



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

3/284

E-179268

AUG 21 1973

The Honorable Donald E. Johnson
Administrator, Veterans Administration

Dear Mr. Johnson:

Reference is made to letter 1340 dated July 17, 1973, with enclosures, from the Director, Supply Service, Department of Medicine and Surgery, requesting a decision as to the action to be taken concerning an error alleged by the Metropolitan Wire Goods Corporation (Metropolitan) to have been made on items 1 and 2 of its bid upon which contract No. V797P-2710 is based.

The Veterans Administration (VA) Marketing Center, Hines, Illinois, by solicitation No. M2-20-73 requested bids on estimated quantities of four items of mobile storage shelving, to be purchased as required by the VA and other authorized agencies during the period January 1 through December 31, 1973. Delivery of the storage shelving under items 1 and 2 was to be made to six zones. Prospective bidders were advised on page 8 of the solicitation that items 1 and 2 shall be in accordance with military specification III-S-40144E dated March 31, 1970, with exceptions and options. In response Metropolitan submitted a bid offering to furnish, among other items, the storage shelving described under items 1 and 2 at unit prices of \$162.17 and \$161.52, respectively. The bid of Metropolitan was accepted as to items 1 through 4 on December 29, 1972.

By letter dated February 14, 1973, and subsequent correspondence, the contracting officer learned from the VA hospital at Chillicothe, Ohio, that storage shelving delivered by Metropolitan under items 1 and 2 of contract No. V797P-2710 did not have slotted or louvered shelves as required by paragraph 3.5.4 of the specifications set forth on page 8 of the solicitation. The record indicates that the hospital was directed by higher authority to return the shelving to Metropolitan.

Metropolitan alleges that all of its bid prices, including those for items 1 and 2, were based on furnishing wire shelves and that it overlooked the specifications on page 8 of the solicitation which required slotted or louvered shelving under items 1 and 2. The corporation states it does not manufacture slotted or louvered shelving and requests that the specifications be changed so that wire shelving will be acceptable under items 1 and 2 or, in the alternative, items 1 and 2 of the contract be canceled without liability to the corporation.

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It is reported that the next lowest responsive bidder on items 1 and 2 quoted prices of \$206 and \$236, respectively, and that this bidder was awarded last year's contract for furnishing slotted or louvered shelving at prices of \$223 and \$242. In view of the difference (approximately 22 percent on item 1 and 24 percent on item 2) between Metropolitan's bid on items 1 and 2 and the bid of the next lowest bidder on these items and the difference between Metropolitan's bid prices and the prices previously paid for these items, we are of the opinion that the contracting officer should have been aware of the possibility of error in Metropolitan's bid and, consequently, the bid should not have been accepted without verification thereof. B-176160, June 30, 1972.

Accordingly, items 1 and 2 of contract No. V797P-2710 may be canceled without liability to Metropolitan.

Sincerely yours,

PAUL E. DAKBLIAC

Comptroller General
For the of the United States