



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

**NPM No. 105-2013**

20 December 2013

**ATTY. SEVERO C. MADRONA JR.**  
*City Legal Officer*  
*Vice Chairman, Bids and Awards Committee (BAC)*  
**OFFICE OF THE CITY LEGAL OFFICER**  
**CITY GOVERNMENT OF PASAY**  
Room 208, Pasay City Hall, F.B. Harrison, Pasay City

**Re : Contract Extension for General Support Services**

Dear Atty. Madrona:

This is in response to your letter dated 11 December 2013, which we received on 12 December 2013, seeking our opinion on the propriety of extending the ongoing contracts for its current general support services that are about to expire, without having substantially undertaken activities for its procurement.

As represented, several general support services contracts of the City Government of Pasay shall be expiring on 31 December 2013, namely, Garbage Hauling, Collection, and Disposal; Security Services; Janitorial Services; Pasay City General Hospital Services; and Sewerage Treatment Plant for Pasay City Public Market. Since the annual fiscal budget for the year 2014 has not yet been enacted, the City Government of Pasay has not commenced the procurement process for the afore-mentioned general support services. It is in this context that you are seeking our opinion on whether the City Government of Pasay can validly extend the ongoing contracts for its various general support services even before substantially undertaking activities for its procurement, as required under Section 4.3 of the Revised Guidelines on the Extension of Contracts for General Support Services<sup>1</sup> (Guidelines).

Section 4 of the Guidelines provides the conditions that procuring entities must comply with in order to be able to extend the duration or effectivity of contracts that are about to expire, among which is that the procuring entity must have substantially undertaken the procurement activities required prior to award of the new contract under Republic Act No. (RA) 9184 and its revised Implementing Rules and Regulations (IRR). The procurement activities under the Guidelines involve pre-procurement conference, advertisement/posting of the Invitation to Bid, pre-bid conference, submission and receipt of bids, opening and evaluation of bids, and post-qualification. *At*

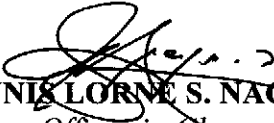
<sup>1</sup> Government Procurement Policy Board (GPPB) Resolution No. 23-2007 dated 28 September 2007, as amended by GPPB Resolution No. 03-2011 dated 28 January 2011.

The condition for having substantially undertaken procurement activities should be understood in connection with another condition in the Guidelines, specifically, that the extension is undertaken due to circumstances beyond its control and the procuring entity cannot award a new contract within a month after the expiration of the original contract. These two conditions contemplate a situation where the procuring entity has exerted substantial efforts to procure a new contract, but for reasons beyond its control, cannot award the same.

Based on the foregoing, we are of the view that the failure of the City Government of Pasay to commence procurement for its general support services, even if caused by the non-enactment of its annual fiscal budget, does not constitute substantial undertaking of procurement activities required under the Guidelines.

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

Very truly yours,

  
**DENNIS LORNE S. NACARIO**  
*Officer-in-Charge*