



The Comptroller General
of the United States

Washington, D.C. 20548

Decision

Matter of: RAI, Inc.
File: B-231889
Date: July 13, 1988

DIGEST

Decision to cancel solicitation and to perform work in-house is a matter of executive policy that the General Accounting Office does not review where, as here, the solicitation was not for the purposes of comparing the costs of in-house performance with the costs of contracting.

DECISION

RAI, Inc. protests the cancellation by the Internal Revenue Service (IRS), Department of Treasury, Washington, D.C., of request for proposals (RFP) No. IRS-87-029. The RFP sought offers for a follow-on contract for the agency's mailing and distribution services. RAI had provided these services in the past. We have been advised by the IRS that RAI was aware that the agency planned to develop the technical capability to provide the services in-house. According to the protester, the IRS canceled the solicitation after determining to perform the services in-house. The protester contends that in reaching this decision the agency failed to comply with Office of Management and Budget Circular No. A-76, which establishes the executive branch's policy for determining whether to perform services in-house or under contract.

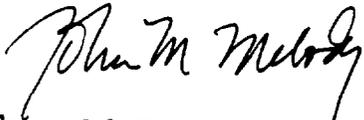
Since an agency's decision whether services should be performed in-house or by a contractor involves a matter of executive branch policy, not within our protest function, we generally do not review the agency's decision. Creative Resources, Inc., B-225950, Feb. 11, 1987, 87-1 CPD ¶ 153; Jets, Inc., 59 Comp. Gen. 263 (1980), 80-1 CPD ¶ 152; Crown Laundry and Dry Cleaners, Inc., B-194505, July 18, 1979, 79-2 CPD ¶ 38. We have recognized, however, a limited exception to this rule where an agency utilizes the procurement system to aid in its determination by issuing a

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competitive solicitation for the stated purpose of comparing the costs of in-house performance with the costs of contracting. We will consider a protest that the agency failed to follow established cost comparison procedures because we believe it would be detrimental to the procurement system if, after the submission of offers, an agency were permitted to alter the procedures it had established and upon which bidders had relied. Contract Services Co., 65 Comp. Gen. 41 (1985), 85-2 CPD ¶ 472.

The facts here do not fit within the limited exception described above. There is no indication that the RFP included a statement that offers would be compared with the IRS's estimated costs of in-house performance for the purpose of determining whether to perform the work in-house. Instead, the concern of the agency seems to have been primarily that its various departments were now ready to perform the services RAI had provided in the past. The IRS simply had no reason to continue the procurement since it was now capable of performing the work in-house. Under circumstances as these, review by our Office is not appropriate. See Building Services Unlimited, Inc., B-222731, Apr. 17, 1986, 86-1 CPD ¶ 380. Further, it is well-established that an agency may cancel a solicitation where the services are no longer required because they can be provided in-house at a cost savings. See Carrier Corp., B-214331, Aug. 20, 1984, 84-2 CPD ¶ 197.

The protest is dismissed.


for Ronald Berger
Deputy Associate
General Counsel