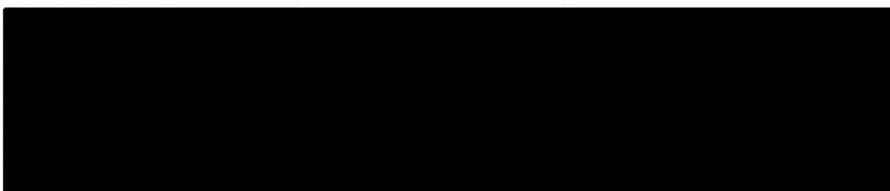


NPM No. 140-2015

27 November 2015



Re: Two-Year Contract for Shopping and Small Value Procurement

Dear [REDACTED]:

This refers to your letter seeking clarification whether MWSS may enter into a two-year contract adopting the Guidelines for Shopping and Small Value Procurement (Guidelines).

As represented, the MWSS has an existing lease contract for three (3) units of heavy duty copying machines, which expired on 31 October 2015 and will continue on a monthly basis until such time that a winning bidder will be awarded the lease contract. The Approved Budget for the Contract (ABC) is Two Hundred Four Thousand Pesos (PhP 204,000) based on the rental expenses of MWSS amounting to Seventeen Thousand Pesos (PhP17,000) per month for the three (3) existing copying machines. Since the MWSS needs heavy duty copying machines for its day-to-day office operation on a lease basis, you are inquiring on whether the MWSS can enter into a two-year lease contract procured through the Guidelines.

The Guidelines does not make any qualification as to the duration of contract that may be awarded in the procurement of projects undertaken through Shopping under Section 52, and Negotiated Procurement (SVP) under Section 53.9 of the Implementing Rules and Regulations (IRR) of Republic Act (RA) No. 9184. Likewise, there is no provision in the IRR that proscribes procuring entities from entering into multi-year contracts awarded through any of the alternative modalities of procurement, subject only to budgetary requirements as may be required by the Department of Budget and Management (DBM), such as securing a Multi-Year Obligational Authority (MYOA) for a multi-year contract involving a project without full budget for the duration of the contract.


Additionally, please be reminded that in resorting to alternative methods of procurement, such as Shopping and Small Value Procurement, the procuring entity should also ensure that it complies with the conditions set forth in the IRR of RA 9184. In this case, resort to Shopping or Small Value Procurement may be warranted only when the ABC of the project does not exceed Five Hundred Thousand Pesos (PhP500,000).

Anent the foregoing, we are of the opinion that MWSS may enter into a two-year contract for its lease of heavy duty copying machines adopting the Guidelines for Shopping and Small Value Procurement. However, we wish to emphasize that the MWSS should still comply with the applicable requirements in resorting to alternative modalities of procurement and in entering into multi-year contracts as required by the DBM.

We hope that this opinion issued by the GPPB-TSO provided sufficient guidance on the matter. Note that this is being 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,

(sgd.)

 **DENNIS S. SANTIAGO**
Executive Director V

//rd6