

**DECISION**

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

40385

FILE: B-180128

DATE: January 29, 1974

MATTER OF: M &amp; M Metals, Inc.

**DIGEST:** Purchaser whose bid price of \$0.4625 per pound on scrap metal was substantially higher than next high bid of \$0.2621 per pound and current market appraisal of \$0.32 per pound may have sales contract rescinded, since in view of substantial difference between purchaser's bid and next high bid and current market appraisal and fact that prices on scrap metal do not vary greatly, contracting officer should have been on notice of possibility of error in bid and should have requested verification before acceptance.

By sales invitation No. 31-4015, issued by the Defense Property Disposal Region Office, Defense Supply Agency, Memphis, Tennessee, bids were requested for the purchase from the Government of various types of scrap metal. In response, M & M Metals, Inc. (M & M), submitted a bid offering to purchase, among other items, the scrap metal described under item 14 at a price of \$0.4625 per pound. On September 6, 1973, contract No. 31-4015-097 was awarded to M & M for item 14.

M & M alleges that a mistake was made in its bid in that it inadvertently placed the bid price intended for item 13 opposite item 14. The corporation has requested that the contract be canceled without liability to the firm.

The seven other bids on item 14 ranged from \$0.2621 to \$0.020998 per pound. The current market appraisal value, known to the contracting officer prior to bid opening, was \$0.32 per pound. In that connection, counsel for the Defense Property Disposal Service expresses the opinion that the contracting officer should have requested verification of the M & M bid. The basis of the opinion is that the property offered for sale under item 14 consisted of scrap metal; that it is generally accepted fact that bids on scrap metal do not vary as greatly as do bids on usable surplus property; and that there is a substantial disparity between the corporation's bid on item 14 and the next high bid and the current market appraisal of that item. We agree that the contracting officer was on constructive notice of error and that the bid should have been verified prior to award. See 49 Comp. Gen. 199, 202 (1969), and B-174900, March 7, 1972.

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Accordingly, contract No. 31-4015-097 may be canceled without liability to the corporation as administratively recommended.

  
Deputy Comptroller General  
of the United States