

DOCUMENT RESUME

02707 - [A1872897]

[Procurement by Subgrantees]. B-188116. June 23, 1977. 2 pp.

Decision re: BCE Corp.; by Robert F. Keller, Deputy Comptroller General.

Issue Area: Federal Procurement of Goods and Services (1900).

Contact: Office of the General Counsel: Procurement Law II.

Budget Function: General Government: Other General Government (806).

Organization Concerned: Department of Labor; District of Columbia; Washington Inst. for Employment Training, Inc.

Authority: Comprehensive Employment and Training Act of 1973, title I (29 U.S.C. 811-822 (Supp. III)). 29 C.F.R. 98.20.

The protester complained about the placing of an order for typewriters under an oral solicitation by a subgrantee. The Federal agency had issued regulations exempting subgrants from the applicable procurement standards, and the grantee had full notice of the subgrantee's intended sole-source procurement. The procurement action was proper. (Author/SC)

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DECISION



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

FILE: B-188116

DATE: June 23, 1977

MATTER OF: BCE Corporation

DIGEST:

Where federal grantor agency has issued regulations exempting subgrants from the procurement standards generally made applicable by such regulations and where grantee has full notice of the subgrantee's intended sole-source procurement, GAO concludes that the procurement action was proper.

BCE Corporation (BCE) complains about the placing of a purchase order for IBM typewriters under an oral solicitation by the Washington Institute for Employment Training, Inc. (WIET), a private nonprofit corporation. WIET is a subgrantee under a Title I, Comprehensive Employment & Training Act of 1973, 29 U.S.C. §§ 811-822 (Supp. III, 1973), grant of the U.S. Department of Labor (Labor), the grantor, to the District of Columbia (DC), the grantee.

It is BCE's position that it submitted the low bid in response to WIET's oral solicitation and that its offer should have been accepted instead of the IBM offer. BCE made inquiries regarding the award to IBM by WIET at the grantee's Procurement Office which proved fruitless when the Procurement Office declined to discuss the matter. The grantor, however, reports that its review of the protested action has revealed that BCE was never formally solicited by WIET, that WIET did obtain price lists from three different typewriter suppliers, and that WIET did obtain a typewriter from BCE, on loan, which in WIET's opinion proved unsuitable for training purposes.

The subgrant contains a two-fold justification for the sole-source procurement of 116 IBM Electric typewriters to replace some of the typewriters being used by WIET. The justification appears to have originally

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been a portion of WIET's subgrant application which was subsequently incorporated into the subgrant proper. The justification indicates, first, that many employers in the Washington Metropolitan area use the IBM typewriter and consequently WIET believes it best to train on the machine which the trainee is most likely to encounter on the job, and second, that WIET believes the IBM typewriter to be more durable and reliable in a training environment than any other typewriter.

We note that the Labor regulations governing Title I grants exempt subgrants from the procurement standards to be used in the acquisition "of supplies, equipment, and other materials and services with Federal grant funds * * *." 29 C.F.R. § 98.20 (1976). Moreover, the presence of the justification in the subgrant coupled with the grantee's approval of the purchase order indicate that DC was aware of WIET's plan to procure a quantity of typewriters on a sole-source basis.

Given that the grantor's regulations provide an express exemption from otherwise applicable procurement standards and that the grantee had full knowledge of the nature of the procurement prior to its issuance of the subgrant we conclude that the procurement action was proper.

W. K. K. K.
Deputy Comptroller General
of the United States