



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

**NPM No. 95-2014**

29 October 2014

**MR. JOEL P. DEFE0**

*Manager*

**GOVERNMENT SERVICE INSURANCE SYSTEM (GSIS)**

Financial Center, Pasay City, Metro Manila, 1308

**Re: Extension of Lease Contract**

Dear Mr. Defeo:

This refers to your letter dated 10 October 2014 requesting GPPB-TSO to allow GSIS Virac Extension Office to extend its lease contract with the Provincial Government Office (PGO) of Catanduanes which ended last 31 December 2013.

It is represented that GSIS Virac Extension Office has been renting a one hundred forty-four (144) square meter area at the Provincial Capitol Compound of Cantanduanes since 2007. At the onset, GSIS occupied the area for free. In 2009, GSIS offered a monthly rental of P11,000.00 to defray maintenance expenses. The lease contract between GSIS and PGO Catanduanes is renewed yearly. In 2014, PGO of Catanduanes informed GSIS that it will increase the monthly rental to P28,800.00. Thus, the said request while GSIS is looking for an alternative office space.

At the outset, it bears stressing that it is beyond the power of the Government Procurement Policy Board (GPPB) to approve extensions of contracts. Based on its mandate under Section 63 of RA 9184, it does not have the power to approve acts that are within the power of the procuring entities. At most, the GPPB may only render contemporaneous interpretation and construction of the provisions of the law pursuant to its quasi-legislative fiat, and issue rules and regulations pursuant to its rule-making power.<sup>1</sup>

As an emergency measure, a procuring entity has the discretion to extend the duration or effectivity of contracts of lease of office space about to expire, for a period not exceeding one (1) year to maintain status quo in its operations and to avoid interruption of such services that are essential, indispensable, or necessary to support the operations of GSIS in accordance with the general conditions for extension pursuant to Section 4<sup>2</sup> of the *Revised Guidelines on the Extension of Contracts for General Support Services* (Guidelines).

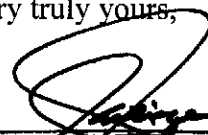
<sup>1</sup> NPM 008-2012 dated 6 January 2012.

<sup>2</sup> Procuring entities may extend the duration or effectivity of an ongoing contract about to expire, under the following conditions:

Pursuant to Section 5.1 of the Guidelines all contract extension shall be subject to the approval of the Head of the Procuring Entity (HOPE) or his duly authorized representative upon recommendation of the Bids and Awards Committee. And in case the proposed contract extension exceeds six (6) months, the HOPE shall immediately report to GPPB in writing of its intent to extend beyond six months pursuant to Section 5.2 of the Guidelines. Nonetheless, the approval of GPPB is not required.

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

Very truly yours,

  
**DENNIS S. SANTIAGO**  
*Executive Director V*

*Jrd2*

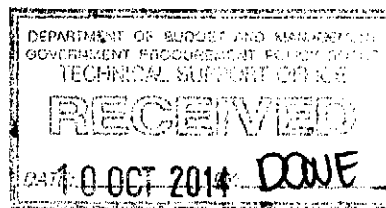
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- 4.1 No contract extension shall exceed one (1) year.
  - 4.2 The original contract subject of the extension was awarded in accordance with the provisions of Republic Act 9184 (R.A. 9184) and its Implementing Rules and Regulations Part A (IRR-A). The procuring entity concerned has substantially undertaken the procurement activities required prior to award of the new contract under R.A. 9184 and its IRR-A
  - 4.4 The aforesaid contract extension is undertaken due to circumstances beyond its control and the procuring entity concerned cannot award a new contract within a month after the expiration of the term of the original contract.
  - 4.5 The contemplated extension is merely an emergency measure to maintain status quo in the operations of the Procuring Entity and to avoid interruption of service.
  - 4.6 The current service provider has not violated any of the provisions of the original contract.
  - 4.7 The terms and conditions of the original contract shall not be changed or modified, except when changes or modifications will redound to the advantage of the government at no additional cost to the Procuring Entity.



**GSIS** Government Service Insurance System  
Financial Center, Pasay City, Metro Manila 1308

October 1, 2014

**ATTY. DENNIS S. SANTIAGO**  
Executive Director V  
Government Procurement Policy Board  
Unit 2506 Raffles Corporate Center,  
F. Ortigas Jr. Road  
Ortigas Center, Pasig City



*Jan/Deane*  
*TSB please.*  
*MS*

Dear Atty. Santiago:

We are writing in relation to the rental of office space for the GSIS Virac Extension Office with contract ending December 31, 2013 but was extended on a month-to-month basis by virtue of the attached GBAC Resolution No. 2013-345 (Annex A).

As a background, the GSIS Virac Extension Office has been renting a 144 square meter area at the Provincial Capitol Compound of the Provincial Government Office (PGO) of Catanduanes since 2007. At the onset, the GSIS occupied the area for free but in 2009, we offered a monthly rental of Php 11,000.00 to defray some maintenance expenses. From then on, the GSIS has been renewing the lease contract with PGO Catanduanes on a yearly basis, the most recent of which ended last December 31, 2013 with a monthly rental of Php 12,000.00.

For this year, while the documentary requirements were being gathered to once again, renew the lease of office space with PGO Catanduanes, the GSIS was informed of the PGO's intention to increase the monthly rental rate. According to the Provincial Government, starting this year they will be invoking Section 5.A.01, Article A, Chapter V of the Revised Revenue Code of the Province of Catanduanes. The section provides that the rental of office space owned by the PGO shall be at Php 200.00 per square meter. Hence, the monthly rental to be expected shall be at Php 28,800.00 or at least a 140% increase from the existing monthly rental rate of Php 12,000.00. Through the undersigned, several consultations were made with the PGO to implore them not to increase the rate to Php 28,800.00.

Last July, the undersigned appeared before the Board of the Provincial Government to appeal and explain the effects of the increase in the rental rate, such that if the increase was inevitable, for the PGO to at least allow the GSIS to occupy the premises till December 31, 2014 using existing rental rate of Php 12,000.00. With the extension till the end of this year, the GSIS can look for a suitable place to transfer in order to not disrupt the smooth flow of service being given to the residents of the province.



Republic of the Philippines  
**Government Service Insurance System**  
 Financial Center, Pasay City, Metro Manila 1308

**GSIS BIDS AND AWARDS COMMITTEE  
 FOR GOODS AND SERVICES (LUZON)**

**RESOLUTION NO. 2013-345**

**RECOMMENDING THE EXTENSION OF THE CONTRACTS FOR THE PROVISION OF  
 JANITORIAL/HOUSEKEEPING SERVICES, RENTAL OF OFFICE SPACE, AND  
 SUPPLY OF POSTAGE STAMPS FOR THE GSIS BRANCH AND EXTENSION OFFICES  
 IN LUZON**

The Office of Senior Vice President, Luzon Operations Group requested the extension of the contracts for the following general support services for the GSIS Branch and Extension Offices in Luzon which will expire on 31 December 2013:

**1. Provision of Janitorial/Housekeeping Services for CY 2013.** The procurement mode used in the award of the original contract is Public Bidding.

**2. Rental of Office Space for CY 2013**

| <b>GSIS Branch and Extension Offices</b> | <b>Procurement Mode Used in the Award of the Original Contracts</b> |
|--|---|
| 1. Baguio ✓                              | Negotiated Procurement-Lease of Real Property                       |
| 2. Bayombong ✓                           | Negotiated Procurement-Lease of Real Property                       |
| 3. Bulacan ✓                             | Negotiated Procurement-Lease of Real Property                       |
| 4. La Union ✓                            | Negotiated Procurement-Lease of Real Property                       |
| 5. Calapan ✓                             | Negotiated Procurement-Lease of Real Property                       |
| 6. Mamburao ✓                            | Negotiated Procurement-Lease of Real Property                       |
| 7. Boac ✓                                | Negotiated Procurement-Lease of Real Property                       |
| 8. Legazpi ✓                             | Negotiated Procurement-Lease of Real Property                       |
| 9. Virac ✓                               | Negotiated Procurement -Agency-Agency                               |

**3. Supply of Postage Stamps for CY 2013.** The procurement mode used in the award of the original contracts is Negotiated Procurement - Agency-to-Agency Agreement.

- |                             |                  |
|-----------------------------|------------------|
| 1. Baguio ✓                 | 10. Tarlac ✓     |
| 2. Bataan ✓                 | 11. Tuguegarao ✓ |
| 3. Bayombong ✓              | 12. Batangas ✓   |
| 4. Cabanatuan and Bulacan ✓ | 13. Lucena ✓     |
| 5. Cauayan ✓                | 14. Naga ✓       |
| 6. Dagupan ✓                | 15. Legazpi ✓    |
| 7. La Union ✓               | 16. Sorsogon ✓   |
| 8. Laoag ✓                  | 17. Palawan ✓    |
| 9. Pampanga ✓               | 18. Laguna ✓     |

*[Handwritten signature]*

Considering that the abovementioned services are necessary in the day-to-day operations of the GSIS Branch and Extension Offices in Luzon, the GBAC-Luzon deems that contract extension is necessary to allow reasonable time for the procurement, and to forestall any gap in the delivery of services to GSIS clients.


### RESOLUTION

WHEREFORE, in view of the foregoing and pursuant to Section 5 of GPPB Resolution No. 023-2007 requiring the approval of the Head of the Procuring Entity or his/her duly authorized representative for contract extensions, the members of the GBAC for Goods and Services-Luzon resolved to recommend to the Head of the Procuring Entity the extension of the following contracts, on a month-to-month basis, for the period of three (3) months starting 01 January 2014 to 31 March 2014, or until new contracts are awarded:

- a) Provision of Janitorial/Housekeeping Services for CY 2013;
- b) Rental of Office Space for CY 2013; and
- c) Supply of Postage Stamps for CY 2013.

Furthermore, the terms and conditions of the original contracts shall apply during the period covered by contract extension.

Done on \_\_\_\_\_, GSIS, Financial Center, Pasay City, Philippines.

  
**LUCIO L. YU, JR.**  
*Chairperson*

**ROMEO G. DE LUNA, JR.**  
*Vice Chairperson*

  
**MA. ROSANNA A. SANCHEZ**  
*Member*

**ELMER C. BAGUIO**  
*Member*

  
**JULIE MARIE M. RIVERA**  
*Member*

**Approved:**

**ROBERT G. VERGARA**  
President and General Manager  
Head of the Procuring Entity



Date: \_\_\_\_\_



Republic of the Philippines  
PROVINCE OF CATANDUANES  
Virac

**SANGGUNIANG PANLALAWIGAN**

2/F CAPITOL BLDG., VIRAC, CATANDUANES

TELEFAX (052) 811-34-98

EXCERPTS FROM THE MINUTES OF THE 29<sup>th</sup> REGULAR SESSION OF THE SANGGUNIANG PANLALAWIGAN OF THE PROVINCE OF CATANDUANES HELD AT THE VICE GOVERNOR'S OFFICE, 2F PROVINCIAL CAPITOL, VIRAC, CATANDUANES, ON THURSDAY, JULY 31, 2014

Shirley A. Abundo  
Provincial Board Member/  
Temporary Presiding Officer

Present:

Jose J. Teves, Jr. Provincial Vice Governor/  
Presiding Officer

Provincial Board Members

West District:

Jorge C. Reyes  
Giovanni A. Balmadrid  
Nel B. Asanza

East District:

Edwin T. Tanael  
Lorenzo T. Templonuevo, Jr.  
Arnel B. Turado  
Marilyn T. Tatel

Ex-Officio Members:

Gregorio E. Angeles PBM - LB President

Absent:

Jose Romeo R. Francisco PBM - West District

**RESOLUTION NO. 235-2014**

Sponsored by: HON. GREGORIO E. ANGELES

RESOLUTION GRANTING AUTHORITY TO THE PROVINCIAL GOVERNOR, HON. ARACELI B. WONG TO ENTER INTO A MEMORANDUM OF AGREEMENT WITH THE GOVERNMENT SERVICE INSURANCE SYSTEM (GSIS) FOR THE EXTENSION OF LEASE OF GSIS SATELLITE OFFICE AT PROVINCIAL CAPITOL COMPOUND FOR THE PERIOD COVERING JULY 1, 2014, TO DECEMBER 31, 2014, AT TWELVE THOUSAND (P12,000.00) PESOS PER MONTH

**WHEREAS**, on its 19<sup>th</sup> Regular Session held May 19, 2014, this Sanggunian granted authority to the Provincial Governor, Hon. Araceli B. Wong, to enter into a memorandum of agreement with the Government Service Insurance System as regards extension of lease of its Satellite Office located at the Provincial Capitol Compound for the quarterly periods of January to March, 2014 and April to June, 2014, respectively, at P12,000.00 per month;

**WHEREAS**, said MOA explicitly provided that should both parties consider further extension of lease of subject office space, the rate of rental should conform to Section 5.A.01 (B), Article A, Chapter V of the Revised Revenue Code of the Province of Catanduanes, which shall be more than double the present monthly rental of P12,000.00;

**WHEREAS**, however, prior to the expiration of the term of said MOA, a letter dated June 23, 2014, addressed to the Provincial