



Comptroller General  
of the United States  
Washington, D.C. 20548

# Decision

**Matter of:** Services Alliance Systems, Inc.

**File:** B-257706

**Date:** July 14, 1994

## DECISION

Services Alliance Systems, Inc. (SASI) protests the rejection of its bid as nonresponsive by the Department of the Navy under solicitation No. N62766-94-B-2435. SASI contends that its bid was improperly rejected for failure to submit a bid bond in the required amount.

A bid bond is a form of security submitted to assure the government that a successful bidder will not withdraw its bid within the period specified for acceptance and, if required, will execute a written contract and furnish performance and payment bonds. See Federal Acquisition Regulation (FAR) § 28.001. The purpose of a bid guarantee is to secure the liability to the government for excess procurement costs in the event the successful bidder defaults by failing to execute the necessary contractual documents or to furnish the required payment and performance bonds. See FAR § 52.228-1(c); Imperial Maintenance, Inc., B-224257, Jan. 8, 1987, 87-1 CPD ¶ 34.

The solicitation here, for an indefinite quantity contract, required that a guarantee "be submitted with the bid for 20 [percent] of the highest amount for which contract award can be made (base year only)." SASI's base year bid was for \$6,637,000, and its accompanying bid bond was in the penal sum of \$100,000, which is 20 percent of the guaranteed contract minimum of \$500,000 but far less than the required 20 percent. The agency therefore properly rejected SASI's bid.

The protester argues that this bonding requirement is improper. This argument is untimely. Since it involves a challenge to a solicitation provision, it should be raised prior to bid opening. 4 C.F.R. § 21.2(a)(2) (1994).

The protest is dismissed.

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