



**Comptroller General
of the United States**

Washington, D.C. 20548

Decision

Matter of: SRM Manufacturing Company

File: B-277416

Date: August 4, 1997

Luke Morin for the protester.

Jeffery Greer, Esq., Defense Logistics Agency, for the agency.

Marie Penny Ahearn, Esq., and John M. Melody, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

General Accounting Office will not review an agency decision to issue a project order to a federal agency rather than contract for the supplies in the private sector, where no competitive solicitation was issued for the purpose of determining the cost of contracting out.

DECISION

SRM Manufacturing Company (SRM) protests the Defense Logistics Agency's (DLA) issuance of project order No. SPO749-97-P-B085 to Warner Robbins Air Logistics Center, Warner Robbins Air Force Base, for 212 metal tube assemblies, a critical application item used on F-15 aircraft. SRM contends that DLA should not have issued the project order to a government agency without first performing a comparison between in-house and contractor performance.

We dismiss the protest.

On October 12, 1995, DLA issued a competitive solicitation, request for proposals (RFP) No. SPO740-95-R-0166, seeking offers for the metal tube assembly, with McDonald Douglas Corporation (McDonald Douglas) part number 68A691706-1009 listed as the approved item of supply. SRM submitted the sole offer of \$506.79 for an alternate item. While DLA evaluated SRM's alternate offer, the agency made two interim purchases of the item--24 units from McDonald Douglas at \$282.69 per unit and 2 units from Warner Robins at \$300.00 per unit. DLA subsequently approved SRM's alternate item as technically acceptable. However, because DLA was unable to determine that SRM's offered price under the RFP was reasonable, the agency canceled the solicitation on December 28, 1996. Subsequently, on February 27, 1997, DLA issued request for quotations (RFQ) No. SPO740-97-Q-0913, for the same items. In response, both SRM and McDonald Douglas submitted quotes. However, DLA determined that neither quote was acceptable--McDonald Douglas's quote of \$295.30 failed to meet the delivery requirement and SRM's quote of \$494 per unit

(\$508.15 with first article) could not be determined reasonable. As a result, DLA made no award under the RFQ, and instead issued the protested project order to Warner Robbins for 212 units at \$231 per unit.¹

As a general rule, our Office does not review agency decisions to perform in-house, rather than contract out, because we regard such decisions as matters of executive branch policy. Boulder Scientific Co., B-225644, Mar. 20, 1987, 87-1 CPD ¶ 323. Accordingly, we will review such decisions only where a competitive solicitation has been issued for the purpose of determining the cost of contracting out, and a protester alleges that the resulting comparison with the cost of performing the work in-house is faulty or misleading. Id. Since no competitive solicitation for the tube assemblies was issued here for cost comparison purposes, we will not review DLA's decision to issue a project order to Warner Robbins, another federal agency.

The protest is dismissed.

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¹Defense Logistics Acquisition Directive 4105.1, § 17.9103 authorizes issuance of a project order to a "government-owned, government-operated establishment" when offers received from the private sector are unacceptable because, among other reasons, "[t]he offeror does not propose to meet the required delivery date" and "[t]he proposed price is considered unreasonable."