



TECHNICAL SUPPORT OFFICE

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NPM No. 62-2007

3 December 2007

MR. JOSEPH O. VERGARA
Head, BAC Secretariat
PHILIPPINE HEALTH INSURANCE CORPORATION
Citystate Center, 709 Shaw Boulevard
Brgy. Obando, Pasig City

Re : Extension of Contracts for General Services

Dear Mr. Vergara:

We refer to your letter dated 21 February 2007 requesting for clarification on the extension of photocopying services by Philippine Health Insurance Corporation (the "Corporation").

The Corporation has awarded through competitive bidding a contract for photocopying services to U-BIX Corporation (the "Supplier") on 02 November 2005 and entered into a contract with said Supplier on 16 May 2006. In order to serve the needs of the Corporation until the end of 2006, the Corporation opted to enter into another contract with the same Supplier through repeat order on 24 August 2006.

You wish to be clarified on the following:

1. Is the contract for photocopying services covered by the GPPB Guidelines for the Extension of Contracts for General Services? If so, may the Procuring Entity extend the said contract on periodic month-to-month basis until such time that an award is made, not to exceed an aggregate period of six (6) months?
2. Granting the answer to the first question is in the affirmative, does the contract as a product of repeat order qualify under the term "original contract" in which case the Procuring Entity may extend the contract on periodic month-to-month basis, reckoned from the day immediately following the last day of the period of the contract awarded by repeat order?

As regards your first query, please be advised that the Government Procurement Policy Board (GPPB) through Resolution No. 023-2007 dated 28 September 2007

resolved to amend the Guidelines for the Extension of Contracts for General Services ("Revised Guidelines"). This Revised Guidelines which took effect on 10 November 2007 continues to govern the extension of ongoing contracts of general services which are essential, indispensable, or necessary to support the operation of the procuring entity or for the enhancement of the welfare of its personnel to include, but shall not be limited to services, such as equipment maintenance, janitorial and security services.

Considering that photocopying services is necessary for the operation of the Corporation, the extension thereof is covered by the Guidelines. However, the Revised Guidelines does not provide for retroactive application, hence, any contract extension which your company may have contemplated before 10 November 2007 shall still be governed by the old Guidelines which, in essence, allowed contract extensions on a periodic basis not to exceed six (6) months subject to the conditions in Section 4 thereof.

Under the Revised Guidelines, the period for contract extension has been extended up to one (1) year provided the approval of the head of the procuring entity is first obtained and the conditions and procedural requirements under Sections 4 and 5 thereof are strictly complied with. Further, any intention by the head of the procuring entity or his authorized representative to extend any contract for general services must be immediately reported to the GPPB. A copy of this Revised Guidelines may be viewed at our website: www.gppb.gov.ph, or at www.philgeps.net.

In connection with your second query, if the contract was awarded to the service provider through repeat order, said contract cannot be extended in accordance with the Revised Guidelines considering that the contracts that may be extended are only those which have been the result of Competitive Bidding, Limited Source Bidding or Negotiated Procurement.

We trust that this clarifies matters. Should you have additional questions, please do not hesitate to contact us.

Very truly yours,


RUBY U. ALVAREZ
Executive Director III