

<b>GILES CHEMICAL CORPORATION</b>		
<b>COMPANY PROCEDURE</b>		
<b>Standard Operating Procedure</b>	Page : 1 of 3	Revision : Date : 08/20/07
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**Personnel responsible:**

All company personnel

**Safety equipment:**

Not Applicable

**Summary:**

This procedure shall be followed for any project (capital or expense) whose total cost exceeds \$5000.

**Policy / Production**

1. Each project shall be assigned a project number according to date and incremental number. The format for project numbers shall be in the following format:
  - a. YYDD-# (for example, the 5<sup>th</sup> project initiated in June of 2007 would have a project # of 0706-5)  
The number of projects already assigned for the month can be found in the [Capital Projects Log](#).
2. Once a project number has been assigned, it shall be recorded in the [Capital Projects Log](#) and a subfolder with project number and project name shall be created for the project in the [Capital Projects](#) folder. "Proposal to be Submitted" shall be entered in the status field of the Capital Projects Log.
3. A [Capital Project Proposal](#) worksheet shall be completed to begin formal approval of the project. The intent of the proposal worksheet is not to detail the project, rather to give the broad scope, justification and cost estimation +/- 20%. Once approved, further detail and analysis will be required and reviewed by management before any purchase orders are issued. If a project is rejected at this level, the original signed copy of the Capital Project Proposal worksheet shall be placed in a project folder and filed in the Maintenance office with all other project files. Also, the capital projects log shall be updated to show "Project Rejected" as the status of the project.
4. After the initial proposal has been approved and signed by management, detailed analysis of the project should be performed and an [Authorization For Expenditure](#) (AFE) form shall be completed (This shall include the Premier overview sheet). All yellow fields on the AFE should be completed accurately with detailed explanation of the steps and expenditures necessary to complete the project. If new equipment is to be added or old equipment to be retired, review the Asset Management Schedule on Page 2 of the AFE with the controller prior to submitting for approval.
5. Upon completion of the AFE form, the project manager shall sign and date the form and forward to his or her supervisor and upper management for review and approval. The AFE shall then be forwarded to the controller for review and approval. The controller will enter the project # in the accounting system for correct posting of project related expenditures. Finally, the AFE shall be reviewed and authorized by the president.

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6. Once approved, the project manager may begin issuing purchase orders. A copy of the signed AFE must be attached to the first purchase order submitted to Purchasing. Copies of all purchase orders should be filed in the project folder by the project manager.
  
7. If the project manager determines that the project will significantly deviate from the original scope or will cost more than the projected amount, an amended AFE should be completed and approved prior to continuing with the project
  
8. Upon completion of the project, a Capital Project Closing Form shall be completed by the project manager detailing the project. The purpose of the project closing is to ensure that the project was completed as planned, appropriate spare parts are inventoried, asset identification tags assigned to new equipment, and final costs were within +/- 10% of plan. If the project does not meet the approval of management, a corrective action plan shall be included in the project closing, detailing steps necessary to satisfactorily complete the project. Once approved and signed by management, the project will be officially closed. A copy of the Capital Project Closing Form should be forwarded to the accounting department for their signature and log
  
9. The project manager shall place all forms and associated documentation in the project folder and file it in the projects file in the Maintenance office.

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## TRAINING DOCUMENTATION

	EMPLOYEE	TITLE	SIGNATURE	DATE
1	Jason Bumgarner	Plant Manager		
2	Paul Teleki	Director of Man.		
3	Patrick Owen	Process Engineer		
4	Stacy Lindsey	Safety Manager		
5	Robert Willis	Maintenance		
6	Darrell Clark	Controller		
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