

Winnery
20689

DECISION



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

FILE: B-209380.2

DATE: July 12, 1983

MATTER OF: The Big Picture Company

DIGEST:

Protest of determination to perform audiovisual and photographic services in-house rather than by contract is denied where the protester has not shown that the administrative appeal upholding the determination violated mandated procedures for determining the cost of in-house operation versus contracting.

The Big Picture Company (Big Picture) protests the Department of the Navy's (Navy) decision to cancel solicitation No. N00303-82-R-6036 for audiovisual and photographic services at the Aviation Supply Office in Philadelphia, Pennsylvania.

We deny the protest.

The procurement involved a cost comparison in accordance with Office of Management and Budget Circular A-76 to determine whether the Navy should contract out or continue in-house performance of the required services. Big Picture's proposal was selected for cost comparison as the most advantageous commercial proposal. The solicitation was canceled after the contracting officer determined that the work could be performed at a lower cost to the Government through continued use of Government personnel.

Big Picture filed an administrative appeal of the determination. The Naval Supply Systems Command reviewed the cost comparison data and discovered several errors in the Government's estimates. As a result, the advantage of in-house performance for the contract period was reduced from \$69,542 to \$14,825. Big Picture's appeal was denied since the adjusted figures still showed in-house performance was less costly than contracting out.

026105

In protesting to our Office, Big Picture alleges that the cost comparison is still inaccurate because the depreciation schedules used by the Navy were unfair, because the Navy did not add a 26-percent fringe benefit cost factor to its overtime cost estimates, and because the Navy did not include equipment maintenance cost in its in-house cost estimates.

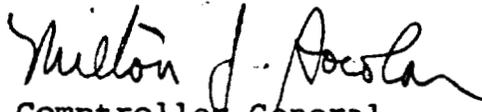
Generally, we do not review an agency decision to perform work in-house rather than to contract for the services because we regard the decision as a matter of policy within the province of the executive branch. Crown Laundry and Dry Cleaners, Inc., B-194505, July 18, 1979, 79-2 CPD 38. However, where an agency uses the procurement system to aid in its decisionmaking, describing in the solicitation the circumstances under which the Government will award or not award a contract, we will review whether mandated procedures were followed in comparing in-house and contract costs. Midland Maintenance, Inc., B-202977.2, February 22, 1982, 82-1 CPD 150. We believe it would be detrimental to the procurement process if, after the agency solicits offers, it employs a faulty or misleading cost comparison which materially affects the determination of whether a contract will be awarded. Jets, Inc., 59 Comp. Gen. 263 (1980), 80-1 CPD 152.

Big Picture contends that the Navy used unfair depreciation schedules for the camera and phototypesetting machine included in the equipment costs in its in-house estimate. The Navy followed the NAVCOMPT Manual for determining the useful life of the equipment for depreciation purposes. The manual estimated a useful life of 20 years for the camera and 15 years for the phototypesetting machine. Big Picture argues that the Navy should have disregarded naval procedures and used a more common commercial depreciation schedule of no more than 7 years for both pieces of equipment. Because the Navy properly followed mandated guidelines in estimating its depreciation costs and because we will question only whether the mandated procedures were followed, we find no reason to question the depreciation costs.

We similarly disagree with Big Picture's contention that a 26-percent fringe benefit cost factor should have been added to the Navy's estimated overtime costs. The Navy

based its overtime calculations on instructions contained in the "Department of Defense In-House vs. Contract Commercial and Industrial Activities Cost Comparison Handbook," which provides that fringe benefits costs are to be applied only to annual or periodic labor costs and that overtime costs are not included in the total annual or periodic labor costs. Since the Navy properly applied the 26-percent cost factor to annual or periodic labor costs only, Big Picture's argument is without merit.

As a third basis for its protest, Big Picture alleges that the Navy did not include contemplated maintenance costs in its in-house estimate. The protester apparently overlooked the annual maintenance estimate of \$5,461 which was included in the total \$15,441 annual operations overhead amount contained in the Navy cost estimate. Thus, the protester has no factual basis for this allegation.

for 
Comptroller General
of the United States