

# Procurement Advisory No. 117

## Prohibition on Use of Unpriced Options

### 1. SUMMARY

The purpose of this advisory is to alert contracting officers that they shall not use unpriced options.

### 2. BACKGROUND

The use of unpriced options has been associated with unauthorized obligation of funds as well as the circumvention of competition requirements. Therefore, contracting officers shall not use such options in contracts. It is the intention of the Office of Procurement and Property Management, Procurement Policy Division to include this requirement in the Agriculture Acquisition Regulation (AGAR), 48 CFR Chapter 4, Subpart 417.2, in the near future.

### 3. REFERENCES

Agriculture Acquisition Regulation (AGAR) <http://www.dm.usda.gov/procurement/policy/docs/agar04.pdf>

### 4. ACTIONS

Effective immediately, contracting officers shall not use unpriced options in contracts. All options must be priced at the time of the original contract award.

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**EXPIRATION DATE:** Effective upon issue date until canceled.