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Botsford
Proc II

DECISION



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

FILE: D-188182

DATE: February 9, 1977

MATTER OF: Allied Aero/Electro Associates

DIGEST:

Sales contract for surplus property may be rescinded as recommended by agency where mistake in bid is alleged after award notwithstanding bidder's affirmation after request for verification because verification was inadequate in that contracting officer did not advise bidder of reason for request.

The Defense Logistics Agency (DLA) has requested a decision from our Office as to whether it may rescind Allied Aero/Electro Associates' (Allied) contract to purchase Items 100 and 101 under invitation for bids (IFB) No. 60-6702, issued by DLA, Defense Property Disposal Region, Hawaii.

Items 100 and 101 were described as "Build-up Unit, Aircraft Engine" and three such units were offered under each item. Allied submitted a bid of \$2,002.00 for each unit of Item 100 and \$2004.00 for each unit of Item 101. The next high bid was \$660.00 for each of the units under Items 100 and 101.

Prior to award, the contracting officer placed a call to Allied's vice president, who had signed the bids, for confirmation of those bids. The vice president was unavailable but the contracting officer obtained a confirmation from a secretary. He did not, however, state the nature of the suspected error or reveal the disparity in the bids.

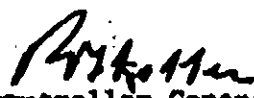
After award to Allied the contracting officer received a call from Mr. Percy Tafaude of the Pacific Aircraft Company who stated that Allied had been acting as an agent for Pacific. He stated that he had authorized the bids made by Allied in the belief that the units contained engines but had just learned that no engines were included. Allied stated that although it had not inspected the contents of the crates, it had viewed the crates and believed them to be large enough to include engines.

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Generally, the award of a contract predicated on verification results in a binding contract but the bidder must be placed on notice of the mistake suspected. (See Comptroller General Decisions B-173981, December 9, 1971; B-178974, July 23, 1973 and Texas Turbine Jct., Inc., B-184487, September 16, 1975, 75-2 CPD 157).

DLA indicates that Allied's bid was 3.033 times the second high bid on Item 100 and 3.036 times the second high bid on Item 101. In addition, the bids were 26.693 to 26.720 times the current market appraisal of \$75.00 each. Consequently, because the bidder was not informed of these disparities, DLA maintains that the verification was inadequate and recommends that the contract be rescinded.

Despite Allied's failure to inspect the items it was bidding on, as recommended by Condition No. 1 of the General Sale Terms and Conditions (Standard Form (SF) 114C, January 1970 Edition) incorporated by reference into IZB 60-6702, we agree that the verification was inadequate. We also question whether the verification was communicated by an authorized representative of the bidder. Accordingly, the contract may be rescinded as recommended by the Defense Logistics Agency.


Deputy Comptroller General
of the United States