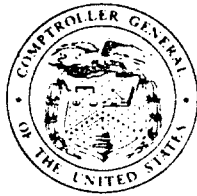


DECISION



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

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FILE: B-185200

DATE: January 12, 1976

MATTER OF: General Electric Company

DIGEST:

Contract awarded where contracting officer should have suspected error in bid but failed to request verification may be reformed on basis of intended bid price as requested by contractor, since no valid and binding contract is consummated where contracting officer knew or should have known of error and neglected to verify bid, and contractor has furnished documentation to establish intended bid price.

General Electric Company (GE), Medical Systems Division, has requested an increase in price in connection with an error alleged to have been made in its bid which is the basis of Veterans Administration (VA) contract V664P-477.

Invitation for bids (IFB) 664-11-76AT solicited bids for maintenance of the General Electric Med II system from July 1, 1975, to September 30, 1976, at the VA Hospital, San Diego, California. GE submitted the only bid of \$139.08 per month for a total bid of \$2,086.20. Award was made to GE on June 27, 1975.

By letter dated July 21, 1975, GE notified the VA Hospital at San Diego that it had made a mistake in its bid. The letter stated in part:

"The original agreement called for four inspections a year at a cost of \$1668.90 per inspection or a total of \$6675.60 per year. When I computed this on a 15 month basis, I inadvertently used the cost of one inspection figure of \$1668.90 as the annual cost arriving at a monthly cost of \$139.08 (\$1668.90 divided by 12 x 15) * * *."

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The VA reports that GE, prior to issuance of the bid, furnished an estimate to the VA engineering service but the contracting officer was not aware of its existence as a copy was not forwarded to the VA San Diego procurement office. This estimate dated June 3, 1975, recommended four inspections per year for maintenance services in the amount of \$1,668.90 per inspection of the following equipment:

"1 MED II System, Standard density
with processor

1 Teletype


1 ND 812 Tape Drive

1 Light Pen

1 Poloroid Camera"

The contracting officer reports that she was not aware of this estimate which was furnished to the VA engineering service. However, we have been informally advised by the VA that the Med II system includes all the items mentioned above in the estimate. We have been further advised that the contract for the Med II system for fiscal year 1975 was awarded to Nuclear Data for the 12-month period at a monthly cost of \$522. Under these circumstances we believe that the contracting officer should have been on notice of the likelihood of error in the GE bid.

Our Office has held that no valid and binding contract is consummated where the contracting officer knew or should have known of the probability of error, but neglected to take proper steps to verify the bid. B-179266, August 20, 1973. In view thereof, and since GE has presented documentation which clearly indicates that a mistake in the amount of \$6,258.30 was made (\$8,344.50 intended bid as explained above less actual bid price of \$2,086.20), our Office would have no objection to reformation of the contract to reflect an award amount of \$8,344.50 as requested by the contractor and as recommended by the VA Director, Supply Service, Department of Medicine and Surgery.


Deputy Comptroller General
of the United States