



TEXAS J REGIONAL ADVISORY COUNCIL

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Standard Operating Procedure

FINANCIAL SOP: Purchase of Minor and Capital Expenditures
SOP NUMBER: F # 1
SOP EFFECTIVE DATE: 7/08
SOP REVIEWED: 6/09; 8/10
SOP REVISED: 6/09; 8/10

SOP AUTHORITY STATEMENT:

As stated in the By-Laws in Article VI.10 The Executive Committee shall be empowered to employ personnel to conduct the business of the RAC.

As stated in the By-Laws in Article IX.1 The Board of Directors may authorize any Officer or agent of the Organization to enter into a contract or execute and deliver any instrument in the name of and on behalf of the Organization. This authority may be limited to a specific contract or instrument or it may extend to any number and type of possible contracts and instruments.

OPERATING PROCEDURE:

1. Minor Expenditures (Up to \$1,999.)
 - a. All requests for minor equipment purchases must be submitted to the Finance Committee for initial review. Finance Committee will forward proposed purchases to the Executive Committee for final approval. Items preapproved by the Executive Committee through the budgeting process per the respective contract will be reviewed and processed by the Finance Committee for purchase.
 - b. All purchases shall be supported by a purchase order.
 - c. All payments and receiving documents will be attached to the appropriate purchase order.
2. Capital Expenditures - aggregate cost of greater than \$2,000 and having a useful life exceeding one year, will be considered capital equipment purchases
 - a. After verbal approval from the Finance Committee, the RAC Executive Director will initiate a search for the needed equipment. Where possible, three bids will be obtained for review by the Executive Committee. Once this process is completed, the successful bidder will be issued a purchase order.
 - b. Sole source purchases:
 - No competitive products: The good/service is a unique or patented product available from only one source
 - The product is only available from a regulated or natural monopoly (i.e., utilities)

- The product is a component of an existing system, which is only available from one supplier (i.e., the replacement of a component or repair part may only be available from the original supplier).
 - The product is required to be purchased to maintain warranty.
 - Statutes or ordinance may require or allow certain types of purchases to be made from a particular source (i.e., item produced by non-profit organization using handicapped workers or item produced by prison workers).
- c. Sole source purchases are handled the same as other purchases, with these exceptions:
- 1) If it is determined the item is a sole source purchase, a statement must be attached to the purchase order documenting they have contacted a sufficient number of vendors to determine only one practical source of supply exists, or state the reasons why only one source of supply exists.
 - 2) All sole source purchases must be approved by the Finance Committee and the Executive Committee.