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**DECISION**



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

FILE: B-201016

DATE: August 5, 1981

MATTER OF: Industria Lease Inc. of Fayetteville

**DIGEST:**

1. GAO will not review agency decision to terminate contract for convenience of Government unless termination results from bad faith on agency's part, or termination is based on agency's determination that initial contract awarded was improper. Since neither exception is applicable here, issue will not be considered.
2. GAO will not consider protest that competition should be restricted, since basic objective of bid protest function is to insure full and free competition.
3. Record does not support protester's contention that it was forced to base offer on payment of higher wage rates than other offerors.

Industria Lease Inc. of Fayetteville (Industria) protests the termination of a portion of its contract with the Department of the Army (No. DAKF40-79-C-0395) for guard services at Fort Bragg, North Carolina, and the subsequent reprocurement of those services which resulted in the award of a contract to the Schneider Security Agency, Inc. (Schneider).

The protest is dismissed in part and denied in part.

Industria had been providing guard services for two buildings at Fort Bragg under a contract that was scheduled to expire on February 28, 1981. The Army

*Against*  
[Protest ~~A~~ Army Termination of Portion of Contract  
~~017809~~ 116025]

found that it needed guard services for three additional buildings and issued a modification to the contract extending services to those buildings, with an equitable price adjustment to be negotiated at a later date. However, the Army and Industria were unable to reach agreement on the price.

The Army then decided to search for another source. Since the guard services were urgently needed, an oral, negotiated solicitation was used. Several offerors were solicited to provide prices for the additional guard services for an 8-month term. Industria and Schneider submitted offers, with Schneider being the low offeror. The Army then terminated the additional guard services portion of Industria's contract for the convenience of the Government and awarded a contract for those services to Schneider.

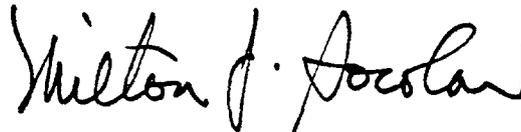
Industria argues that the termination for convenience was improper, that it should have been permitted to negotiate a price based on an 8-month term before any other offers were solicited, and that it was required to base its offer on payment of "Class A" wage rates, while other offerors were not.

Generally, our Office will not review an agency's decision to terminate a contract for the convenience of the Government, since such a decision is a matter of contract administration. We will review, however, terminations for convenience when the termination resulted from bad faith on the agency's part, or when the termination is based on the agency's determination that the initial contract award was improper. Communications Company, A Division of E. F. Johnson Company, B-198864, October 22, 1980, 80-2 CPD 309. Since neither exception is applicable here, this portion of the protest is dismissed.

Concerning Industria's request that our Office determine the fair and reasonable price for the equitable adjustment, this is for resolution under the disputes clause contained in Industria's contract.

Industria's contention that it should have been permitted to offer a price based on an 8-month contract term before any other offers were solicited appears to be a claim that the additional guard services contract should have been awarded without competition. This contention conflicts with the basic objective of our bid protest function, which is to assure attainment of full and free competition. Therefore, it will not be considered. See A&M Instrument, Inc., B-194554, September 4, 1979, 79-2 CPD 173.

Industria's final contention that it was required to provide an offer based on payment of "Class A" wage rates, while other offerors were not, is not supported by the record. The Army states that it required all offerors to pay "Class A" wage rates and the contract with Schneider, in fact, does require payment of "Class A" wage rates. This portion of the protest is denied.



Acting Comptroller General  
of the United States