

DECISION



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

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FILE: B-183754

DATE: June 9, 1975

MATTER OF: Harvey Clark

DIGEST:

In sale by Government of surplus scrap metal, difference between successful bid of \$0.25 per pound, current market appraisal of \$0.04 per pound, and successive bids ranging from \$0.0439 per pound to \$0.0126361 per pound as well as obvious inconsistency between successful bidder's unit price and \$24.04 total price should have placed contracting officer on constructive notice of possible mistake in bid prior to award and therefore contract may be canceled.

By letter dated April 21, 1975, the Acting Assistant Counsel, Headquarters, Defense Supply Agency, recommended to our Office that Sales Contract No. 41-5265-187 awarded to Harvey Clark on item 70 be rescinded.

Item 70 consists of 9,620 pounds of miscellaneous scrap metal. Clark's bid indicates a unit price for item 70 of \$0.25 and a total bid price for this item of \$24.04. The sales contracting officer failed to notice the inconsistency between the unit and total prices and awarded item 70 to Clark at its high bid price of \$0.25 per pound for a total contract price of \$2,405.

In a letter to the Defense Property Disposal Region Office submitted after award, Clark alleged that it intended to bid a total price for item 70 of \$24.05. This would indicate that Clark intended to bid \$0.0025 per pound for item 70.

The other eight bids for the scrap ranged from \$0.0439 to \$0.0126361 per pound. The current market appraisal was \$0.04 per pound.

In the sale of Government scrap, where there are substantial disparities between the high bid and the range of successive bids and the high bid and the current market appraisal, our Office has held that the sales contracting officer is on constructive notice of a possible mistake and should request verification of the high bid prior to award. Acme Refining-Smelting Company,

B-183754

B-181967, August 20, 1974; M&M Metals, Inc., B-180128, January 29, 1974. In view thereof and since there was also a substantial discrepancy between Clark's unit and extended bids, we conclude that under the facts of this case the contracting officer was on constructive notice of mistake in Clark's bid.

Accordingly, Sales Contract No. 41-5265-187 may be canceled without liability to Clark as administratively recommended.


Deputy Comptroller General
of the United States