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DECISION



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

[*Social Security Administration Request for Reconsideration*]

FILE: B-191013

DATE: October 7, 1980

MATTER OF: Information International, Inc. --
SSA Request for Reconsideration

DIGEST:

1. Agency incorrectly believes that prior decisions in same procurement are inconsistent. Our first decision dealt with propriety of proposed benchmark while second concerned evaluation of benchmark results and awardee's selection.
2. Recommendation that agency conduct market survey to validate selection is clarified in view of agency's uncertainty regarding its intent. Exercise of annual renewal option to protect status quo pending possible reprocurement is consistent with recommendation.

The Social Security Administration (SSA) asks us to reconsider our decision in Information International, Inc., B-191013, B-191013.2, August 8, 1980, 59 Comp. Gen. (1980), 80-2 CPD 100, concerning a protest by Information International, Inc. (III) of SSA's award of a lease with option to purchase multi-font optical scanning equipment from Recognition Equipment, Inc. (REI). The equipment was acquired to process data received on W-2, W-2P and W-3 Internal Revenue Service (IRS) forms. REI's selection over III was based on REI's lower computed life cycle cost calculated from data produced by benchmarking the equipment proposed. We sustained III's protest in part and recommended that SSA conduct a market survey to determine whether continued reliance on the REI equipment was in the Government's best interest.

SSA questions our findings, arguing that our recent decision appears inconsistent with our findings in an earlier decision, Information International, Inc., B-191013, May 31, 1978, 78-1 CPD 406, which concerned the same procurement. In that decision we concluded that III had not demonstrated that the benchmark, as proposed by SSA, was arbitrarily conceived.

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We see no inconsistency between our 1978 and the more recent decision. The first decided issues raised before benchmarking and concluded in effect that SSA could properly conduct the benchmark as proposed. The second decision is rooted in the requirement that proposals must be evaluated in accord with the criteria stated in the solicitation, which in turn requires that a selection using numerical scores reflect a meaningful difference in the relative merit of the proposals evaluated. Tracor Jitco, Inc., 54 Comp. Gen. 896 (1975), 75-1 CPD 253; Grey Advertising, Inc., 55 Comp. Gen. 1111 (1976), 76-1 CPD 325.

In our second decision, we found that several evaluation errors had caused SSA to view the difference between the costs of the III and REI proposals as greater than was warranted. We also found that the benchmark would have had to have been very precise were SSA to use its results to distinguish between the REI and III proposals and that the precision needed was apparently not achieved. We concluded that SSA's selection based on the benchmark results was arbitrary since there was no basis in the record establishing that the evaluation procedure measured an actual cost difference between the competing proposals. SSA has not disputed our findings in this respect.

Therefore, our decision of August 8, 1980, is affirmed.

In seeking reconsideration, SSA asks that we clarify our recommendation, which it finds confusing. SSA points out that our letter transmitting our decision to the Secretary of Health and Human Services recommended that:

"SSA, through a market survey, and any other appropriate steps, determine if continued reliance on the awardee's equipment is in the best interest of the Government before any decision is made to exercise any further [contract] options * * *."

The current option period expired on September 30, 1980. SSA found it "operationally impossible" to complete a survey prior to exercising the FY 1981 renewal option and says that literal compliance with our recommendation will prevent it from maintaining the status quo pending the outcome of its survey because it would be unable to continue using REI equipment to process data which it receives.

In recommending an SSA conducted survey, we assumed that SSA would have to determine whether exercise of an annual option was necessary to protect the Government's

interests before a sufficiently comprehensive market test could be prepared and conducted. Since we were aware that it might be necessary to exercise the FY 1981 option, and did not intend to foreclose action found to be necessary to protect the Government's interests, we do not object to its exercise at this time.

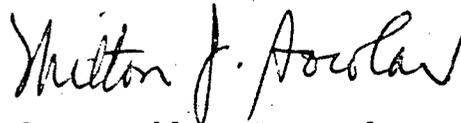
We note that SSA has construed our recommendation to require, in effect, a reprourement. We did not recommend a full procurement because we preferred to leave SSA free to pursue a more flexible approach if by doing so it would be able to validate its selection process. However, a timely reprourement would satisfy the intent of our recommendation.

In this regard, we question SSA's conclusion that a reprourement will require two and a half years to complete. SSA states that one year is needed simply to conclude an internal analysis, develop specifications, and prepare a benchmark. Six months are allocated to solicit industry comments, evaluate the responses received and obtain necessary approval for the procurement. A full additional year is set aside to conduct the actual procurement. This, SSA states, would permit it to meet a contemplated target date of March 1983, allowing sufficient time to coordinate 1983 tax year instructions with IRS and permitting installation of new equipment by the beginning of calendar year 1984.

We appreciate the importance of orderly procurement procedures. SSA, however, proposes to repeat the entire planning and procurement process it performed in selecting REI initially, as though a replacement contract must be treated as a new start. We see no reason why the various steps outlined cannot be combined. Provided that adequate management and professional support is made available, SSA should be able to complete a reprourement in significantly less time than planned.

Finally, we note SSA's reference to its need to coordinate tax year instructions with IRS, which suggests that SSA intends to redesign the W-2, W-2P, and W-3 forms to suit the successful vendor. If SSA were to design new operating procedures and forms entirely around the system it selects, again requiring use of an artificially constructed test deck for benchmarking, it could create the same uncertain environment which as our prior decision indicated made SSA's

use of life cycle costing difficult to implement in the first place. On the other hand it might be feasible to require that replacement systems be compatible initially with existing operating requirements. If an offeror maintains that its particular system could be operated more effectively using different operating procedures, changes could be implemented at a later date should it be selected.



For the Comptroller General
of the United States