



COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

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B-178705

September 28, 1973

The Honorable  
The Secretary of Agriculture

Dear Mr. Secretary:

Reference is made to letter dated May 30, 1973, with enclosures, from the Director, Office of Plant and Operations, requesting a decision as to the action to be taken concerning an error alleged by the Graybar Electric Company, Inc., to have been made in its bid upon which purchase order No. RB-20349-ARS-72 is based.

By invitation for bids No. 311-RB-ARS-72, the Agricultural Research Service requested bids for furnishing various electrical parts and equipment. The invitation contained 37 items, each to be bid individually, with a total net amount for all items to be indicated by the bidder. On page BS-1 of the invitation, bidders were advised that the Government reserves the right to make award on the basis of either the low aggregate bid (Total Net Amount), by group of items, or on an item-by-item basis. Also, it was stated that a bidder may indicate a Total Net Amount for award on an aggregate basis; that the Total Net Amount may be equal to or less than the sum of the individual amounts for items 1 through 37; and that if the bidder does not indicate a Total Net Amount, the sum of the amounts bid on items 1 through 37 shall be considered the Total Net Amount.

In response, Graybar submitted a bid wherein it inserted a unit price for each item and an aggregate total price of \$7,129.50 for items 1 through 37. Below its aggregate bid price it inserted "Bid based on award of all items." Graybar offered a prompt payment discount of 2 percent for payment within 20 days. On June 29, 1972, purchase order No. RB-20349-ARS-72 was issued to Graybar and it called for delivery of items 1 through 37 for the lump sum of \$7,129.50.

It is reported that on November 28, 1972, representatives of Graybar visited the contracting office and alleged that an error in addition was made in its bid in that the total net amount for items 1 through 37 should have been shown as \$9,657.83 instead of \$7,129.50. One of Graybar's representatives stated that the error in bid was not noticed until the accounting office for the Agricultural Research Service contacted him regarding an overpayment of \$2,178.11 on purchase order No. RB-20349-ARS-72. The overpayment occurred because Graybar was paid for the supplies and equipment delivered on the basis of the extended unit prices set forth opposite items 1 through 37 rather than on the basis of the aggregate total bid price.

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Graybar has requested that the contract be amended to provide for an aggregate total bid price of \$9,657.83 for items 1 through 37. It contends that at the time of award no effort was made by the contracting officer in the evaluation of the total figure of its bid to determine why it was substantially below the total net amounts shown in the other bids.

The abstract of bids shows that four bidders, Graybar, Interstate Electric Supply Co., Inc., Prince Georges Electrical Supply, Inc., and Dominion Electrical Supply Co., quoted unit prices for all 37 items and that each bidder entered a "Total Net Amount" in its bid. Graybar entered in its bid a Total Net Amount of \$7,129.50; Interstate entered a Total Net Amount of \$9,130; Dominion entered a Total Net Amount of \$7,741.02; and Prince Georges Supply entered a Total Net Amount of \$4,602.14. The record indicates that the contracting officer requested both Dominion and Prince Georges to verify their bids; that Dominion alleged that it intended to quote a unit price of \$95.36 instead of \$49.05 for item 37(a) of its bid; and that if Dominion's bid is corrected to reflect its intended bid price for item 37(a), the Total Net Amount for items 1 through 37 would be \$9,885.73. In response to a request for verification of its bid, Prince Georges Supply alleged that the correct Total Net Amount for items 1 through 37 is \$11,964.51 rather than \$4,602.14 as shown in its bid. Prince Georges Supply stated that in adding up the extended unit prices for items 1 through 37 it failed to include in the total the extended unit prices for items 37(a), 37(b), and 37(c).

The contracting officer has indicated that the amount of the Graybar aggregate bid was not considered to be notice of the possibility of an error in the bid. However, the record indicates that Dominion was requested by the contracting officer to verify the amount of its \$7,741.02 aggregate bid which was \$611.52 higher than Graybar's aggregate bid. Since the contracting officer considered that there was the possibility of an error in the higher bid, we believe it follows that the lower bid likewise should have been suspected of being in error. Consequently, the Graybar bid should not have been accepted without verification.

Therefore, Graybar is entitled to relief up to the amount of the next lowest aggregate bid (\$9,130) less a prompt payment discount of 2 percent offered by that bidder. Accordingly, Graybar should be requested to refund the difference between the amount paid and the next low bid.

Sincerely yours,

PAUL G. DEMBLING

Acting Comptroller General  
of the United States