

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

FILE: B-183866

DATE: June 17, 1976

MATTER OF: Kahoe Enterprises Incorporated

DIGEST:

Withdrawal of solicitation on basis of erroneous comparison of cost of performance in-house or by contract under solicitation which was subject to Government cost analysis for such purpose, was detrimental to procurement system, but legal.

Kahoe Enterprises Incorporated has protested the decision by the Department of the Air Force to perform bus service at Dover Air Force Base in-house rather than to award a contract for the service to Kahoe, the low bidder under invitation for bids F07603-75-09023. As provided for in the solicitation, the Air Force performed a comparative cost analysis of Kahoe's bid with the Government's estimate of its own cost for providing the service, and determined that in-house performance was more cost effective. Basically, Kahoe contends that the Air Force should not compete with bidders to perform this type of service particularly where the procurement, as in this case, has been set aside for small businesses. In addition, Kahoe argues that the Air Force improperly estimated the cost of performing the service in-house.


The record shows that bids were solicited by the Air Force on the basis that it would award a contract rather than perform the work itself if acceptance of a commercial bid would be more economical. The Air Force has advised that it decided to perform the work itself on the basis of an erroneous estimate of the cost of performing this service in-house. The Air Force agrees that its mileage factor was incorrect but states that, in any event, its requirement for bus service has decreased substantially.

As a general rule agencies may perform work in-house and such decisions are matters of Executive policy which are not within the decision functions of the General Accounting Office. 53 Comp. Gen. 86 (1973). Nevertheless, we believe it is detrimental to the procurement system if, as here, the agency induces the submission of bids but erroneously compares the cost of performance in-house or by contract. In this connection it is not clear from the record whether a correct comparison would have favored performance of the service by contract. Although this Office can provide no remedy with regard to the award, the Air Force has advised that the matter of

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in-house versus contractor services will be reviewed in accordance with its regulations and that the requirement for next year will be resolicited if appropriate.

We are advising the Secretary of the Air Force of our view with regard to the erroneous evaluation.


Deputy Comptroller General
of the United States