

14-2. Unauthorized Commitments and Ratification

a. An unauthorized commitment (UAC) is defined by FAR 1.602-3(a) as “an agreement that is not binding solely because the Government representative who made it lacked the authority to enter into that agreement on behalf of the Government.” See AFARS 5101.602-3-90. The only individuals who can bind the Government are warranted contracting officers, ordering officials, and cardholders acting within the limits of their delegated authority. The primary factor in determining whether a purchase is considered a UAC is contracting authority. CHs have this authority from their appointment letter. When an individual without contracting authority initiates a purchase, it is considered a UAC. The designated CH is the only person authorized to make purchases with a GPC.

b. Payment for goods or services accepted for an UAC may be made only through the ratification process. Payment cannot be made unless a Contracting Officer has awarded a contract or an authorized GPC holder acting within his or her delegation of authority has ordered the item(s).

c. Examples of Unauthorized Commitments.

- 1) The Army receives services/supplies in which a properly executed funding document and an authorized procurement method (e.g., contract, BPA, or GPC) was not established prior to the Government ordering the services/supplies.
- 2) Someone other than the CH contacts a vendor and asks them to provide supplies or perform work, without the CH’s knowledge and without prior approval of the billing official.
- 3) An individual without contracting authority orders supplies or services.
- 4) CH orders supplies or services exceeding their procurement authority.
- 5) A vendor mistakes a request for information as an order, ships the item, the receiver does not realize it is an improper order and accepts the item rather than rejecting and returning the item.
- 6) A contractor continues to perform a service contract or provide leased/rented equipment after the expiration date of the contract. This situation frequently occurs on yearly services/maintenance/lease-type contracts for which there is a continuing need.
- 7) An individual makes a commitment for continuation of services over and above the original scope and dollar amount, or delivery of supplies under an expired contract, purchase order, or delivery order.
- 8) An individual makes a commitment which exceeds the call order limit on a BPA.
- 9) A person who does not have delegated authority makes a commitment under a BPA.

d. Common Reasons for UACs.

- 1) Failure to plan procurement needs far enough in advance to utilize normal contracting procedures.
- 2) Encountering emergency program requirements and not believing there is enough time to go

through normal procurement procedures.

- 3) Failure to expeditiously review, approve, and transmit procurement requests to the Procurement Office.
- 4) Failure to perform extensive market research before taking an action.
- 5) Government officials not understanding the parameters of their actual authority or lack thereof.
- 6) Government official not understanding that agreeing to an option presented by a contractor could be an unauthorized action if it creates more work or expense.

e. **Ratification Process.** AFARS 5101.602-3-90 outlines the Army process for ratifying an unauthorized commitment. The Government accepts liability through ratification. When an A/OPC identifies a potential unauthorized commitment, the A/OPC must contact the local contracting office to initiate the ratification process.

f. **Payment of Properly Ratified Claims with the GPC.** After the UAC is ratified, the payment of the ratified claim may be made through an appropriate contract action (e.g., award of a contract, modification to a contract, purchase order, GPC). After ratification, the GPC may be used to satisfy the commitment if the amount of payment is within the cardholder's authority. If the outstanding charges have already been paid in error with the GPC prior to the discovery of the UAC, the UAC is being processed for ratification only and the supporting documentation is loaded in the bank's EAS.

Parent topic: CHAPTER 14 - PROHIBITED AND RESTRICTED PURCHASES