



PAMBANSANG PUNONGHIMPILAN TANOD BAYBAYIN NG PILIPINAS
(National Headquarters Philippine Coast Guard)
139 25th Street, Port Area
1081 Manila

NHQ-PCG/CGFS

26 October 2023

MEMORANDUM CIRCULAR
NUMBER 08-23

**GUIDELINES ON THE PREVENTION RECOVERY REPORTING AND
MONITORING OF OVERPAYMENT FROM PAY AND ALLOWANCES AND
OTHER UNAUTHORIZED CLAIMS OF PCG PERSONNEL AND PENSIONERS**

I. REFERENCES:

- A. Executive Order Nr. 226 dated 17 February 1995
- B. Section 56 of the General Appropriations Act for FY 2023
- C. Government Accounting Manual, Volume 1
- D. Commission on Audit (COA) Resolution Nr 2017-021 dated 03 November 2018
- E. NHQ-PCG/CGIAS Circular Number 13-19 dated 18 November 2019 Revised Guidelines and Procedures on Disposition of Violations of Code of Conduct and Discipline for PCG Uniformed Personnel
- F. NHQ-PCG/CGIAS Circular Number 14-19 dated 18 November 2019 (Guidelines and Procedures for Disposition of AWOL Cases of PCG Uniformed Personnel)
- G. CG-1/CGAO Circular Number 14-21 dated 26 August 2021 (Guidelines on the Processing of Collateral Entitlements/Allowances)
- H. PNFC FC3-SOP-005 dated 21 January 2021 (Prevention and Recovery of Overpayment from Pay and Allowances and Other Unauthorized Claims)

II. PURPOSE:

This Circular aims to effectively and efficiently utilize the Personnel Services Fund by preventing the occurrence of overpayment. This Circular also aims to recover, monitor and report once the overpayment is incurred by PCG personnel and Pensioners.

III. SCOPE:

This Circular covers all Philippine Coast Guard personnel including Pensioners and Non-Uniformed Personnel

IV. OBJECTIVES:

This Circular provides guidelines and procedures on the prevention, computation, monitoring and recording of overpayments of Philippine Coast Guard personnel.

V. DEFINITION OF TERMS:

For purposes of this Circular, the following terms are hereby defined:

- a. **Authorized Monthly Net Take Home Pay (AMNTHP)** – the authorized lowest amount of take-home pay allowed for each personnel, along with the Subsistence Allowance and other collateral claims.
- b. **Centralized Payroll Management Unit (CPMU)** – Unit of the CGFS responsible for updating PCG personnel information in the payroll database. The CPMU prepares and ensures the accurate and timely payment of the PCG payroll.
- c. **Coast Guard Finance Service (CGFS)** – Unit of the Philippine Coast Guard that provides the Command with timely and expeditious financial services, administers receipt and disbursement of funds in support to the Philippine Coast Guard mission.
- d. **Coast Guard Finance Service Units** – Support Units of the CGFS located in the different Coast Guard Districts.
- e. **Collateral Allowances** - Pay received by PCG personnel other than their monthly pay and allowances such as Sea Duty Pay, Magna Carta, High Risk Duty Pay, Flying Pay, Instructors Duty Pay, Lawyer's Incentive Pay, etc.
- f. **Financial Institutions and Associations (FIAs)** – Private Financial Institutions duly accredited by the PCG Accreditation Board for the collection and remittance agreement through automatic payroll deduction.
- g. **Government Financial Institutions (GFIs)** – Government institutions that are bound to collect a certain percentage from the pay and allowances of PCG personnel as prescribed.
- h. **Government Servicing Bank (GSB)** – refers to financial institutions authorized, upon accreditation by the Monetary Board, to accept government deposits and perform banking services on behalf of government agencies.
- i. **Mandatory deductions** – refers to automatic deductions in the payroll from the monthly salaries of PCG personnel.
- j. **Overpayment** – payment that was received in excess of what was due.
- k. **Payroll** – refers to the payroll for Pay and Allowances of active PCG uniformed and non-uniformed personnel.

- l. **PCG Payroll Database** – Database used by the CGFS CPMU in the updating of information and the timely preparation and processing of pay and allowances and other entitlement of PCG personnel as well as the generation of reports.
- m. **Personnel Updates** – refers to the regular updating of records of personnel information and status from the DCS for Human Resource Management, CG-1 and other PCG Units such as inclusion/deletion/promotion/demotion and other changes that has an effect in the pay and allowances of PCG Personnel.
- n. **Philippine Coast Guard (PCG) Personnel** – personnel who are members of the PCG and are receiving pay and allowances from PCG.
- o. **Regular Payroll** – refers to the payroll of active PCG uniformed and non-uniformed personnel.
- p. **Supplementary Payroll** – refers to the payroll other than Regular Payroll.
- q. **Tagging** – process done in coordination with GSB by which the cash balance of the LBP Account of a PCG personnel with overpayment may be temporarily withheld to prevent withdrawals.
- r. **Untagging** – granting the use of LBP Account in coordination with GSB to allow PCG personnel to withdraw the cash balance once his/her overpayment has been paid.

VI. POLICIES:

This Circular shall serve as guideline to prevent, recover, report and monitor the overpayment. This Circular also contributes to accurately process the pay and allowances, and other authorized claims of PCG Personnel and Pensioners to effectively and efficiently utilize the Personnel Services Fund.

VII. PROCEDURES:

PREVENTION

This procedure provides guidelines to all PCG units/Offices to avoid the occurrence of overpayment by empowering the Admin Officers/HRMUs. This requires the Admin Officers/HRMUs to submit a timely report to CG1 and CGFS regarding changes on Personnel Status that affects the pay and allowances of PCG Personnel.

- 1) All admin Officers/HRMUs shall submit the updated roster of troops; list of promoted, demoted, and reassigned PCG personnel including the orders to office CG1 and CGFS. These documents will be used by CPMU in updating the payroll database.

- 2) All Admin Officers/HRMUs shall immediately send through radio message the AWOL, discharged, terminated, resigned and deceased PCG personnel to CG1 and CGFS for proper disposition and payroll updating.
- 3) All Admin Officers of units/vessels/ crafts deployed in different operating areas shall immediately report to CG1 and CGFS through radio message any changes (ex. Promotion, demotion, relieved, reverted, retired, deceased, discharged transfer of unit assignment, etc) that may affect the pay and allowances of concerned personnel.
- 4) All personnel updates must be forwarded to the CGFS CPMU NOT LATER THAN THE 20TH DAY OF THE MONTH.
- 5) CGFS CPMU shall make the necessary updates to payroll database based on the submitted reports from CG1, Admin Officers and HRMUs.

RECOVERY

Recovery includes the determination, computation and collection of overpayments by CGFS through CPMU. CGFS CPMU shall compute the overpayment and prepare the demand letter. The demand letter shall be forwarded to the PCG personnel with overpayment and subsequently to his/her respective Admin Officer. All Admin Officers shall inform the concerned PCG personnel under its jurisdiction regarding his/her overpayment.

- 1) CGFS thru CPMU shall explain to the concerned PCG personnel with outstanding overpayment that they can pay over-the-counter or through salary deduction (**Annex A**). Upon discovery of overpayment, CGFS CPMU shall immediately compute the incurred overpayment of PCG personnel and subsequently issue the first Demand Letter (DL) (**Annex B**).
 - a) In case of non-compliance within five days from receipt of the first DL, a second DL (**Annex C**) shall be issued by the CPMU and a copy shall be furnished to the concerned PCG units Admin Officer.
 - b) In case of non-compliance within five days from receipt of the second DL, a third DL (**Annex D**) shall be issued and a copy shall be furnished to the concerned PCG Unit Commander (Attn: Provost Marshall/IGs). Likewise, CGFS CPMU shall inform the concerned PCG personnel that he/she cannot apply for a loan except if the loan proceeds will be used to settle the overpayment.
 - c) In case of non-compliance within five days from receipt of the third and final DL, CGFS CPMU shall request for the tagging/withholding of the LBP ATM Account of the concerned PCG personnel. CGFS CPMU will deduct the overpayment from the available balance in

the LBP account of the concerned PCG personnel. If the balance in the LBP account is insufficient, CGFS CPMU will deduct the overpayment from the monthly pay and allowances of concerned PCG personnel based on a schedule of collection. (**Annex E**)

- d) If the personnel with overpayment opts to pay in cash, he/she shall request an order of payment from the CGASO or District Accounting Unit. CGFS CRO or CGFSU CROs in the area shall accept the payment made by the concerned personnel in exchange for an Official Receipt (OR). Collected overpayment shall be deposited within 24 hours to the Bureau of Treasury (BTr) account. CGFS/CGFSU CRO shall issue a Certificate of Full Payment (**Annex F**) to the concerned PCG personnel upon settlement of the overpayment.
- e) If the personnel opt to pay through salary deduction, CGFS, CPMU shall require the concerned PCG personnel to duly accomplish the Pay Deduction Form. The CGFS CPMU shall ensure the timely implementation and termination of salary deductions of the concerned PCG personnel.

2) Unsettled overpayment of personnel honorably discharged/separated from the service must be reflected in their Certificate of Last Payment and subsequently be deducted from their commutation of unused leave credits. Moreover, personnel who opt to settle their overpayment through over-the-counter transaction must do so before the Certificate of Last Payment and corresponding Official Receipt will be issued.

3) Unsettled overpayment of posthumous/deceased PCG personnel shall be reflected in the Certificate of Last Payment (CLP) and subsequently be deducted from the commutation of their unused leave credits. Moreover, the dependents may opt to settle the overpayment through over-the-counter payment transaction and a corresponding Official Receipt shall be issued upon receipt of payment. In case the commutation of unused leave credits is not sufficient to cover the overpayment and the dependents cannot afford over-the-counter payment, recovery of overpayment shall be deducted from retirement/separation benefits. However, if the claims of the deceased PCG personnel are insufficient, Coast Guard Retirement and Benefits Administration Service (CGRBAS) will deduct such from the monthly pension of the legal beneficiary.

4) Overpayment of the retired PCG Personnel shall be deducted from the commutation of his/her unused leave credits, retirement and separation benefits or monthly pension. However, the retired personnel may opt to pay through over-the-counter transaction.

5) All collections from salary/pension deduction must be deposited every last day of the month to the Bureau of Treasury Account through the Land Bank of the Philippines.

6) All collections and deposits shall be made in accordance with existing policies of the Government Accounting Manual (GAM).

7) Upon completion/settlement of overpayment, either by over-the-counter transaction or through salary deduction, CGFS CPMU shall issue a Certificate of Full Payment to the concerned PCG personnel.

REPORTS and MONITORING

Paid and unpaid overpayment shall be recorded and monitored in order to validate and reconcile all the records pertaining to overpayment. Moreover, this shall assist the CGFS and CGASO to record all identified overpayments. All documents, reports, monitoring and updating pertaining to overpayment shall be transmitted by CGFS to CGASO and shall be filed in the books of accounts for monitoring and reference purposes.

1) CGFS CRO/CGFSU CROs shall submit the Report of Collection and Deposit of overpayment (RCD) to the District Accountant and Regional COA. A receiving copy shall be forwarded to the CGFS (Attn: Collection and Remitting Branch) every 5th day of the succeeding month prior to submission to the CGASO for recording in the books of accounts.

2) CGFS CRO/CGFSU CROs shall maintain Cash Receipt Records of overpayments collected and remitted for reference and recording purposes.

3) CGFS CPMU shall submit the monthly overpayment reports to CGASO for updating and recording in the books of accounts in accordance with the existing laws, rules and regulations.

VIII. RESPONSIBILITIES:

- 1) Coast Guard Human Resource Management Command shall;
 - a) Conduct Personnel Payroll Reconciliation and Cleansing (PPRC) activity through HRMUs to ensure that the report of Personnel Status under their purview is accurate.
 - b) Monitor and ensure that HRMU Commanders regularly submit the documents/personnel updates needed in the updating the payroll database.
- 2) The Coast Guard Inspector General and Internal Affairs Service shall;
 - a) Include the report of overpayment as one of the parameters to be inspected during inspection/audit of the Command/Services/Unit to ensure that the Circular is properly implemented.

- b) Conduct investigation to Admin Officer/HRMUs who will be found liable for not immediately reporting Personnel Status that caused overpayment.
- 3) The Commander Coast Guard Finance Service shall;
- a) Update the Personnel Status of the concerned PCG personnel upon receipt of administrative documents from the Admin/Personnel Officer to avoid overpayment.
 - b) Facilitate the recovery of overpayment of concerned PCG personnel.
 - c) Submit the monthly reports of overpayment and collection to CGASO.
- 4) shall; The Coast Guard Accounting Service Office/ District Accounting Unit
- a) CGASO/District Accounting Units and authorized personnel shall prepare an order of payment for personnel who will settle the overpayment through over-the-counter transaction;
 - b) Record the monthly reports of overpayment and collection.
 - c) Ensure the reports submitted by the CGFS and CGFSU CROs are updated and recorded in the books of accounts.
 - d) Ensure the reports of overpayment and collection is in accordance with Government Accounting Manual (GAM).
- 5) Admin Officers/Course Directors of All Regional Training Centers shall;
- a) Properly and accurately account and report the trainees assigned/present in the RTCs.
 - b) Ensure that all necessary documents as well as the roster of troops of trainees within their AOR is submitted to the CGFS (attn: CPMU) not later than the 15th day of every month to ensure the accuracy of the payroll preparation for the trainees.
 - c) Ensure that all documents/reports/updates that may affect the pay and allowances of trainees be forwarded to the CGFS (attn: CPMU) for immediate updating in the payroll database.

- 6) Coast Guard Adjutant Office/District Adjutant shall;
 - a) Submit electronic copies of orders pertaining to promotion, demotion, suspension, retirement, separation, resignation, deferral and discharged to CGFS, CPMUs' email not later than the 20th day of every month for immediate updating of the payroll database.
 - b) Submit all necessary documents to CGFS not later than the 15th day of every month for the inclusion of collateral allowances in the payslips of concerned PCG personnel for the following month.

- 7) Deputy Chief of Coast Guard Staff for HRM, CG-1 shall;
 - a) Submit, in a timely manner, the physical and electronic copies of all necessary documents pertaining to orders of personnel promotion, demotion, suspension, retirement, separation, resignation, deferral and discharge to the CGFS for immediate updating in the payroll.
 - b) Submit update on the status of AWOL to the CGFS CPMU for proper accounting and recording.

- 8) Coast Guard Retirement and Benefits Administration Service (CGRBAS) shall;
 - a) Ensure that updates of PCG Pensioners are regularly submitted to the CGFS, especially for pensioners who are deceased and are with or without legal beneficiaries.
 - b) Forward all Demand Letters to pensioners with outstanding overpayments and immediately inform CGFS of update on aforesaid overpayment as reference for updating the pensioners payroll database.
 - c) Ensure that the Retirement Claims and Funds Management Division (RCFMD) shall prepare the Disbursement Voucher (DV) and, in coordination with CGFS, shall subsequently deduct the overpayment of retired, separated, terminated or AWOL personnel from their remaining unused leave/separation benefits.

- 9) Admin/Personnel Officer and HRMUs of all PCG Units shall;
 - a) Immediately report through radio message AWOL, discharged, terminated, separated, suspended, retired, resigned or deceased PCG personnel to the Office of DCS for HRM, CG1 (Copy furnish CGFS).
 - b) Disseminate this Circular to all PCG personnel.

- c) Ensure that all necessary documents affecting the pay and allowances of personnel are submitted to CGFS (attn: CPMU) not later than the 20th day of every month for updating the payroll database on the following month.

IX. RECISSIONS:

All circulars, policies, and provisions of existing regulations inconsistent with this SOP are hereby amended or rescinded as the case may be.


X. EFFECTIVITY:

This Circular shall take effect immediately after its publication.

BY COMMAND OF COAST GUARD ADMIRAL GAVAN:

OFFICIAL:

JOEVEN L FABUL
CG COMMO
Chief of Coast Guard Staff


CHARITY G COPIACO
CG CDR
Coast Guard Adjutant

Annex A – Authority to Deduct
Annex B – First Demand Letter
Annex C – Second Demand Letter
Annex D – Third and Final Demand Letter
Annex E – Schedule of Collection
Annex F – Certificate of Full Payment

Annex A

AUTHORITY TO DEDUCT

Date: _____

TO WHOM IT MAY CONCERN:

In connection with my overpayment in the pay and allowance/collateral claims in the Philippine Coast Guard (PCG). I, _____ hereby authorized the CGFS (attn: CPMU) to deduct my money accountability in the total amount of _____

(Php _____) from my pay and allowance for the period of _____ months/years from _____ to _____ amounting to PhP _____ per month.

Furthermore, I hereby irrevocably assign/ appoint the CGFS (attn: CPMU) to ensure the implementation of such deduction in settlement or liquidation of my outstanding monetary obligations and accountability.

(Signature over Printed Name)

Administering Officer

Annex B

FIRST DEMAND LETTER



PAMBANSANG PUNONGHIMPILAN TANOD BAYBAYIN NG PILIPINAS
National Headquarters Philippine Coast Guard
COAST GUARD FINANCE SERVICE
139 25th Street, Port Area



DATE

From: Commanding Officer, Coast Guard Finance Service

To: _____

Subj: **First Demand Letter**

Ref: CGASO Letter to CGFS dated _____,

Encl: Computation of _____

1. This has reference to the unauthorized payment of _____
made to you covering the period from _____ to _____ with
an aggregated amount of _____
(Php _____) only.

2. In this regard, may we respectfully request for the settlement of said overpayment within five (5) working days upon receipt of this letter. Payment could be made to the nearest CGFS Office or CGFSUs Collecting and Remitting Officers thru over-the-counter and/or salary deduction.

3. Further be informed that this Service will be issuing three (3) demand letters within a five (5) days interval. Failure to settle the said accountability will result in tagging/withholding of your LBP account.

4. For any clarification/inquiry, you may contact CGFSU, _____ with mobile number _____.

5. Your immediate attention on this matter is highly appreciated.

Annex C

SECOND DEMAND LETTER



PAMBANSANG PUNONGHIMPILAN TANOD BAYBAYIN NG PILIPINAS
National Headquarters Philippine Coast Guard
COAST GUARD FINANCE SERVICE
139 25th Street, Port Area



DATE

From: Commanding Officer, Coast Guard Finance Service

To: _____

Subj: **Second Demand Letter**

Encl: a) Copy of 1st Demand Letter dtd _____

1. This is to reiterate our previous demand letter dtd _____ regarding the unauthorized payment of _____ made to you covering the period from _____ to _____ with an aggregated amount of _____ (Php _____) only.

2. In this regard, this second demand letter is hereby served for the settlement of said overpayment within five (5) working days upon receipt of this letter. Payment could be made to the nearest CGFS Office or CGFSUs Collecting and Remitting Officers thru over-the-counter and/or salary deduction.

3. Further, a copy of this Second Demand Letter was forwarded to your Unit Admin Officer for reference and appropriate action.

4. For any clarification/inquiry, you may contact CGFSU, _____ with mobile number _____.

6. Your immediate attention on this matter is highly appreciated in order to avoid inconvenience in the future.

Annex D

THIRD AND FINAL DEMAND LETTER



PAMBANSANG PUNONGHIMPILAN TANOD BAYBAYIN NG PILIPINAS
National Headquarters Philippine Coast Guard
COAST GUARD FINANCE SERVICE
139 25th Street, Port Area



DATE

From: Commanding Officer, Coast Guard Finance Service

To: _____

Subj: **Final Demand Letter**

Encls: a) Copy of 1st Demand Letter dtd _____

b) Copy of 2nd Demand Letter dtd _____

1. This is in line with our previous demand letters regarding the unauthorized payment of _____ made to you covering the period from _____ to _____ with an aggregated amount of _____ (Php _____) only.

2. In this regard, the final demand letter is hereby made upon you to settle your overpayment within five (5) working days upon receipt of this third and final letter. Payment could be made to the nearest CGFS Office or CGFSUs Collecting and Remitting Officers thru over-the-counter and/or salary deduction. Non-compliance with this final demand will compel the HCGFS thru CPMU for tagging and subsequently withhold your Pay and Allowances and effect the automatic salary deduction.

3. Your immediate attention on this matter is highly appreciated in order to avoid inconvenience in the future.

Annex E

Schedule of Collection

Amount of Disallowance	Maximum Number of Monthly Payments
Not exceeding P1,000.00	Three (3)
Above P1,000.00 up to P10,000.00	Six (6)
Above P10,000.00 up to P20,000.00	Twelve (12)
Above P20,000.00 up to P40,000.00	Eighteen (18)
Above P40,000.00 up to P60,000.00	Twenty-four (24)
Above P60,000.00 up to P100,000.00	Thirty-six (36)
Above P100,000.00 up to P150,000.00	Forty-eight (48)
Above P150,000.00	Sixty (60)

The CGFS will adopt the above schedule of collection as per **Commission on Audit (COA) Resolution Nr 2017-021 dated 03 November 2017**: (Policy on the Settlement of Audit Disallowances on Salaries and Other Personnel Benefit by Persons Liable)

Note: Above schedule is subject to change depending on personnel's capacity to pay and the existing MNTHP.

Annex F



PAMBANSANG PUNONGHIMPILAN TANOD BAYBAYIN NG PILIPINAS
National Headquarters Philippine Coast Guard
COAST GUARD FINANCE SERVICE
139 25th Street, Port Area



Date: _____

CERTIFICATE OF FULL PAYMENT

THIS IS TO CERTIFY that _____ has
already settled his/her accountability amounting to
_____ (Php _____) only
thru _____ deduction as payment for _____
overpayment broken down as follows:

Type of Overpayment	Mode of Payment	Date of Full Payment	Amount	Collecting Unit

This certification is issued to subject Officer/Non Officer/NUP for whatever purpose it may serve him/her best.

Not Valid Without Dry Seal