

**STUDENT ALTERNATIVES PROGRAM, INC. DBA TRIUMPH PUBLIC HIGH
SCHOOLS (TPHS)
BOARD POLICY MANUAL
POLICY GROUP 5 – FISCAL MANAGEMENT
ALLOWABLE AND PROHIBITED USES OF FUNDS**

PG-5.030

Sec. 1. PURPOSE OF POLICY.

Through this policy, the Board of Directors (hereafter, the “Board”) of Student Alternatives Program, Inc. doing business as Triumph Public High Schools (TPHS) (hereafter, the “Charter District”) shall address the legal requirements, as applicable, pertaining to the lawful use of public funds.

Sec. 2. APPLICABILITY.

Unless otherwise indicated, this Policy PG-5.030 applies to the Charter District’s obligation and expenditure of Federal awards, state aid, and local revenues.

Sec. 3. AUTHORITY OVER FISCAL MATTERS.

Sec. 3.1. Controlling Policy. Unless otherwise indicated, the Board’s Policy PG-5.001, Authority Over Fiscal Matters, will govern and control over the policy statements set forth in this Policy PG-5.030.

Sec. 3.2. Delegate. For the Board policy pertaining to the Delegate and designee, see Section 3.2 and Section 4 of PG-5.001.

Sec. 3.3. Prudent Person Rule. See Policy PG-5.001, Section 7.

Sec. 3.4. Abuse and Waste Prohibited. See Policy PG-5.001, Section 8.

Sec. 4. FIDUCIARY DUTY.

As fiduciaries, the Board and Officers¹ have been entrusted with funds for the benefit of the Charter District’s students. Accordingly, Charter District funds, property and other resources must be used for the benefit of the Charter District’s students to provide elementary and secondary instruction and to implement the approved open-enrollment charter, as amended.²

Sec. 5. PROHIBITED USE OF PUBLIC FUNDS.

The Board and Officers may not pledge or use public funds to secure loans or bonds for any other organization, including a non-charter operation or out-of-state operation conducted by the charter

¹ PG-5.001, Sec. 5

² Tex. Educ. Code §§ 12.102(1); 12.107(a)(2); 12.128(a)(2); 19 Tex. Admin. Code §§ 100.1001(21)-(22); 100.1063(a); 100.1091(b)-(c)

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holder or a related party³ or use public funds to support an operation or activity not related to the educational activities of the Charter District.

Sec. 6. FUNDS TO SUPPORT INSTRUCTIONAL PLAN.

The Board and Officers must ensure that funds are used to support the implementation of the Charter District's instructional plan.⁴

Sec. 7. AUTHORITY TO OBLIGATE AND EXPEND.

As established in Policy PG-5.021, Officers and employees may not obligate or expend any funds without the Board's authorization, as set forth in the Adopted Budget, as amended.⁵

Sec. 8. GENERAL REQUIREMENT.

Sec. 8.1. Recognizing that it is impractical to list every conceivable allowable use of funds and that a general framework is beneficial in guiding decisions regarding the use of funds, the Charter District must adhere to the general requirements set forth in this section prior to and when it obligates and expends funds.

Sec. 8.2. The Delegate and Officers must ensure that a proposed use of funds:

- (a) Is reasonable in its nature and amount;
- (b) Does not violate the prudent person rule;
- (c) Is ordinary and necessary to achieve the goals and to implement the strategies and activities of the open-enrollment charter and instructional plan;
- (d) Conforms to the Charter District's documented and established practices;
- (e) Is generally or specifically allowed by applicable state or federal law, rule or other legal authority;
- (f) Is not prohibited by applicable state or federal law, rule or another legal requirement; and
- (g) Complies with Board policy and the administrative procedures adopted by the Delegate.

³ *Tex. Educ. Code § 12.1166*

⁴ *Tex. Educ. Code §§ 12.102(1); 12.107(a)(2)*

⁵ *F.A.S.R.G. Module 1 and 2; Tex. Educ. Code § 44.052*

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Sec. 9. GENERALLY AUTHORIZED EXPENSES.⁶

In general, consistent with Section 6 of this policy and Policy PG-5.021, the Charter District is authorized to obligate and expend funds for the following purposes.

- (a) To compensate the Superintendent, teachers, janitors and other employees for employment services rendered.
- (b) To pay the interest for short-term loans acquired to compensate employees.
- (c) To purchase equipment, furniture, materials, software, supplies and vehicles.
- (d) To pay for insurance premiums.
- (e) To purchase real property for use as a school site pursuant to Board authorization.
- (f) To purchase, build, repair and rent school buildings pursuant to Board authorization.
- (g) As authorized by the Board, to acquire school buildings and real property by leasing through annual payments with an ultimate option to purchase.
- (h) For other purposes necessary in the conduct of the Charter District as determined by the Board including for the following purposes.
 - (1) To develop and monitor a system of controls to ensure compliance with state and federal laws and rules.
 - (2) To administer state and Federal grants.
 - (3) To conduct Board meetings and provide Board members with training.
 - (4) To procure legal, audit and other professional services necessary for the proper administration and oversight of Charter District.
 - (5) To record, compile, maintain and report data on student attendance, student enrollment, staff, finances, grants and other functions, programs, services and activities as required by the state and Federal governments.
 - (6) To develop, maintain and update a charter instructional plan including conducting a comprehensive needs assessment.

⁶ *Tex. Educ. Code § 48.105(c)*

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- (7) To conduct periodic assessments of students to identify potential learning deficiencies and to measure the students' progress towards desired academic goals.
- (8) For the upkeep and repair of facilities and instructional and instructionally related materials and equipment in the classroom and library, of food service equipment, and of vehicles.
- (9) To provide breakfast and lunch meals and snacks to students pursuant to the guidelines and requirements of the Texas Department of Agriculture.
- (10) To conduct field trips as authorized by the Board.
- (11) For athletic and band equipment, instruments and uniforms.
- (12) To conduct graduation and award ceremonies recognizing the achievements of students and staff.
- (13) To conduct pre/post-employment physicals or drug testing and background checks.
- (14) For the research, development and maintenance of curriculum and innovative, new or modified instruction.
- (15) For in-service training or staff development for instructional and instructionally related staff conducted by a regional education service center, an outside consultant(s) or a Charter District employee(s).
- (16) To travel to conduct official Charter District business.
- (17) For utilities and the maintenance of telecommunication and computer networks and systems.
- (18) To provide a safe and drug free school environment.
- (19) For memberships in civic and professional organizations that further the Charter District's mission.
- (20) For any other specifically identified purpose, function, activity, program or service authorized by the Board through the adoption of the Charter District's annual operating budget and charter instructional plan including any amendments thereto.

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- (21) For other purposes determined by the Board to be in the best interest of Charter District's students.

Sec. 9.2. For any proposed obligation or expenditure of public funds under Section 9.1(h)(20)-(21) of this policy that may appear to be a violation of the Texas Constitution,⁷ the Board and Delegate may seek legal counsel to ascertain if a board resolution is necessary to meet the following requirements:

- (a) Identify the public purpose, amount, fund source, return benefit to the Charter District and control(s) for the proposed expense:⁸ and
- (b) Certify that:
- (1) The statutes and regulations applicable to the fund source to be used allow and do not otherwise prohibit the proposed expense;⁹
 - (2) The predominant purpose of the proposed expense is to accomplish a public purpose¹⁰ and not to benefit private parties;¹¹
 - (3) The proposed expense shall provide a clear, public benefit in return;¹² and

Sufficient control shall be retained over the expense to ensure that the public purpose is accomplished, and a return benefit is received.¹³

⁷ *Texas Constitution Art. 3, §§ 44; 50; 51; 52(a); 53; Texas Constitution Art. 11 § 3*

⁸ *Tex. Att'y Gen. Op. No. GA-0076; GA-0743; KP-0099; KP-0204*

⁹ *See Tex. Att'y Gen. Op. No. GA-0743 (2009) at 2* ("The public purpose served by the expenditure must be an authorized public purpose of the political subdivision.").

¹⁰ *See Tex. Att'y Gen. Op. No. GA-0743 (2009) at 2* ("The public purpose served by the expenditure must be an authorized public purpose of the political subdivision."). Thus, to meet this requirement, the Board must reasonably find that the activity to be supported by the proposed expense will yield the return benefit claimed and that said benefit serves the purposes of the open-enrollment charter.

¹¹ *See Tex. Att'y Gen. Op. No. GA-0076 (2003) at 6* ("An expenditure to accomplish a public purpose is constitutional even though it incidentally benefits a private interest.").

¹² *See Tex. Att'y Gen. Op. No. KP-0099 (2016) at 5* ("In utilizing this test to evaluate public expenditures, Texas courts have suggested that ... (3) what constitutes an adequate return benefit depends on a variety of specific circumstances but is called into doubt if there is such a gross disparity in the relative values exchanged as to show unconscionability, bad faith, or fraud.").

¹³ *See Tex. Att'y Gen. Op. No. GA-0076 (2003) at 7* ("The Charter District must place sufficient controls on the expenditure to ensure that its public purpose is accomplished. Contractual terms may provide sufficient control of some expenditures. [...] Controls such as application requirements and limits on travel expenditures may be established by the board's exercise of rule-making power.").

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Sec. 10. GENERALLY PROHIBITED EXPENSES.

In general, the Charter District is prohibited from obligating and expending funds for the following purposes.

- (a) Alcoholic beverages.
- (b) Any good or service for personal benefit or use.
- (c) Entertainment, including amusement, diversion, and social activities.¹⁴
- (d) Field trips that are not part of a teacher’s lesson plan or that do not meet the instructional objectives of the charter instructional plan.
- (e) Fines and penalties levied against individuals.
- (f) Gifts, including donations.

Sec. 11. AUTHORIZED USES OF FUNDS FOR SPECIAL PROGRAMS.

In addition to the general requirement and generally authorized expenses enumerated above, the Charter District may use and may allow the use of state funds pertaining to the educational programs established under Texas Education Code Chapter 29 and other state law for the authorized purposes.¹⁵

Sec. 12. INDIRECT COST LIMITATION.

The Charter District may only use state funds provided for the educational programs under Section 11 of this policy for indirect costs up to the maximum allowed by state law.¹⁶

Sec. 13. AUTHORIZED USES OF FUNDS FOR FEDERAL PROGRAMS.

The Delegate or designee must use of Federal funds for those purposes authorized by Federal law and rule and the approved grant application, as amended.

¹⁴ *F.A.S.R.G., Update 19 (2024) Module 2, 2.2.2.1 (Social Activities)*

¹⁵ *Tex. Educ. Code Chapter 29; 48*

¹⁶ *Tex. Educ. Code §§ 48.102(h); 48.105(b); 48.106(c); 48.110(i)*

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Sec. 14. DOCUMENTATION REQUIRED.

The Charter District must prepare and maintain records for all uses of funds that adequately demonstrate compliance with this policy and applicable legal requirements.¹⁷

Sec. 15. MONITORING AND OVERSIGHT OF BUDGETARY AUTHORIZATION.

The Delegate or designee must regularly monitor and oversee the use of funds through the review and approval of purchase requisitions, purchase orders, payment authorizations, travel authorization requests, travel reimbursement forms, receiving reports, itemized vendor invoices and receipts, and any and all other such original records deemed appropriate and necessary to ascertain if a proposed or actual use of funds constitutes an allowable cost. The Delegate or designee must document monitoring and oversight activities.¹⁸

Sec. 16. USE OF RESTRICTED PHILANTHROPIC FUNDS.

If a donor restricts a contribution or the Charter District implies or states a specific purpose for its fundraising effort(s), the Charter District may only use the contribution(s) received for the restricted purpose. See Board Policy relating to Fundraising and Gift Acceptance.

¹⁷ *Tex. Educ. Code* §§ 12.1052; 12.115(a)(2); 19 *Tex. Admin. Code* §§ 100.1051(c)(1)(A)(vi); 100.1039(2)(P); 100.1203(a)(2)

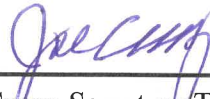
¹⁸ *Tex. Educ. Code* § 12.115(a)(2); 2 *CFR* § 200.303(a); *Standards for Internal Control in the Federal Government*, §§ 4.02; 4.05

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CERTIFICATION

The Undersigned, being the Secretary of the Board, hereby certifies that the foregoing represents a true copy of the Board Policy PG-5.030, Allowable and Prohibited Uses of Funds, as adopted by the Board on May 16, 2026, which Policy is in full force and effect and has not been amended or repealed.



Joe Curry, Secretary/Treasurer



Date Certified

DATE ADOPTED: 05/16/2026

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