

**STUDENT ALTERNATIVES PROGRAM, INC. DBA TRIUMPH PUBLIC HIGH SCHOOLS (TPHS)
BOARD POLICY MANUAL
POLICY GROUP 5 – FISCAL MANAGEMENT
FISCAL COMPLIANCE MONITORING**

PG-5.101

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 implementation of monitoring activities to ensure the Charter District’s compliance with fiscal requirements.

Sec. 2. APPLICABILITY.

Unless otherwise indicated, this Policy PG-5.101 applies to the Charter District’s compliance with Federal and state fiscal requirements.

Sec. 3. AUTHORITY OVER FISCAL MATTERS.

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-5.101.

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

Sec. 4. GENERAL PRINCIPLES.

The Superintendent is charged with developing and implementing the monitoring systems described in this Policy.

Sec. 5. STATE REQUIREMENTS.

The Superintendent or designee must develop and implement a system to monitor the Charter District’s compliance with the following state requirements.

Sec. 5.1. Financial Solvency. The Superintendent or designee must monitor the Charter District’s financial solvency through the use of historical, budgeted and projected financial and other relevant data. In developing the monitoring system for financial solvency, the Superintendent or designee must consider the impact of the charter instructional plan for the current fiscal year and the long-term strategic plan for the subsequent three (3) fiscal years. Additionally, the Superintendent or designee must consider conservative estimates of student enrollment, student attendance, and revenue projections based upon historical data for the last five (5) academic and fiscal years and data for the current and subsequent academic and fiscal year.

Sec. 5.2. Financial Accountability Rating System of Texas (FIRST). The Superintendent or designee must monitor the Charter District’s finances and operation to attain a favorable FIRST rating. In developing the monitoring system for financial solvency, the Superintendent or designee

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must consider the adequacy of the system of internal controls to ensure that it enables the Charter District to achieve compliance with applicable legal requirements. To the degree appropriate and necessary, the Superintendent or designee may consult with the Charter District's independent auditor or other qualified professional to identify potential issues that may result in an unfavorable FIRST rating.

Sec. 5.3. Indirect Cost Limitation. The Superintendent or designee must monitor the budgeted and actual expenditures for the student-based allotments to ensure that the minimum required amount for each allotment is expended. In developing the monitoring system for limiting the amount of indirect costs charged to each student-based allotment, the Superintendent or designee must consider the charter instructional plan and the total amount of common costs incurred to support the Charter District's instructional and instructionally-related program and the special programs required by the state.

Sec. 6. FEDERAL REQUIREMENTS.

The Superintendent or designee must develop and implement a system to monitor the Charter District's compliance with the following Federal requirements.

Sec. 6.1. Maintenance of Effort (MOE). The Superintendent or designee must monitor the Charter District's finances and operation to ensure that the minimal fiscal effort required by the Federal government for general and special education is attained. In developing the monitoring system for MOE, the Superintendent or designee must consider the impact of the charter instructional plan for the current fiscal year.

- (a) ***General Education.*** In assessing the Charter District's compliance with the Federal MOE requirement for programs funded pursuant to the Elementary and Secondary Education Act (aka, Every Student Succeeds Act), the Superintendent or designee may consider the impact of exceptional or uncontrollable circumstances or a precipitous decline in financial resources.
- (b) ***Special Education.*** In assessing the Charter District's compliance with the Federal MOE requirement for programs funded pursuant to the Individuals with Disabilities Education Act, the Superintendent or designee may consider the impact of changes in staff and student enrollment, the termination of an exceptionally costly program provided to a particular child, the termination of costly expenditures for long-term purchases, and the Charter District's participation in the high cost grant program.

Sec. 6.2. Supplement; Not Supplant. The Superintendent or designee must monitor the Charter District's finances and operation to ensure that Federal funds are expended to supplement and not supplant non-Federal sources of funding. In developing the monitoring system for the proper use

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BOARD POLICY MANUAL
POLICY GROUP 5 – FISCAL MANAGEMENT
FISCAL COMPLIANCE MONITORING**

PG-5.101

of Federal funds, the Superintendent or designee must consider the charter instructional plan, the approved budget and subsequent amendments, the identified needs of the students enrolled in the Charter District, and the actual method of funding for a particular cost for the prior and current academic years.

Sec. 6.3. Excess Cost. The Superintendent or designee must monitor the Charter District’s finances and operation to ensure that Federal funds are used only to pay the excess costs for students enrolled in the special education program.

Sec. 6.4. Net Cash Resources (Fund Balance). The Superintendent or designee must monitor the Charter District Nutrition Program (“SNP”) account to ensure that the account does not end the fiscal year with a deficit or excess net cash resources. If the SNP account ends the fiscal year with a deficit, the Superintendent or designee must clear the deficit with non-SNP sources. If the SNP account ends the fiscal year with excess net cash resources, the Superintendent or designee must immediately take steps to reduce the net cash resources or adopt and implement an acceptable plan for using the excess net cash resources.¹

Sec. 7. PROJECTION OF POTENTIAL NONCOMPLIANCE.

The Superintendent or designee should develop and implement monitoring systems that are based upon the regulatory models implemented by the Texas Education Agency.

Sec. 8. REQUIREMENT TO BE EXCEEDED.

To the degree feasible, the Superintendent or designee should develop and implement monitoring systems that include additional data and indicators beyond those used by the Texas Education Agency in its regulatory models.

Sec. 9. DATA TO BE USED.

To the degree feasible, the Superintendent or designee should and implement develop monitoring systems that include historical, budgeted, actual and projected data to be periodically updated to include actual, year-to-date data and revised projections.

Sec. 10. MONITORING TIMELINE.

To the degree feasible, the Superintendent or designee should develop and implement monitoring systems that produce results at the beginning, middle and end of the fiscal year.

¹ *ARM Section 16 (September 2, 2025)*

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POLICY GROUP 5 – FISCAL MANAGEMENT
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PG-5.101

Sec. 11. CORRECTIVE ACTION PLAN.


Upon identifying a potential instance of noncompliance, the Superintendent or designee must prepare a plan that addresses the condition(s) that resulted or may result in the Charter District's failure to comply with the fiscal requirements addressed by this policy.

Sec. 12. REPORT TO THE BOARD.


At the beginning, middle and end of the fiscal year, the Superintendent must report to the Board the status of the Charter District's compliance with the critical state and Federal fiscal requirements addressed by this policy. If an instance or potential instance of noncompliance is identified, the Superintendent must inform the Board of the corrective action plan undertaken or to be undertaken.

CERTIFICATION

The Undersigned, being the Secretary of the Board, hereby certifies that the foregoing represents a true copy of the Board Policy PG-5.101, Fiscal Compliance Monitoring, 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