Thus, there is an impending need to revisit, harmonize and standardize the MoA entered into by the Jail Bureau with these financial institutions in order for the top management to be insulated from this kind of scenario, and focus more on the foremost concerns of our personnel in promoting their welfare.

3.0 OBJECTIVES

1. To promote the general welfare of all personnel, active or retired, by protecting them from incurring loans beyond the Net Take Home Pay (NTHP) or from deductions without a written authority which is a specific requirement written under the General Appropriations Act.

2. Empower the Accreditation Committee in screening various financial institutions offering its services to the BJMP or is about to offer services to the BJMP.

3. Establish procedural standards in the accreditation of financial institutions by prescribing rules and regulations that is equally applicable to financial institutions which are similarly situated.

4. Regulate different financial institutions offering its services to the BJMP by ascertaining faithful compliance with the MoA.

4.0 DEFINITION OF TERMS

Calamity Loan - cash assistance for members whose places of residence have been placed under state of calamity.

Capital Contribution - an amount of money or property that a company receives from its shareholders. The capital contribution increases the shareholder's equity interest in the corporation.

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Consent of the data subject - refers to any freely given, specific, informed indication of will, whereby the data subject agrees to the collection and processing of his or her personal, sensitive personal, or privileged information. Consent shall be evidenced by written, electronic or recorded means. It may also be given on behalf of a data subject by a lawful representative or an agent specifically authorized by the data subject to do so.

Data subject – refers to an individual whose personal, sensitive personal, or privileged information is processed.

Deposits or Savings Account - A savings account is an interest-bearing deposit account held at cooperatives or financial institutions that provides a modest interest rate.

Emergency Loan - refers to the short-term loans, which are supposed to satisfy people's financial urgent need.

Financial Institution - for purposes of this guidelines, refers to cooperatives, savings and loan associations, mutual benefit associations, lending institutions and insurance companies doing business or intends to do business with the BJMP.

Insurance coverage - pertains to life or property insurance.

Membership - in order to avail the services of either cooperative or insurance coverage, personnel shall consent by executing written authority to deduct fees for membership or for his capital contribution for the said institution. Membership of all BJMP personnel in cooperatives and insurance institution is not mandatory.

Personal data - refers to all types of personal information.

Personal data breach - refers to a breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorized disclosure of, or access to, personal data transmitted, stored, or otherwise processed.

Personal information - refers to any information, whether recorded in a material form or not, from which the identity of an individual is apparent or can be reasonably and directly ascertained by the entity holding the information, or when put together with other information would directly and certainly identify an individual.

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Salary Loan - is a monetary loan provided to borrowers that must be paid in full or on installments when the borrowers receive their next salary.

Services Offered - Salary loan, emergency loan, calamity loan, insurance coverage, deposits, savings, or capital contribution.

5.0 POWERS AND FUNCTIONS OF THE ACCREDITATION COMMITTEE

1. To accredit all financial lending institutions transacting with the BJMP;
2. Revisit all MOA entered into with various financial lending institutions;
3. Recommend measures to improve transactions with these institutions for the benefit of their members who are from the BJMP; and
4. Create a Technical Working Group (TWG) that will assist the accreditation committee in the discharge of their functions.

6.0 COMPOSITION OF THE BJMCP ACCREDITATION COMMITTEE

Chairperson  -  Director for Comptrollership
Vice Chairperson  -  Chief Finance Service Office
Members  -  Chief Legal Service Office
  -  Chief, Morale and Welfare Division, DPRM
  -  NESJO

7.0 PROCEDURES

A. New Service Provider:

1. Service provider must submit a letter of intent together with all the necessary documents for accreditation;

2. Upon submission of the necessary requirements, the Accreditation Committee will convene within ten (10) days from the date of filing of letter of intent to determine,

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review, and resolve the application together with the necessary requirements, which include but it is not limited to:

1. Proposed MOA;
2. Certificate of Good Standing (CGS) issued by the Cooperative Development Authority (CDA) for cooperatives, savings and loan association, lending institution. A similar certificate must be submitted by mutual benefit association and insurance companies issued by the Securities and Exchange Commission;
3. Latest and Audited Financial Statements duly received by the Bureau of Internal Revenue to institutions required by law to submit the same;
4. Other documentary requirements that the Accreditation Committee may require.

3. After determination of application that it has faithfully complied with all the necessary requirements, the Accreditation Committee will issue a resolution recommending to the Chief, BJMP for the approval of the application for accreditation;

5. Should there be a lacking requirement/s, the Accreditation Committee may require the submission of the same within five (5) days from receipt thereof. Failure to comply may result to immediate denial of accreditation;

6. Upon approval of the Chief, BJMP the Finance Service will schedule the signing of MOA.

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**B. Renewing Financial Institution**

1. For renewing institutions, they must submit a request for renewal of the existing MOA one (1) month prior to its expiration;

2. Within ten (10) days upon receipt of the request, the Accreditation Committee will convene to review and determine the propriety of their request and their compliance with the specific obligation written in the MOA.

3. After review and determination, the Accreditation Committee will issue a resolution recommending the grant or denial of the request to the Chief, BJMP for his approval;

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4. In case it is granted, the FSO will schedule the signing of the renewed MOA.

5. In case of denial, the Accreditation Committee will notify the financial institution that their request for renewal has been denied.

7.0 PROCESS FLOW OF ACCREDITATION

Filing of Letter of Intent
The Accreditation Committee will convene

Accreditation Committee will issue resolution for the grant of the resolution request and eventual signing of the MOA.

Accreditation Committee will issue resolution of denial for approval of the Chief, BJMP.

Approval/Signing of MOA

8.0. GOVERNING RULES

1. The power to accredit financial institutions shall be vested solely with the BJMP Accreditation Committee;

2. Membership to these institutions by BJMP personnel shall not be mandatory but purely voluntary in nature;

3. No deductions shall be made without the written authority or consent from BJMP personnel;

4. Financial institutions offering its services to the BJMP, must at all time, observe strict confidentiality. No personal information of BJMP personnel shall be divulge or release without their written consent or authority as provided by the Data Privacy Act of 2012;

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5. A data sharing agreement shall be executed among and between the BJMP and these institutions;

6. The Jail Bureau shall not be obliged to deduct through salary deduction scheme if the MoA of these institutions were not renewed within the period of its renewal prior to its expiration;

7. No institution may offer services other than what is agreed upon in the MoA. The services that may be offered by these institutions initially are limited to the following:
   
   a. Salary loan;
   b. Emergency loan;
   c. Calamity loan;
   d. Insurance coverage; and
   e. Deposit, savings or capital contributions.

9.0 ADMINISTRATION

The FSO shall be responsible in the proper implementation of this Guidelines.

10. PENAL CLAUSE

Any cooperative, savings and loan association, mutual benefit association, lending institutions, and insurance companies who failed to undergo the process of accreditation will cause the automatic revocation or denial of their agreement with the BJMP. Any cooperative, insurance, and/or lending institutions who violates this guideline will cause the denial of their application for accreditation or cause the automatic rescission of the MOA.

11. EFFECTIVITY

This guideline shall take effect upon registration with the Office of the National Administration Register (ONAR), University of the Philippines Law Center (UPLC) in accordance with Sections 3 and 4, Chapter II, Book VII of Executive Order No. 292, otherwise known as the “Administrative Code of 1987.”

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12. MONITORING AND SUPERVISION

For proper monitoring and supervision of financial institution/s accredited by the Accreditation Committee, the Finance Service Office (FSO) with the assistance of the Legal Service Office (LSO) shall keep record of all MoAs and to advise the Accreditation Committee in case of breach in the provisions of the MoA by the accredited financial institution/s.

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