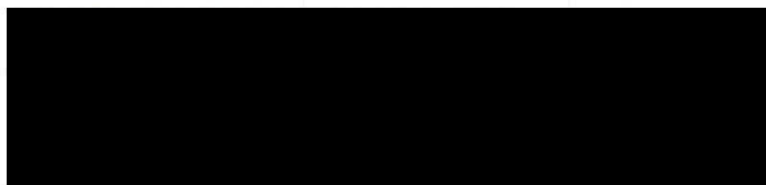


NPM No. 151-2015

11 December 2015



Re: Multi-year contract

Dear [REDACTED]:

This refers to your letter dated 2 December 2015 seeking clarification on the execution of multi-year contracts.

As represented, PhilPost intends to outsource a frontline call center in order to improve its customer service. Based on the study done by its Corporate Planning Department, taking into consideration the length of training and transfer of knowledge and information, it proposed bidding out a multi-year customer service contract to Business Process Outsourcing (BPO) companies through competitive bidding. This contractual arrangement is now submitted to us for our opinion relative to its propriety.

For your guidance, Section 30 of Republic Act (RA) No. 10651, otherwise known as the General Appropriations Act (GAA) of 2015 provides that:

Sec. 30. Contracting Multi-year Projects. Departments, bureaus and offices of the National Government, including Constitutional Commissions enjoying fiscal autonomy and SUCs shall request the DBM for the issuance of a Multi-Year Obligational Authority for multi-year projects where the total cost is not provided in this Act, subject to such pertinent guidelines issued by the concerned agencies.

Corollarily, the Department of Budget and Management (DBM) issued Circular Letter No. 2015-7 dated 3 June 2015, or the Updated Guidelines for Issuance of Multi-Year Obligational Authority (MYOA), which clarifies that the foregoing GAA provision applies to multi-year programs, activities, and projects being implemented by National Government Agencies, Constitutional Commissions, and State Universities and Colleges (SUCs) only.

As discussed in our previous opinions¹, inasmuch as accountability for entering into multi-year contracts solely rests on the Bids and Awards Committee (BAC) and the Head of the Procuring Entity (HOPE), it is prudent to validate if your governing board is authorized to enter into multi-year contracts under the law creating PhilPost, and whether there is no

¹ NPM No. 40-2011 dated 28 December 2011 and NPM No. 130-2013 dated 27 December 2013.

additional budgetary authority, similar to MYOA, required for the purpose. In the event that PhilPost's governing board is not authorized to enter into multi-year contracts, the proposed customer service contract with a BPO should be procured on a yearly basis.

We hope that this opinion issued by the GPPB-TSO provided sufficient guidance on the matter. Please note that this opinion is being rendered on the basis of the facts and particular situation presented, and may not be applicable given a different set of facts and circumstances. Should you have additional questions, please do not hesitate to contact us.

Very truly yours,

(sgd.)

for DENNIS S/ SANTIAGO
Executive Director V

//skp