PG-5.101: FISCAL COMPLIANCE MONITORING

Sec. 1. GENERAL PRINCIPLES.

The Superintendent of **Midland Academy Charter** is charged with developing and implementing the monitoring systems described in this Policy

Sec. 2. STATE REQUIREMENTS.

The Superintendent or designee shall develop and implement a system to monitor the compliance of each **Midland Academy Charter** campus with the following state requirements:

Sec. 2.1. Financial Solvency.

The Superintendent or designee shall monitor the financial solvency of each individual **Midland Academy Charter** campus through the use of historical, budgeted and projected financial and other relevant data. In developing the monitoring system for financial solvency, the Superintendent shall consider the impact of the charter instructional plan for the current fiscal year and the long-term strategic plan for the subsequent three fiscal years. Additionally, the Superintendent shall consider conservative estimates of student enrollment, student attendance and revenue projections based upon historical data for the last five academic and fiscal years and data for the current and subsequent academic and fiscal year.

Sec. 2.2. Financial Accountability Rating System of Texas (FIRST).

The Superintendent or designee shall monitor the finances and operation of each individual **Midland Academy Charter** campus to attain a favorable FIRST rating. In developing the monitoring system for financial solvency, the Superintendent shall consider the adequacy of the system of internal controls to ensure that it enables each individual **Midland Academy Charter** campus to achieve compliance with applicable legal requirements. To the degree appropriate and necessary, the Superintendent may consult with **Midland Academy Charter**'s independent auditor or other qualified professional to identify potential issues that may result in an unfavorable FIRST rating.

Sec. 2.3. Indirect Cost Limitation.

The Superintendent or designee shall monitor the budgeted and actual expenditures for the special allotments allocated to each individual **Midland Academy Charter** campus to ensure that the minimum required amount of state funds for each special program is expended. In developing the monitoring system for limiting the amount of indirect costs charged to each special program, the

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Superintendent shall consider the charter instructional plan and the total amount of common costs incurred to support **Midland Academy Charter**'s instructional and instructionally-related program and the special programs required by the state.

Sec. 3. FEDERAL REQUIREMENTS.

The Superintendent or designee shall develop and implement or cause to have developed and implemented a system to monitor each individual **Midland Academy Charter** campus's compliance with the following Federal requirements.

Sec. 3.1. Maintenance of Effort (MOE).

The Superintendent or designee shall monitor the finances and operation of each **Midland Academy Charter** campus 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 shall consider the impact of the charter instructional plan for the current fiscal year.

Sec. 3.2. General Education.

In assessing **Midland Academy Charter**'s compliance with the Federal MOE requirement for programs funded pursuant to the No Child Left Behind Act/Elementary and Secondary Education Act/Every Student Succeeds Act, the Superintendent or designee may consider the impact of exceptional or uncontrollable circumstances or a precipitous decline in financial resources.

Sec. 3.3. Special Education.

In assessing **Midland Academy Charter**'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 **Midland Academy Charter**'s participation in the high cost grant program.

Sec. 3.4. Supplement; Not Supplant.

The Superintendent or designee shall monitor the finances and operation of each individual **Midland Academy Charter** campus 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 of Federal funds the Superintendent shall consider the charter instructional plan, the approved budget and subsequent amendments, the identified needs of the students enrolled in **Midland**

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Academy Charter, and the actual method of funding for a particular cost for the prior and current academic years.

Sec. 3.5. Excess Cost.

The Superintendent or designee shall monitor the finances and operation of each individual **Midland Academy Charter** campus to ensure that Federal funds are used only to pay the excess costs for students enrolled in the special education program.

Sec. 4. PROJECTION OF POTENTIAL NONCOMPLIANCE.

The Superintendent or designee shall develop or cause to have developed monitoring systems that are based upon the regulatory models implemented by the Texas Education Agency.

Sec. 5. REQUIREMENT TO BE EXCEEDED.

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

Sec. 6. DATA TO BE USED.

To the degree feasible, the Superintendent or designee should develop or cause to have developed 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. 7. MONITORING TIMELINE.

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

Sec. 8. CORRECTIVE ACTION PLAN.

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

Sec. 9. REPORT TO THE BOARD.

At the beginning, middle and end of the fiscal year, the Superintendent shall report to the Board the status of each individual **Midland Academy Charter** campus's compliance with the critical

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state and Federal fiscal requirements addressed by this policy. In the event that an instance or potential instance of noncompliance is identified, the Superintendent shall inform the Board of **Midland Academy Charter**'s corrective action plan undertaken or to be undertaken.

Sec. 10. ADMINISTRATIVE PROCEDURES.

The Superintendent shall prepare administrative procedures as required to implement this policy.

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