

**Sec. 1. GENERAL PRINCIPLES**

The Delegate of Life School or designee is charged with developing and implementing the monitoring systems described in this Policy.

**Sec. 2. STATE REQUIREMENTS**

The Delegate or designee shall develop and implement a system to monitor the compliance of each Life School campus with the following state requirements:

**Sec. 2.1. Financial Solvency**

The Delegate or designee shall monitor the financial solvency of Life School through the use of historical, budgeted and projected financial and other relevant data. In developing the monitoring system for financial solvency, the Delegate or designee 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 Delegate or designee 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 Delegate or designee shall monitor the finances and operation of Life School to attain a favorable FIRST rating. In developing the monitoring system for financial solvency, the Delegate or designee shall consider the adequacy of the system of internal controls to ensure that it enables each individual Life School campus to achieve compliance with applicable legal requirements. To the degree appropriate and necessary, the Delegate or designee may consult with Life School'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 Delegate or designee shall monitor the budgeted and actual expenditures for the special allotments allocated to each individual Life School 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 Delegate or designee shall consider the charter instructional plan and the total amount of common costs incurred to support Life School's instructional and instructionally-related program and the special programs required by the state.

**Sec. 3. FEDERAL REQUIREMENTS**

The Delegate or designee shall develop and implement or cause to have developed and implemented a system to monitor each Life School’s compliance with the following Federal requirements.

**Sec. 3.1. Maintenance of Effort (MOE)**

The Delegate or designee shall monitor the finances and operation of Life School 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 Delegate shall consider the impact of the charter instructional plan for the current fiscal year.

**Sec. 3.2. General Education**

In assessing Life School’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 Delegate 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 Life School’s compliance with the Federal MOE requirement for programs funded pursuant to the Individuals with Disabilities Education Act, the Delegate 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 Life School’s participation in the high cost grant program.

**Sec. 3.4. Supplement; Not Supplant**

The Delegate or designee shall monitor the finances and operation of Life School 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 Delegate shall consider the charter instructional plan, the approved budget and subsequent amendments, the identified needs of the students enrolled in Life School, and the actual method of funding for a particular cost for the prior and current academic years.

**Sec. 3.5. Excess Cost**

The Delegate or designee shall monitor the finances and operation of Life School 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 Delegate 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 Delegate 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 Delegate 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 Delegate 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 Delegate 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 Delegate or designee shall report to the Board the status of Life School's with the critical state and Federal fiscal requirements addressed by this policy. In the event that an instance or potential instance of noncompliance is identified, the Delegate or designee shall inform the Board of Life School's corrective action plan undertaken or to be undertaken.

**Sec. 10. ADMINISTRATIVE PROCEDURES**

The Delegate or designee shall formally adopt administrative procedures as reasonably necessary to properly administer this policy and to adhere to applicable law and rule. In doing so, the Delegate or designee shall not adopt, and is prohibited from adopting, an administrative procedure that conflicts with applicable law or this policy. Accordingly, the Delegate or designee shall confer with the Board or legal counsel before deviating from the requirements set forth in this policy. In

the event that a deviation from this policy becomes necessary, the Delegate or designee shall either recommend an amendment to this policy or the Board's approval of a specific deviation, including the purpose, scope and duration of the requested deviation.