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The Comptroller General
of the United States

Washington, D.C. 20548

Decision

Matter of: Department of the Navy - Raytheon Claim for
Repair Services
File: B-234321
Date: March 20, 1989

DIGEST

Claimant may be paid on a quantum meruit basis for necessary repairs made to government equipment without a written contract since the repairs could lawfully have been procured, the government received and accepted the benefit of the repairs by using the equipment after the repairs were made, the claimant acted in good faith, and the amount charged for the repairs was fair and reasonable.

DECISION

The Department of the Navy asks whether it may reimburse Raytheon Company \$49,231 that Raytheon paid Litton Systems, Inc., for repairing three government-owned Raytheon test consoles transported to Litton from the Crane, Indiana, Naval Center. For the reasons given below, we find that the claim may be paid.

The record indicates that Litton needed the test consoles as government-furnished test equipment to assist with increasingly urgent production needs related to a contract between the Navy and Grumman Aerospace Corporation. Before they reached Litton from the Crane facility, the consoles were extensively damaged because of poor packing and improper shipping. The Navy acknowledges that it was responsible for the damage.

There is some conflict in the record about whether the Navy authorized Raytheon to effect repairs. Raytheon alleges that personnel at the Crane facility stated that funding for the repairs was forthcoming. On this basis, Raytheon issued a purchase order to Litton to repair the consoles to insure that project delivery schedules would be met. Litton then made the repairs and requested payment from the Navy of \$49,231 for its work. The Navy, however, replied that the government had not authorized Litton to make the repairs and

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that Litton's grievance was with Raytheon. Raytheon eventually paid Litton the amount in question.

The Navy subsequently investigated the matter and concluded that although the Navy did not directly authorize Raytheon to make the repairs it was the Navy's intention to have the consoles repaired to meet certain Navy program requirements. The investigation also concluded that the consoles had been used in performing government contracts after the repairs were made. Consequently, and since the Navy has found the price for the repairs was fair and reasonable, the Navy has recommended to our Office that the full amount of the claim be paid.

Pursuant to our Office's claims settlement authority, 31 U.S.C. § 3702 (1982), the Comptroller General may authorize reimbursement to a firm that performed work for the government without a valid written contract on a quantum meruit basis. 64 Comp. Gen. 727 (1985). Under the doctrine of quantum meruit, the government pays the reasonable value of services it actually received on an implied, quasi-contractual basis. B-228637, Oct. 16, 1987.

The first determination to make in connection with a quantum meruit claim is whether the services could properly have been procured had formal procedures been followed. 64 Comp. Gen. at 728. This element is satisfied here, since it is evident that services for repair of the government-owned equipment could have lawfully been procured.

Next we must find that the government received and accepted the benefit obtained from the services, the company seeking payment acted in good faith, and the amount claimed represents the reasonable value of the benefits received. Id.

We think these elements also have been satisfied. The Navy states that it accepted the benefits provided by the repairs: the repairs were necessary for work on government contracts, and the agency continued to use the consoles on various contracts. The record also provides no reason to question Raytheon's good faith in initiating the repairs. As soon as the damage was discovered, Raytheon ordered Litton to make the repairs, subsequently reimbursing Litton for its costs. Finally, the Navy has concluded that the amount charged was fair and reasonable. In this respect, the record furnished to our Office includes a detailed breakdown about how the repair costs were allocated. See 65 Comp. Gen. 692 (1986).

As all the elements of a quantum meruit claim have been satisfied, we find that the Navy may pay Raytheon the \$49,231 claimed.

Milton J. Fowler

Acting Comptroller General
of the United States