

**DECISION**

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

**FILE:** B-222731 **DATE:** April 17, 1986  
**MATTER OF:** Building Services Unlimited, Inc.

**DIGEST:**

1. The General Accounting Office will not review an agency decision to perform work in-house rather than to continue to contract for the services where no competitive solicitation was issued pursuant to Office of Management and Budget Circular No. A-76 for the purpose of determining the cost of contracting out.
2. Protest against termination of a contract is dismissed because terminations for convenience are, by law, matters of contract administration and are not reviewable under the General Accounting Office's bid protest function. The only exception to this rule, where the termination is the result of an agency finding that the contract was improperly awarded in the first instance, is not applicable here.

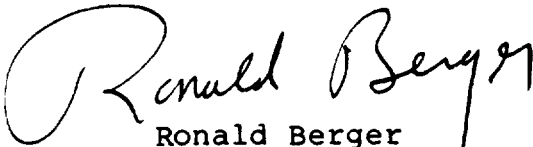
Building Services Unlimited, Inc. (BSU) protests a decision by the Internal Revenue Service (IRS) to terminate the firm's present contract for pre-sort mail services and to perform a new pre-sort activity with agency personnel. BSU contends that this action is improper because IRS has failed to conduct a cost comparison in accordance with Office of Management and Budget (OMB) Circular No. A-76 to measure the relative costs of in-house versus contractor performance of the new activity. We dismiss the protest.

As a general rule, this Office does not review agency decisions to perform in-house rather than to contract for services because we regard such decisions as matters of executive branch policy. Dynalectron Corp., B-216201, May 10, 1985, 85-1 CPD ¶ 525. 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 it is alleged that the resulting comparison with the cost of performing the work in-house is faulty or

misleading. Id. Since no competitive solicitation for the new pre-sort activity has been issued here for A-76 cost comparison purposes, IRS' decision to operate the contemplated services with its own personnel is not a proper matter for our consideration.

IRS' attendant termination of BSU's existing contract for the convenience of the government also is not reviewable under our Bid Protest Regulations. See 4 C.F.R. § 21.3(f)(1) (1985). By law, an agency's decision to terminate a contract for convenience is a matter of contract administration for consideration by a contract appeals board or by a court of competent jurisdiction, and this Office will only consider the propriety of such a termination where it is based upon an agency finding that the contract was improperly awarded in the first instance. Andrew Corp. et al., B-217024 et al., Mar. 25, 1985, 85-1 CPD ¶ 344. That limited exception allowing for our review is not applicable to the facts of this case.

The protest is dismissed.

  
Ronald Berger  
Deputy Associate  
General Counsel