



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

**NPM No. 132-2013**

27 December 2013

**ATTY. LAURO A. PATIAG**  
*Manager, Legal Department*  
**PHILIPPINE CHARITY SWEEPSTAKES OFFICE (PCSO)**  
Secretariat Bldg., PICC Roxas Blvd., Pasay City

**Re: Extension of Lease of Office Space**

Dear Atty. Patiag:

This is in response to your letter dated 29 October 2013, seeking guidance on the following questions in relation to extension of lease of office space by Philippine Charity Sweepstakes Office (PCSO):

1. Can the PCSO extend/renew the lease contracts to avoid disruption in the service delivery and operations of our Branch Offices?
2. If yes, how long should the extension be?
3. In the event of failure of bidding, are we allowed to renew extension until the time that a contract is entered into?

For your guidance, we respectfully refer to the Revised Guidelines on the Extension of Contracts for General Support Services (Guidelines), which governs the extension of ongoing contracts for the purpose of averting hiatus in support services that are essential, indispensable, or necessary to support the operations of the procuring entities. The general conditions for contract extension are enumerated under Section 4.0 of the Guidelines, to wit:

1. **No contract extension shall exceed one (1) year;**
2. The original contract subject of the extension was awarded in accordance with the provisions of Republic Act No. 9184 (R.A. 9184) and its Implementing Rules and Regulations (IRR).
3. The procuring entity has substantially undertaken the procurement activities required prior to award of the new contract under R.A. 9184 and its revised IRR.
4. **The contract 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 term of the original contract.**


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.*
6. The current service provided has not violated any of the provisions of the original contract.
7. The terms and conditions of the original contract shall not be changed or modified, except when the changes or modifications will redound to the advantage of the government at no additional costs to the procuring entity. *(emphasis supplied)*

In view of the foregoing, PCSO may extend the duration or effectivity of contracts of lease of office space about to expire, for a period not exceeding one (1) year, as an emergency measure 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 PCSO. We wish to note that in the event of failure of bidding for the new contract, PCSO may further extend the duration of the contract provided that the aggregate period of all extensions shall not exceed one (1) year in accordance with Section 4.1 of the Guidelines.

At this juncture, we wish to remind PCSO that under Section 5.2 of the Guidelines, if the proposed contract extension exceeds six (6) months, the Head of the Procuring Entity shall immediately report to the Government Procurement Policy Board (GPPB) through its Technical Support Office (TSO) in writing of PCSO's intent to extend beyond six (6) months.

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 you have other concerns, please do not hesitate to contact us.

Very truly yours,

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

REPUBLIKA NG PILIPINAS  
(Republic of the Philippines)  
TANGGAPAN NG PANGULO  
(Office of the President)

TANGGAPAN NG SWEEPSTAKES PANGKAWANGGAWA NG PILIPINAS  
PHILIPPINE CHARITY SWEEPSTAKES OFFICE



Secretariat Bldg., PICC Roxas Blvd., Pasay City

October 29, 2013

**HON. DENNIS SANTIAGO**

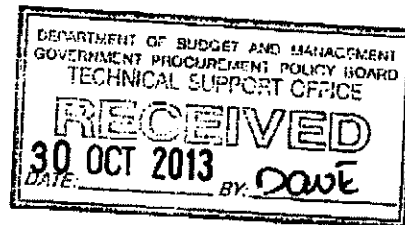
Executive Director III

Technical Support Office (TSO)

Government Procurement and Policy Board

Unit 2506 Raffles Corporate Center

F. Ortigas Jr. Road, Ortigas Center, Pasig City



**Subject: REQUEST FOR OPINION RE:  
EXTENSION OF LEASE OF OFFICE SPACE**

*Dear Executive Director Santiago:*

This is with reference to various requests for the extension of the contracts of lease of office space by our Branch Offices.

At present, there are about 27 PCSO Branch Offices operating in the provinces. The contracts of lease of office space of some of them have either expired or about to expire. We understand that procuring entities are discouraged<sup>1</sup> from merely renewing their existing lease contract to ensure that the government gets the most advantageous price.

Nevertheless, considering that the bidding process may take a while to be completed, may we seek your guidance on the following:

1. Can the PCSO extend/renew the lease contracts to avoid disruption in the service delivery and operations of our Branch Offices?
2. If yes, how long should the extension be?
3. In the event of failure of bidding, are we allowed to renew the extension until the time that a contract is entered into?

We trust that this request will merit your kind and favorable consideration.

Thank you very much!

Very truly yours,

**ATTY. LAURO A. PATIAG**  
Manager, Legal Department

<sup>1</sup> GPPB Non-Policy Opinion NPM 006-2006