

**PG-5.020: AUTHORIZATION FOR  
THE OBLIGATION AND EXPENDITURE OF FUNDS**

**Sec. 1. PURPOSE OF POLICY.**

Through this policy, the Board of Directors (hereafter, the “Board”) of The University of Texas at Tyler doing business as UT Tyler University Academy (hereafter, the “Academy”) shall address the legal requirements, as applicable, promulgated at:

- (a) Texas Constitution, Article III, Sec. 51, 52 and 53;
- (b) Texas Business Organizations Code (“Tex. Bus. Org. Code”) Sections 3.101, 22.201, 22.221 and 22.235;
- (c) Texas Education Code (“Tex. Ed. Code”) Sections 12.104(b)(1), 12.107, 12.111(a)(10), 12.115(a)(2), 12.121 and 44.052;
- (d) Texas Administrative Code, Title 19 (“19 TAC”), §§ 100.1033 and 100.1101;
- (e) Code of Federal Regulations, Title 2 (“2 CFR”), § 200.303; and
- (f) Financial Accountability System Resource Guide (“FASRG”).

Additionally, through this policy, the Board shall address best practices adopted by public schools.

**Sec. 2. AUTHORITY OVER FISCAL MATTERS.**

Sec. 2.1. In accordance with state law, the Board has primary and ultimate authority over fiscal matters. If a matter or decision-making process is not addressed in this or other duly adopted policies of the Board, authority rests with the Board. In the event of a conflict between this policy and any other Board policy, such conflict shall be brought to the Board for resolution. Refer to the Board’s Policy relating to its Authority Over Fiscal Matters (the “Controlling Policy”) for requirements applicable to this policy.

Sec. 2.2. The Delegate, as defined in Sec. 3.2 of the Controlling Policy, shall report to the Board any business arrangement or transaction with an individual that is an officer, as defined in Sec. 5 of the Controlling Policy, and any conflicted,<sup>1</sup> interested<sup>2</sup> or related<sup>3</sup> party, as defined in other Board policy or applicable law. The Academy and its officers may not enter into a business arrangement or conduct a transaction in such a manner so as to circumvent this requirement.

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<sup>1</sup> Tex. Ed. Code § 12.1054; 19 TAC §§ 100.1131 through 100.1135

<sup>2</sup> 19 TAC § 100.1047(f)

<sup>3</sup> Tex. Ed. Code § 12.1166

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Sec. 2.3. As established in Sec. 4 of the Controlling Policy, where the Delegate is authorized to confer authority to a designee (as denoted by the phrase “or designee”), the Delegate may confer such authority to a single designee.

**Sec. 3. INITIAL ADOPTION.<sup>4</sup>**

Sec. 3.1. Proposed Budget. In accordance with the policy statements set forth in Sec. 8 of this policy, the Delegate or designee shall prepare and recommend an annual budget for the Academy (“Proposed Budget”), for consideration and adoption by the Board. In preparing the Proposed Budget, the Delegate or designee shall include any and all descriptions and amounts for estimated revenues from all sources of local, state and Federal funding, both known and anticipated, and proposed expenses and outlays for personnel, professional and contracted services, real and personal property, debt service, materials, supplies, and other operating expenses reasonable and necessary for the conduct of the Academy’s operations and the furtherance of its mission.

Sec. 3.2. TEDS Compliance. The Delegate or designee shall prepare the Proposed Budget in a form to facilitate the Academy’s compliance with the Texas Education Data Standards (“TEDS”) and submission of the required budgeted financial data to the Texas Student Data System Public Education Information Management System.

Sec. 3.3. Coordination and Collaboration. The Delegate or designee shall coordinate and collaborate with the Finance Manager and other officers, as defined in Sec. 5 of the Controlling Policy, to develop the Proposed Budget.

Sec. 3.4. Compensation Plan. As part of the Proposed Budget, the Delegate or designee shall prepare a compensation plan that identifies all remuneration to be provided to Academy employees, including, but not limited to, salary, hourly wages, stipends and supplemental pay, extra-duty pay, incentives, and fringe benefits.<sup>5</sup> In the compensation plan, the Delegate or designee shall identify the salary and hourly wage range for each position. Additionally, the Delegate or designee shall identify the amount for each stipend and supplement pay by type of qualification or requirement, such as having an advanced degree or teaching certification, or performing additional duties to chair a campus department. The Delegate or designee shall base extra-duty pay upon the position’s salary, as an hourly amount, or hourly wage in a manner consistent with applicable law.

Sec. 3.5. Incentives. As part of the compensation plan, the Delegate or designee shall develop a performance incentive program that provides incentive compensation to employees for longevity, perfect attendance, retention, safety, student performance, and other data driven, measurable performance related outcomes.

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<sup>4</sup> FASRG Module 2; Tex. Ed. Code § 44.002; 19 TAC § 100.1033(b)(14)(C)(ii)

<sup>5</sup> The Delegate or designee shall address the reimbursement of travel and other expenses incurred by employees for the official conduct of School business through other Board policy.

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Sec. 3.6. Superintendent Review. Prior to submitting the Proposed Budget to the Board, the Superintendent shall review and approve the Proposed Budget.

Sec. 3.7. Adopted Budget. After reviewing, deliberating, and as appropriate and necessary, revising the Proposed Budget, the Board shall adopt the Proposed Budget during a meeting conducted pursuant to the Texas Open Meetings Act and applicable Board policy (“Adopted Budget”).

**Sec. 4. AMENDMENT.**<sup>6</sup>

Sec. 4.1. During the course of the fiscal year, and in accordance with the policy statements set forth in Sec. 8 of this policy, the Delegate or designee shall prepare a proposed amendment to the Adopted Budget (“Proposed Amendment”) to account for any material variances between realized and estimated revenues and actual and budgeted expenses and outlays.

Sec. 4.2. For purposes of this section and in regard to revenues, a material variance is any difference between realized and estimated revenues that is equal to or greater than ten percent (10%) of the estimated revenues, as amended. For purposes of this subsection, the comparison shall be by major object classification.

Sec. 4.3. For purposes of this section and in regard to expenses, a material variance is any difference between actual and budgeted expenses that is equal to or greater than ten percent (10%) of the budgeted expenses, as amended. For purposes of this subsection, the comparison shall be at the level of detail as disclosed in the Adopted Budget.

Sec. 4.4. For purposes of this section, the Delegate or designee shall prepare a Proposed Amendment for an affected line item as presented to and adopted by the Board in the Adopted Budget, as amended. The Delegate shall submit Proposed Amendments to the Board for review and approval. After reviewing, deliberating, and as appropriate and necessary, revising the Proposed Amendment, the Board shall approve the Proposed Amendment (“Approved Amendment”).

Sec. 4.5. The Delegate shall obtain an Approved Amendment required under this section prior to the obligation and expenditure of funds.

Sec. 4.6. Prior to the conclusion of the fiscal year, the Delegate or designee shall prepare a final Proposed Amendment to the Adopted Budget, as amended, to account for all unfavorable, material variances between actual and budgeted expenses. For purposes of this subsection, and for the specific line item authorized by the Board, “unfavorable” means that actual expenses exceed

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<sup>6</sup> FASRG Module 2; Tex. Ed. Code §§ 44.006 and 44.052; 19 TAC § 100.1033(b)(14)(C)(ii)

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budgeted expenses, as adopted and amended by the Board, and “material” means that the variance exceeds ten percent (10%) of the budgeted expenses, as adopted and amended by the Board.

**Sec. 5. AUTHORITY TO OBLIGATE AND EXPEND.<sup>7</sup>**

Sec. 5.1. The Adopted Budget, as amended, constitutes the Board’s authorization to the Academy to obligate and expend funds. The Academy shall not obligate or expend any funds without the Board’s authorization as set forth in the Adopted Budget, as amended.

Sec. 5.2. Because the Board’s appropriation of funds is contingent on continued funding from the state and federal governments, the Delegate or designee shall include the following provisions in any agreement or contract, including a purchase order, that results in a business arrangement or transaction that extends beyond the current fiscal year.

- (a) A clause that enables the Board to terminate the agreement or contract at the end of the fiscal year due to the non-appropriation of funds.
- (b) A clause that allows the Board to make a best effort attempt to obtain and appropriate funds for the payment of the contract.<sup>8</sup>

**Sec. 6. NOTICE TO THE PUBLIC.<sup>9</sup>**

Recognizing that transparency in the administration of public funds is of paramount importance to the administration of the Academy, the Board or designee shall publish a notice to the public of the meeting(s) at which it will deliberate and adopt the Proposed Budget and Proposed Amendments. The notice shall conform to the form and content requirements for other notices to the public of the meetings of the Board.

**Sec. 7. DEADLINE FOR ADOPTION.<sup>10</sup>**

The Delegate shall submit the Proposed Budget to the Board at least ten (10) business days prior to the start of the fiscal year or school year, whichever date is earliest.

**Sec. 8. FORM AND CONTENT OF BUDGET AND AMENDMENTS.**

Sec. 8.1. The Proposed Budget and all Proposed Amendments to the Adopted Budget presented by the Delegate to the Board shall conform to the requirements set forth in this section. At its

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<sup>7</sup> FASRG Module 1 and 2; Tex. Ed. Code § 44.052

<sup>8</sup> Texas Local Government Code § 271.903(a)

<sup>9</sup> FASRG Module 2

<sup>10</sup> *Ibid.*

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discretion, the Board may disapprove any Proposed Budget or Proposed Amendment not conforming to the requirements set forth herein.

Sec. 8.2. The Delegate or designee shall prepare the Proposed Budget and Proposed Amendments utilizing the account code structure required by the Texas Education Agency (“TEA”) and providing sufficient itemization to provide the Board <sup>11</sup> In the Proposed Budget, except for net assets (or fund balance), the Delegate or designee shall exclude any amounts set aside for future use without a specific purpose in mind and not include any amounts that do not constitute anticipated expenses.

Sec. 8.3. The Delegate or designee shall prepare a Proposed Budget and Proposed Amendments that include an adequate and sufficiently descriptive disclosure of the proposed expenses for:

- (a) salaries, wages and fringe benefits, including allowances, awards, gifts, incentives of any kind, and any form of monetary or in-kind benefit, both taxable and tax-exempt and irrespective of value;
- (b) professional services, as defined in state law;
- (c) public works and construction services contracts;
- (d) supplies, materials, travel, non-employee incentives, and other operating costs;
- (e) debt service;
- (f) the acquisition of capital assets, other than for public works; and
- (g) any other type of activity, cost, expense function, program, or service required by the Board.

**Sec. 9. ACCURACY OF REVENUE ESTIMATE.**<sup>12</sup>

Recognizing the critical significance of an accurate revenue estimate upon which to make an informed decision as to the amounts to be appropriated for expenses in the Adopted Budget, the Delegate or designee shall prepare a revenue estimate that is found to be within ten percent (10%) of the Academy’s realized revenues. This indicator does not apply to University Charter Schools.

**Sec. 10. PROPOSED EXPENSES TO COMPLY WITH ALLOWABLE USES OF FUNDS.**<sup>13</sup>

The Delegate or designee shall prepare a Proposed Budget and Proposed Amendments that include proposed expenses that comply with applicable Board policy and state and federal law and are not prohibited as to purpose, for an activity, function, program, or service or for the purchase of a particular item or service.

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<sup>11</sup> *Ibid.*

<sup>12</sup> 19 TAC § 109.1001(f)(5); FIRST Indicator 10

<sup>13</sup> Tex. Ed. Code §§ 12.107 and 45.105(c); 19 TAC § 100.1043(a)

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**Sec. 11. FISCAL COMPLIANCE.<sup>14</sup>**

The Delegate or designee shall prepare a Proposed Budget and Proposed Amendment(s) that comply with:

- (a) The Charter Financial Integrity Rating System of Texas (“FIRST”) to yield a favorable financial accountability rating.
- (b) The maintenance of effort requirements for Federal awards received under the Elementary and Secondary Education Act and the Individuals with Disabilities Education Act.
- (c) State law mandating the minimum percentage that must be expended for the following student-based allotments:
  - (1) Special education allotment,
  - (2) Allotment for student with dyslexia or other related disorder,
  - (3) Compensatory education allotment,
  - (4) Bilingual education allotment,
  - (5) Career and technology education allotment,
  - (6) Early education allotment,
  - (7) Gifted and talented education allotment, and
  - (8) College, career, or military readiness outcomes bonus.
- (d) Other applicable Federal or state legal requirements.

**Sec. 12. PUBLICATION OF ADOPTED BUDGET.<sup>15</sup>**

After the Board adopts the Proposed Budget, the Delegate or designee shall post the Adopted Budget on the Academy’s website.

**Sec. 13. REPORT TO THE BOARD.<sup>16</sup>**

At each scheduled board meeting, the Delegate shall provide to the Board a comparison of actual expenses to budgeted expenses, as amended, and provide a statement accounting for any variances exceeding ten percent (10%). In the statement, the Delegate shall disclose any corrective measures undertaken to address all variances exceeding ten percent (10%), including the preparation of a Proposed Amendment.

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<sup>14</sup> 19 TAC § 100.1047(b)(4)

<sup>15</sup> 19 TAC § 100.1032(2)K)

<sup>16</sup> FASRG Module 2

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**Sec. 14. TRAINING AND UPDATES.**<sup>17</sup>

The Delegate or designee shall properly train officers and employees on the requirements of this policy and any administrative procedure(s) adopted to implement this policy. Additionally, the Delegate or designee shall keep officers and employees informed of any changes to this policy and related requirements.

**Sec. 15. ADMINISTRATIVE PROCEDURES.**<sup>18</sup>

The Delegate 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 shall not adopt, and is prohibited from adopting, an administrative procedure that conflicts with applicable law or this policy. Accordingly, the Delegate 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 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.

**Sec. 16. DATE ADOPTED AND EFFECTIVE.**

As set forth in the pertinent minutes to the meeting of the Board, the Board adopted this policy on 4/24/2025 and became effective on 4/24/2025.

**Sec. 17. RETENTION.**<sup>19</sup>

This policy shall be retained until superseded, expired, or discontinued and for five (5) years thereafter.

**Sec. 18. CERTIFICATION.**

The Undersigned, being the Secretary of the Corporation, hereby certifies that the foregoing represents a true copy of the Board Policy relating to the Authorization for the Obligation and

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<sup>17</sup> 2 CFR § 200.303(a), U.S. Government Accountability Office *Standards for Internal Control in the Federal Government*, 4.02 and 4.05.

<sup>18</sup> Tex. Ed. Code § 12.115(a)(2); FASRG Module 2; 2 CFR § 200.303. Consistent with 19 TAC § 100.1033(b)(14)(C)(iv), the Board has the final authority to adopt policies governing charter school operations, including authorizing the Delegate or designee to adopt an administrative procedure to implement this policy. Moreover, as set forth in School's Articles of Incorporation and Bylaws and in accordance with Tex. Bus. Org. Code §§ 3.101 and 22.201, the Board is the School's governing authority and, as such, manages and directs School's business and affairs through Board actions, resolutions and policy.

<sup>19</sup> Tex. Ed. Code § 12.1052; 19 TAC § 100.1203; *See* Record Number GR1000-38 and GR1025-25 in Local Schedule GR: Records Common to All Local Governments, Revised 5th Edition (Effective April 17, 2016) adopted by the Texas State Library and Archives Commission at Texas Administrative Code, Title 13, § 7.125(a)(1).

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Expenditure of Funds, as originally adopted by the Board on 4/24/2025, which Policy is in full force and effect and has not been revoked or amended.

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Dr. Michel Odell, Secretary

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Date Certified

DATE ISSUED: July, 2024

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