



Department of Budget and Management
GOVERNMENT PROCUREMENT POLICY BOARD
TECHNICAL SUPPORT OFFICE

NPM No. 55-2014

15 October 2014

MS. CONSUELO G. DEL CASTILLO, CPA

General/Operations Manager

DIOMAR TRADING

Blk.7, Lot 64, Sta. Monica St.,

Eroreco, Bacolod City

Re: Factor "K" in the NFCC Computation

Dear Ms. Del Castillo:

This refers to your letter dated 29 September 2014 requesting clarification on whether the factor "K" in the NFCC Computation refers to the duration of the contract similar in nature to the contract to be bid or the duration of on-going contracts.

We wish to inform you that we have clarified this matter in NPM No. 96-2012¹ using as reference the interpretation of the same provision of the Implementing Rules and Regulations (IRR) of Executive Order 40², where the existing provision in Section 23(a)(vi) of the revised IRR of Republic Act No. 9184 regarding NFCC was lifted. Hence, the value of "K" **shall be based on the duration of the contract under consideration, or the would be contract subject of the bidding opportunity.**

We hope this opinion issued by the GPPB-TSO provided sufficient guidance on the matter. Note that this is issued on the basis of particular facts and situations presented, and may not be applicable given a different set of facts and circumstances. Should you have further questions, please do not hesitate to contact us.

Very truly yours,



DENNIS S. SANTIAGO
Executive Director V

///11/13

¹ Dated 8 August 2012.

² Consolidating Procurement Rules and Procedures for All National Government Agencies, Government-Owned and Controlled Corporations and/or Government Financial Institutions, and Requiring the Use of the Government Electronic Procurement System"; Series of 2001, dated 8 October 2001.