

12926



DECISION

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

FILE: B-197005

DATE February 25, 1980

MATTER OF: Wilson Equipment Company *DLG03960*

DIGEST:

Contractor who rented equipment to Govern-
ment under unauthorized purchase order may
be paid on quantum meruit basis since Govern-
ment received benefit and unauthorized action
has been implicitly ratified.

The Forest Service, United States Department
of Agriculture, requests our decision on whether
the Wilson Equipment Company (Wilson) of Lexington,
Kentucky, is entitled to payment of \$378 under
an equipment rental agreement which the Forest Service
believes was improper. *AGC 00034*

The record indicates that the purchasing agent
for the Daniel Boone National Forest, Winchester, *DLG03961*
Kentucky, signed an equipment rental agreement with
Wilson for the use of a forklift and backhoe at the
Job Corps Center in Frenchburg, Kentucky. The total
cost of this agreement was \$13,740. However, the
purchasing agent only had authority to contract up
to \$10,000, and it was not until after she had
already signed the document that she realized
that she had exceeded her purchasing authority.
According to the purchasing agent, she immediately
went to her superior to find out if she could
enter into this agreement. At this point, however,
the record becomes unclear. Somehow, without the
purchasing agent's knowledge, the rental agreement
was sent to Wilson.

The company then supplied the equipment called
for in the agreement and received periodic payments
for its use. All this apparently happened without
the knowledge of either the purchasing agent or
her superiors. Many months passed before it came
to the purchasing agent's attention that the equip-
ment was being used at the Frenchburg Job Corps

~~008749~~

111638

Center. Upon learning that the equipment was being leased under an agreement which she had signed and thought had never been sent to the contractor, the purchasing agent immediately took steps to terminate the rental arrangement and have the equipment removed. However, by the time this was done, the charges totaled \$11,725, and out of this amount, Wilson had been paid \$11,347.

The Forest Service is concerned both with the propriety of the payments already made and whether it can certify the remaining \$378 for payment. In the Forest Service's opinion, the rental agreement should have been advertised rather than awarded under the small purchase procedures which appears to have been done in this instance.

Although the United States cannot be bound beyond the actual authority conferred upon its agents by statute or regulation, see United States v. Crance, 341 F.2d 161, 166 (1965), the courts and our Office have recognized that in appropriate circumstances payment may be made for services rendered on a quantum meruit basis (the reasonable value of work or labor), or for goods furnished on a quantum valebat basis (the reasonable value of goods sold and delivered). 40 Comp. Gen. 447, 451 (1961). However, recognition of a right to payment on this basis requires a showing (1) that the Government received a benefit and (2) that the unauthorized action has been expressly or impliedly ratified by authorized Government contracting officials. Mathews Furniture Company, B-195123, July 11, 1979, 79-2 CPD 131.

Here, the record clearly indicates that the Government has received a benefit and that the amount claimed is considered reasonable. Moreover, an implied ratification can be inferred from the Forest Service's referral of this matter to our Office seeking relief for the contractor.

Based on this, Wilson is entitled to payment on a quantum meruit basis for the use of its equipment. As noted above, it has already received \$11,347, leaving a balance of \$378. This amount, therefore, may also be paid if otherwise proper and correct.



Deputy Comptroller General
of the United States