

**CHAPTER 8**  
**SUPPLY MANAGEMENT**

§8101. Definition.

§8102. Supply Management and Disposition.

§8103. Allocations of Proceeds from Sale or Disposal of Surplus Supplies.

**§8101. Definition.**

(a) *Supplies*, for purposes of this Chapter, means tangible personal property owned by the territory.

**§8102. Supply Management and Disposition.** (a) **General.** Objectives of the territory's supply management program include preventing waste; continuing utilization of supplies; and obtaining a fair return of value upon disposal of supplies. In order to achieve these objectives, sound inspection, testing, warehousing, and inventory practices are called for, and effective means of transferring and disposing of property must be employed.

(b) **Quality Assurance, Inspecting and Testing.** The Chief Procurement Officer shall take such steps as deemed desirable to ascertain or verify that supplies, services, or construction items procured by such officer conform to specifications. In performing this duty, the Chief Procurement Officer may establish inspection and testing facilities, employ inspection personnel, enter into arrangements for the joint or cooperative use of laboratories and inspection and testing facilities, and contract with others for inspection or testing work as

needed. The Chief Procurement Officer may delegate authority for inspection and testing to using agencies.

(c) **Inventory Management.** The Chief Procurement Officer shall have general supervision of all inventories of tangible personal property, whether warehoused or in use, belonging to the territory or any of its agencies. This responsibility shall not, however, relieve any agency of accountability for tangible personal property and other supplies under its control. All warehouses and similar storage areas shall be inventoried at least annually.

(d) **Warehousing and Storage.** The Chief Procurement Officer shall exercise general supervision of any receiving, storage, and distribution facilities and services maintained and operated by the Office of the Chief Procurement Officer or using agencies.

(e) **Authority of the Chief Procurement Officer.** No using agency shall transfer, sell, trade-in, or otherwise dispose of supplies owned by the territory without written authorization of the Chief Procurement Officer.

(d) **Report of Supplies.** Using agencies shall notify the Chief Procurement Officer, on such forms and at such times as that officer may prescribe, of all excess supplies. In so doing, a using agency may suggest a dollar value per item or per lot that it desires to receive from any transfer or disposition of such excess supplies, but the suggestion shall not constitute the minimum sale or transfer amount. Any such figures shall not be public information prior to

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transfer or sale.

(e) **Transfer of Excess and Surplus Supplies.** Insofar as feasible and practical, the Chief Procurement Officer shall transfer excess supplies to other territorial agencies and other units of government. The price of the supply transferred shall be the fair market price based, where possible, on previous sales of similar products in the open market, or on an appraised value, and shall be one mutually agreed upon between the owning agency and the recipient, and approved by the Chief Procurement Officer. If agreement cannot be reached, the Chief Procurement Officer shall establish the price. When a supply is transferred to a political subdivision of the territory, the recipient shall agree in writing not to transfer title or otherwise dispose of the supply within 12 months without prior approval of the Chief Procurement Officer.

(h) Disposition of Surplus Supplies.

(1) **General Requirements.** Surplus supplies shall be offered through competitive sealed bids, public auction, established markets, or posted prices. It is recognized, however, that some types and classes of items can be sold or disposed of more readily and advantageously by other means, including barter. In such cases, and also where the nature of the supply or unusual circumstances call for its sale to be restricted or controlled, the Chief Procurement Officer may employ such other means, including appraisal, provided such officer makes a written determination that such procedure is advantageous to the territory.

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Only United States Postal money orders, certified checks, or cashiers' checks shall be accepted for sales of surplus property except cash or a personal check may be accepted for petty cash sales of less than \$100. A copy of all sales notifications or invoices shall be sent to the Comptroller, Division of Accounts, Department of Administration.

(2) Competitive Sealed Bidding.

(a) **Soliciting and Opening.** When making sales by competitive sealed bidding, notice of the sales should be given at least ten (10) days before the date set for opening bids. Notice shall be given by mailing a Request for Sale Bids to prospective bidders, including those bidders on lists maintained for this purpose, and by making the Request for Sale Bids publicly available. Newspaper advertisement may also be used. The Request for Sale Bids shall list the supplies offered for sale; designate their location and how they may be inspected; and state the terms and conditions of sale and instructions to bidders including the place, date, and time set for bid opening. Bids shall be opened publicly.

(b) **Award.** Award shall be made in accordance with the provisions of the Request for Sale Bids to the highest responsive and responsible bidder, provided that the price offered by such bidder is acceptable to the Chief Procurement Officer. Where such price is not

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acceptable, the Chief Procurement Officer may reject the bids in whole or in part and negotiate the sale provided the negotiated sale price is higher than the highest responsive and responsible bidder's price, or such officer may resolicit bids.

(3) **Auctions.** Supplies may be sold at auction. When appropriate, an experienced auctioneer should be used to cry the sale and assist in preparation of the sale. The solicitation to bidders should stipulate, at a minimum, all the terms and conditions of any sale; that a deposit may be required in order to participate in the bidding; that the purchaser must remove within a stated time all surplus supplies purchased; and that the territory retains the right to reject any and all bids.

(4) **Established Markets.** Established markets are places where supplies such as livestock and produce are regularly sold in wholesale lots and prices are set by open competition. Surplus supplies may be sold in established markets for such supplies.

(5) **Posted Prices.** Supplies may be sold at posted prices as determined by the Chief Procurement Officer when such prices are based on fair market value and the sale is conducted pursuant to written procedures established by the Chief Procurement Officer.

(6) **Trade-in.** Surplus supplies may be traded-in only when the Chief Procurement Officer determines

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the trade-in value is expected to exceed the value estimated to be obtained through the sale or other disposition of such supplies.

**§8103. Allocations of Proceeds from Sale or Disposal of Surplus Supplies.** (a) **Disposition of Proceeds.** Net proceeds from the disposition of excess or surplus supplies shall be credited to the General Fund, unless otherwise provided by law.