

Ms. Melody



**Comptroller General
of the United States**

Washington, D.C. 20548

Decision

Matter Of: United Coupon Clearing House

File: B-241204

Date: September 21, 1990

H. Alan Carmichael, Esq., McCleskey, Harriger, Brazill & Graf, for the protester.

DIGEST

Protest challenging contracting agency's decision to conduct competitive procurement instead of exercising incumbent contractor's option is dismissed since decision whether to exercise option is a matter of contract administration outside General Accounting Office's bid protest function.

DECISION

United Coupon Clearing House (UCCH) protests the decision by the Department of the Army to issue request for proposals (RFP) No. DAHC44-90-R-0023 for services related to processing coupons received at Army commissaries, rather than exercising the option in the protester's current contract for the services.

We dismiss the protest.

The protester states that it initially was awarded a contract for the services for a base period of May 1989 through September 30, 1989, with option year periods through September 30, 1994. After the award was made, another offeror filed a protest challenging the protester's size status as a small business. The Small Business Administration (SBA) ultimately determined that UCCH was not a small business, but its ruling was prospective only and thus did not affect the award of the contract to the protester in 1989. The Army subsequently exercised the first option under the contract to extend it through September 30, 1990.

Instead of exercising the second option under the contract, the Army decided to conduct a competitive procurement and issued the RFP which the protester now challenges. The protester states that it has filed an application for

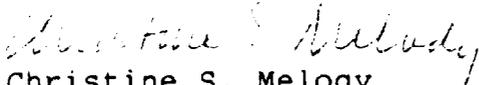
049544 / 00295

recertification as a small business with the SBA, and argues that the Army should postpone any award under the RFP until the SBA has ruled on the application.

The protester in essence is challenging the Army's decision not to exercise the option in its current contract. In general, a contracting agency is not required to exercise an option under any circumstances. See Federal Acquisition Regulation §§ 17.201, 17.207. We will not consider an incumbent contractor's allegation that an option should be exercised under an existing contract since the decision whether to exercise the option is a matter of contract administration outside the scope of our bid protest function. Air Mechanical, Inc., B-216097, Aug. 29, 1984, 84-2 CPD ¶ 240.

To the extent that UCCH also is arguing that the Army should delay proceeding with the procurement until the SBA rules on its size status and, thus, determines UCCH's eligibility to compete under the RFP as a small business, the protester cites no authority for its position and we are aware of no requirement that the agency delay a competitive procurement pending SBA's review of a recertification application.

The protest is dismissed.


Christine S. Meloy
Assistant General Counsel