

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

**NPM No. 31-2011**

27 December 2011

**HON. MA. ROSARIO CHARO E. CURIBA**

*Assistant Commissioner*

**BUREAU OF INTERNAL REVENUE**

BIR National Office Building

BIR Road, Diliman, Quezon City

**Re: Extension of BIR Facilities Management Services Contract**

Dear Assistant Commissioner Curiba:

We refer to your letter dated 13 December 2011 requesting for a meeting to discuss the Bureau of Internal Revenue's (BIR) request letter for extension of its Facilities Management Services (FMS) contract. Although we have discussed the matter in a meeting held at the GPPB-TSO office on 14 December 2011, we opted to issue the following non-policy matter opinion to formally address your concerns.

Culled from your letters<sup>1</sup> submitted to our office, the BIR extended its FMS contract on a monthly basis for the period of January to December 2011, and now seeks for another extension from 1 – 31 January 2012 and 1 – 29 February 2012.<sup>2</sup>

Accordingly, the BIR has extended its contract for an aggregate period of almost one (1) year, with the intent to extend it further to a total of fourteen (14) months. Based on your letter, the procurement processing of IT Infrastructure Maintenance for CY 2012 to replace the existing FMS contract is already underway, but the public bidding conducted on 21 November 2011 was unsuccessful. BIR has scheduled another public bidding before the end of December 2011, but the awarding of the project and its mobilization cannot be completed in time for the planned 1 February 2012 take-off, hence, this latest request.

To properly address your concerns, we refer to the General Conditions for Extension found in the GPPB Revised Guidelines on the Extension of Contracts for General Support Services (Guidelines).

<sup>1</sup> Letters dated 15 July 2011, 21 October 2011, 2 December 2011, respectively.

<sup>2</sup> In a letter dated July 15, 2011, BIR informed the GPPB of its first extension for the period of January to June 2011 due to insufficient budget to fund the full year's contract, its second intention from July to August, 2011, and its intention to extend for the months of September to December 2011. In a subsequent letter dated October 21, 2011, BIR requested GPPB for another extension from January 1 to 31, 2012. In a letter dated December 2, 2011, BIR requested GPPB for another extension of the still existing FMS contract for the period of January 1, 2012 to February 29, 2012.

Section 3.0 the Guidelines provides that it “shall govern the extension of ongoing contracts for **general support services which are essential, indispensable, or necessary to support the operations** of any of the procuring entities...” (*Emphasis ours*)

It has been asserted that the Information and Communication Technology (ICT) services to be maintained are vital to the operations of the BIR. Thus, it appears that the maintenance of BIR’s Information Technology (IT) infrastructure may be considered to be in the nature of services that are essential, indispensable, or necessary to BIR’s operations.

In the ordinary course of things, the existing FMS contract may be extended. However, such extension must comply with the general conditions and the procedural requirements set forth in Sections 4.0 and 5.0 of the Guidelines, respectively.

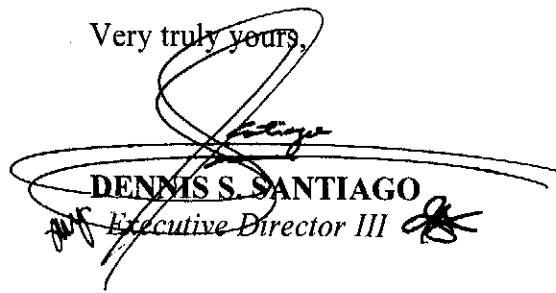
It also bears stressing that per Section 4.1 of the Guidelines, procuring entities are allowed to extend the duration or effectivity of an ongoing contract about to expire subject to the condition that the contract extension shall not exceed one (1) year. (*See Section 4.1*)

Considering that the present request will effectively extend the FMS contract to an aggregate period of fourteen (14) months, we are of the opinion that the latest intended extension is not in accord with the provisions of the Guidelines.

We hope that our advice sufficiently addresses your concern. We wish to stress that this opinion is being rendered on the basis of the facts and particular circumstances as presented.

Should you have additional questions, please do not hesitate to contact us.

Very truly yours,



**DENNIS S. SANTIAGO**  
*Executive Director III*