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01157 - [A0751113] (Restricted)

[Review of Sealed Bid Practices]. LCD-77-209; B-185929. January 28, 1977. 2 pp.

Report to Rep. William A. Steiger; by Fred J. Shafer, Director, Logistics and Communications Div.

Issue Area: Facilities and Material Management (700).

Contact: Logistics and Communications Div.

Budget Function: General Government: General Property and Records Management (804).

Organization Concerned: General Services Administration.

Congressional Relevance: Rep. William A. Steiger.

The bid receipt, opening, and acceptance practices for surplus property sales followed by GSA Region V in Chicago were investigated. A sale for a surplus flexowriter was questioned. Procedures for handling sealed bid sales were reviewed and selected actual sales transactions were observed.

Findings/Conclusions: Adequate safeguards are provided to protect the integrity of sealed bid sales. Sales personnel in Region V may not have access to bids until the time they are opened. Bids are received by GSA's Business Service Center where they are time-stamped and kept, unopened, in a safe. The public may attend a bid opening; if present, they must sign a bid attendance register. GSA personnel open the bids in public or, if no one from the public is present, a GSA employee acts as witness. In the questioned sale, the high bid on the flexowriter was postmarked on January 27, 1976, and received by GSA on January 29, 1976. One public observer witnessed the bid opening on January 30, 1976. Close bids are not uncommon and eight of the 97 winning bids on January 30, 1976, were within \$2 of the next highest bid. (PRS)

01157



UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548

LOGISTICS AND COMMUNICATIONS  
DIVISION

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B-185929

JAN 28 1977

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The Honorable William A. Steiger  
House of Representatives

Dear Mr. Steiger:

In response to your February 16, 1976, request, we reviewed the bid receipt, opening and acceptance practices for surplus property sales followed by the General Services Administration (GSA) Region V in Chicago. One of your constituents was concerned that GSA was accepting bids after the official bid openings. He cited a case where he had bid \$210 for a surplus flexowriter only to lose out to a \$211 bid. As agreed with your staff, our investigation was deferred so that it could be discreetly conducted concurrently with an already scheduled survey of Government disposal activities.

We reviewed GSA Region V procedures for handling sealed bid sales and we observed selected actual sales transactions. We concluded that adequate safeguards are provided to protect the integrity of sealed bid sales. Under GSA Region V procedures, sales personnel may not have access to bids until the time they are to be opened. Bids are received by GSA's Business Service Center where they are time-stamped and kept in a safe unopened. On the day bids are to be opened, sales personnel pick them up from the Center and sign a register evidencing their receipt.

The public may be present at the bid opening and if they do attend, they must sign a bid attendance register. GSA personnel open the bids in public or, if no one from the public is present, a GSA employee acts as a witness.

In the sale questioned by your constituent, the envelope for the high bid on the flexowriter was postmarked in Minneapolis, Minnesota, on January 27, 1976. It was time-stamped as received by GSA on January 29, 1976. The bid

B-185929

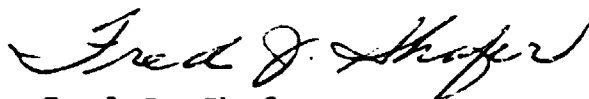
attendance register shows that one public observer attended the bid opening on January 30, 1976. According to the abstract of bids which was witnessed by the public observer, both your constituent's bid and that of the high bidder were opened and recorded at this bid opening. Records also indicate that the high bidder's bid was opened before your constituent's bid.

Close bids as experienced by your constituent are not uncommon. Eight of the 97 winning bids on January 30, 1976, were within \$2 of the next highest bids. This bid opening included a tie bid and a \$253 bid which was only \$.43 higher than the next highest bid.

Your constituent told us that 2 or 3 months before the January 30, 1976, sale, he had bid \$175 on a flexowriter which sold for \$200. This prior sale indicates that a bid in the range of \$200 would be competitive for flexowriters.

We will be glad to discuss this matter further with you or your staff if you so desire.

Sincerely yours,



Fred J. Shafer  
Director