



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

**NPM No. 106-2014**

5 November 2014

**ATTY. MANUEL L.G. CAPISTRANO**  
41 Ranger Street, Moonwalk Village,  
Las Pinas City

**Re: Section 5.2.3 of Resolution No. 24-2007**

Dear Atty. Capistrano:

This refers to your letter dated seeking clarification on the interpretation of Section 5.2.3 of the Guidelines on the Procurement of Security and Janitorial Services (Guidelines) approved through GPPB Resolution No. 24-2007.

As represented, a public bidding for a 2-year contract for Janitorial Services with an Approved Budget for the Contract (ABC) of Twenty Million (PhP 20,000,000.00) was conducted where the Lowest Calculated Bid is Eighteen Million Pesos (PhP18,000,000.00) for ninety (90) janitors. During the contract implementation, or before the expiration of the 2-year contract, the Head of the Procuring Entity (HOPE) requested for additional eighty (80) janitors. It is in this backdrop that clarification is being sought on whether the resulting contract cost will be based on the remaining Two Million Pesos (PhP 2,000,000.00) or the ABC of Twenty Million (PhP 20,000,000.00), or whether another public bidding should be conducted therefor.

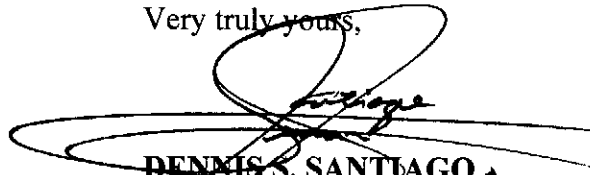
Please note that Section 5.2.3 of the Guidelines should be read together with Section 5.2 of the same Guidelines for a complete and clear understanding of its context. Section 5.2 of the Guidelines provides the general rule that all bid prices shall be fixed for the duration of the multi-year contract, *e.g.*, three (3) years, and shall not be adjusted during contract implementation. Section 5.2.3 of the Guidelines is one of the three exceptions where contract price adjustment is allowed when the procuring entity sees the need for an increase or decrease in the number of security guards or janitorial attendants. The contract price adjustment shall be based on the resulting cost of the increase or decrease in the number of manpower originally identified. It should be emphasized, however, that the contract price adjustment shall not exceed the ABC for the relevant year, *i.e.*, the ABC for the year when the increase or decrease was identified.

In this regard, we wish to clarify that the resulting contract price adjustment for the additional eighty (80) janitors shall not exceed the ABC for the year when such increase was identified by the procuring entity. Thus, to determine the cap amount, it is imperative to revisit the ABC for the first year, which is indicated in the Invitation to Bid in accordance with Section 5.1.2 of the Guidelines, and the ABC for the second year as indicated in the Bidding Documents. In the event the remaining amount is insufficient to cushion the resulting

contract price adjustment, the procuring entity should consider procuring a new contract through Competitive Bidding or any of the applicable alternative methods of procurement.

We hope that 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 there be other concerns, please do not hesitate to contact us.

Very truly yours,



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

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