

SECTION 7: ACQUISITION PROCEDURES

SUBJECT: UNAUTHORIZED PURCHASES Procedure #7.2.1

POLICY:An unauthorized purchase is a commitment made by an employee or department outside its authority. Unauthorized purchases must be reviewed by Procurement Services to determine whether the purchase conforms to all applicable laws, regulations, and/or University policies. Unauthorized purchases may subject the individual responsible for the unauthorized purchase to significant personal liability.

PROCEDURE:

The University of Washington Procurement Services department has delegated authority to enter into contracts with outside entities for the purchase of goods and/or services. Other UW departments are generally authorized to make purchases under \$10,000. With few exceptions, other UW departments do not have the authority to enter into contracts outside entities for purchases of \$10,000 or more.

An unauthorized purchase occurs when a UW department (other than Procurement Services) enters into a contract with an outside entity for \$10,000 or more. The unauthorized purchase will be reviewed by Procurement Services to determine whether the purchase complies with other applicable laws, regulations, and/or University policies.

Unauthorized purchases often fail to incorporate many of the University's contractual terms and safeguards that are negotiated by Procurement Services. This can result in issues with service, unanticipated automatic renewals, failure to retain critical data, and other issues that may reduce the value of the contract to a department. By ensuring that Procurement Services is informed prior to making a purchase, the department can protect its interests with an appropriate contract.

Furthermore, the University may be unable to complete unauthorized purchases due to potential liability certain improper purchases could create. Examples of unauthorized purchases that could subject the University to liability include sole source contracts without adequate sole source justifications, contracts for goods and/or services that are restricted by state or federal law, or contracts in which an employee has a real or apparent conflict of interest.

The execution of an unauthorized and improper contract could subject the individual who signed the contract to significant personal liability. Under contract law, agents who purport to sign on behalf of an employer are subject to personal liability if the agent's signature was not authorized by the employer. To ensure that individuals are not subject to personal liability for unauthorized contracts, departments should always consult with Procurement Services prior to entering into an agreement for \$10,000 or more.