

**Arkansas Department of Education
Rules Governing the Arkansas Educational Financial Accounting and
Reporting System and Annual Training Requirements**

January 2017

1.00 Regulatory Authority

1.01 These rules are promulgated pursuant to Ark. Code Ann. §§ 6-11-105, 6-11-128, 6-13-620, 6-17-410, 6-20-1805, 6-20-2002, 6-20-2004, 6-20-2104, 6-20-2201 et seq., 6-23-105, 26-26-1907, and 26-80-101.

2.00 Purpose

2.01 These rules shall be applied to all school districts, open enrollment public charter schools, and education service cooperatives for the purposes of accounting and reporting revenues and expenditures and for providing required training.

3.00 Definitions

For purposes of these rules, the following terms shall be defined to mean:

- 3.01 Annual Financial Budget (AFB) – the annual budget of expenditures and receipts required in Ark. Const. Art. 14, § 3, and Ark. Code Ann. §§ 6-11-128, 6-13-620 and 6-20-2202.
- 3.02 Annual Financial Report (AFR) – the fiscal year annual report of financial information as required by Ark. Code Ann. §6-20-2202.
- 3.03 Approved Budget – an AFB that has received the required written notification from the Department that the AFB presented was not identified as deficient as of February 15 of the current year.
- 3.04 Arkansas Public School Computer Network (APSCN).
- 3.05 Arkansas Financial Accounting Handbook – the uniform chart of accounts and related codes which are established by the Department and incorporated into these rules as the “Arkansas Handbook, and used for accounting and financial reporting of all public schools, school districts, open enrollment charter schools, and education service cooperatives.
- 3.06 Athletic Expenditures – all direct and indirect expenses related to interschool athletic programs, prorated if necessary.
- 3.07 Budget Review – the process of determining if the AFB submitted to the Department meets the mandated expenditure requirements in effect for the

appropriate year and that budgeted revenue, expenditures and fund balances are reasonable and in compliance with law.

- 3.08 Court-Ordered Desegregation Funding – state funds received by an LEA under a federal court order or a settlement agreement in desegregation litigation.
- 3.09 Deficient – a finding by the Department auditors that budget or financial accountability reports do not meet the mandated expenditure requirements in effect for the appropriate year; that budget or financial accountability reports contain one or more material misstatements of financial information; or that budgeted revenue, expenditures and fund balances are not in compliance with law or Department rules.
- 3.10 Arkansas Department of Education (Department).
- 3.11 Full-time Equivalent (FTE) – The amount of time an employee works during a school year (July 1 through June 30 of following calendar year) as a percentage of the amount of time a full-time employee in the same position would work during a school year.
- 3.12 Interschool Athletic Program – any athletic program which is organized primarily for the purpose of competing with other schools, public or private; or any athletic program which is subject to regulation by the Arkansas Activities Association.
- 3.13 Interschool Scholastic Activities – any interschool activity program that is outside the regular curriculum, excluding interschool athletic programs as defined by Ark. Code Ann. § 6-20-2002(3), which is organized primarily for the purpose of competing with other schools, public or private; or any program or activity, excluding interschool athletic programs as defined by Ark. Code Ann. § 6-20-2002(3), which is subject to regulation by the Arkansas Activities Association.
- 3.14 Interschool Scholastic Activity Expenditures – all direct and indirect expenses related to interschool scholastic activities, prorated if necessary.
- 3.15 Local Educational Agency (LEA) – all Arkansas public school districts, open-enrollment public charter schools and education service cooperatives.
- 3.16 Material Findings – a financial condition that jeopardizes the fiscal integrity of the school district.
- 3.17 Arkansas State Board of Education (SBE)

- 3.18 Special Needs Categories – the state funding categories of Alternative Learning Environments, English Language Learners, National School Lunch Act funding, and Professional Development.
- 3.19 State Funds – all money derived from state revenues, specifically including but not limited to, distributions from the Department of Education Public School Fund Account and uniform rate of tax ad valorem property taxes distributed to a public school or school district.
- 3.20 Tier I & II Employees – those employees described as Tier I or Tier II employees in §10 of this rule.
- 3.21 Tier I & Tier II Training – that training described as Tier I or Tier II training in §10 of this rule.
- 3.22 Valid Comparisons – comparisons deemed to be relevant to the subject material in substance and scope.

4.00 Annual Financial Report (AFR)

- 4.01 The AFR shall be electronically submitted to the Department by LEAs in the format required by the Department.
- 4.02 At least fifteen (15) calendar days before the date required to submit the AFR, APSCN shall make available to the LEAs the programs needed to collect the AFR data.
- 4.03 The AFR shall be filed electronically with the Department by August 31 of each year. If August 31 is on a weekend or state holiday, the AFR electronic submission shall be on the first work day for state employees following the weekend or state holiday.
 - 4.03.1 For purposes of compliance with these rules, the official date of filing with the Department shall be the date and time the AFR is recorded as received by APSCN.
 - 4.03.2 If errors are discovered in the AFR by either the LEA or the Department, a corrected AFR may be resubmitted by September 15 of the same calendar year it was originally due. If September 15 is on a weekend or state holiday, the resubmission shall be on the first work day for state employees following the weekend or state holiday.
- 4.04 No changes shall be made to the LEA's financial data after it has been submitted to the Department as a part of the AFR, unless the AFR is resubmitted by the deadline specified in 4.03.2 of this rule.

- 4.05 Each LEA shall perform a final close of its fiscal year immediately following its submission of the AFR. If a resubmission is necessary and within the timeframe allowed by 4.03.2 of this rule, APSCN shall be contacted in order to re-open the fiscal year.
- 4.06 The data to be reported in the AFR includes, but is not limited to:
 - 4.06.1 The daily expenditures and receipts of the LEA;
 - 4.06.2 Information on fund balances maintained by the LEA, including without limitation, the:
 - 4.06.2.1 Sources of funds maintained as fund balances, to the extent practicable;
 - 4.06.2.2 Reasons for maintaining, instead of spending, the fund balances;
 - 4.06.2.3 Amount and identification of funds transferred between various funds during the past year;
 - 4.06.2.4 Amount of fund balances dedicated for the construction, maintenance, or repair of academic or athletic facilities.
 - 4.06.2.5 Information sufficient to verify whether funds allocated for educational purposes, including, but not limited to, student academic needs and the maintenance and operation of public school district facilities, are used for their intended purposes or retained by the school district in its fund balances.

5.00 Annual Financial Budget (AFB)

- 5.01 The AFB shall be electronically submitted to the Department by LEAs in the format required by the Department.
- 5.02 The AFB shall be filed electronically with the Department by September 30 of each year. If September 30 is on a weekend or state holiday, the AFB electronic submission shall be on the first work day for state employees following the weekend or state holiday.
 - 5.02.1 For purposes of compliance with these rules, the official date of filing with the Department shall be the date and time the AFB is recorded as received by APSCN.

- 5.02.2 At least fifteen (15) calendar days before the date required to submit the AFB, APSCN shall make available to the LEAs the programs needed to collect the AFB data.
- 5.03 The AFB shall be approved by the board of directors of each LEA at a legally held meeting and shall be signed by the president of the board of directors and the ex officio financial secretary of each LEA.
 - 5.03.1 The order or resolution of the local board approving the AFB shall be signed by the president of the local board and the superintendent or director of each LEA.
 - 5.03.2 If the AFB and the order or resolution approving the AFB are not filed with the Department on or before September 30 and as required by these rules, then all warrants or checks issued by the LEA after September 30 shall be declared invalid and the Superintendent and his or her surety shall be liable for any warrants or checks countersigned after the September 30 deadline.
 - 5.03.3 If the AFB and the order or resolution approving the AFB are not filed with the Department on or before September 30 and as required by these rules, the Department may withhold state aid for which an LEA is eligible until the reporting requirements of these rules are met in full compliance.
 - 5.03.3.1 State aid may only be withheld provided that the Department of Education has met all deadlines for providing pertinent information to school districts, open-enrollment charter schools, or education service cooperatives.
 - 5.03.3.2 The Department of Education shall submit a list of all required financial accountability reports along with due dates to each school district, open-enrollment public charter school, or educational service cooperative by July 1 of each year.

6.00 Full-time Equivalent (FTEs) and Average Salaries

- 6.01 Information regarding FTEs and Average Salaries shall be electronically submitted to the Department by LEAs in the format required by the Department.
- 6.02 Information regarding FTEs and Average Salaries shall be filed electronically with the Department by July 31 of each year. If July 31 is

on a weekend or state holiday, the electronic submission shall be on the first work day for state employees following the weekend or state holiday.

6.02.1 For purposes of compliance with these rules, the official date of filing with the Department shall be the date and time the electronic submission is recorded as received by APSCN.

6.02.2 At least fifteen (15) calendar days before the date required for submission to the Department, APSCN shall make available to the LEAs the programs needed to collect the FTEs and Average Salaries data.

7.00 Arkansas Handbook

7.01 The Department shall establish and implement a uniform chart of accounts and related codes known as the Arkansas Financial Accounting Handbook (Arkansas Handbook) which shall be the uniform chart of accounts and codes utilized in reporting revenues and expenditures.

7.01.1 The Arkansas Handbook is hereby incorporated by reference into these rules. However, the Arkansas Handbook is exempt from the rule-making process and may be amended, revised or updated as provided in these rules or law.

7.01.2 The amendments, annual revisions, and financial accounting updates to the Arkansas Handbook shall be developed with representatives from the Arkansas Association of School Business Officials, the Education Service Cooperatives, and other school district officials as designated by the Department.

7.01.3 Prior to amending the Arkansas Handbook, the Department shall provide written notice via a Commissioner's Memo to the school districts, open enrollment charter schools and education cooperatives. Amendments, annual revisions, and financial accounting updates shall be effective on July 1 of the next fiscal year or 90 days from the date of the issuance of the Commissioner's Memo, whichever is later, unless:

7.01.3.1 The Commissioner declares that there is an emergency, at which time the change shall be effective immediately upon the date specified in the Commissioners Memo; or,

7.01.3.2 A new program or revenue source requires new accounting codes, at which time the change shall be effective immediately upon the date specified in the Commissioner's Memo; or,

7.01.3.3 The change affects only a few school districts and the school districts have mutually agreed to make the change. The change shall be effective immediately upon the date specified in the Commissioner's Memo.

7.02 The Arkansas Handbook shall be the chart of accounts and codes utilized by LEAs in making the record of actual revenues and expenditures and the annual budget of revenues and expenditures required by these rules.

8.00 Department Review of LEA Financial Records

8.01 By February 15 of each year, the Financial Accountability Unit of the Department shall review the LEAs' most currently submitted AFR, AFB, FTEs and Average Salaries to determine if the financial records are deficient. Any error related to the coding and reporting of financial information that causes a material misstatement of financial information will be cause for determining a deficiency. A material misstatement occurs whenever the submitted data has more than a ten percent (10%) variance from the correct data or when corrective action is not taken after the Department has sent written notification to an LEA regarding specific errors discovered in the financial records.

8.01.1 Any error related to the coding and reporting of court-ordered desegregation funding that causes a material misstatement of financial information will be cause for determining a deficiency. A material misstatement occurs whenever the submitted data has more than a ten percent (10%) variance from the correct data or when corrective action is not taken after the Department has sent written notification to an LEA regarding specific errors discovered in the financial records.

8.02 The Department review will include, but is not limited to:

8.02.1 State Revenues;

8.02.2 Student Special Needs Expenditures;

8.02.3 Total Expenditures;

8.02.4 Instructional Expenditures;

8.02.5 Extracurricular Expenditures;

8.02.6 Capital Expenditures;

- 8.02.7 Debt Service Expenditures;
 - 8.02.8 Expenditures of court-ordered desegregation funding;
 - 8.02.9 Teacher Full Time Equivalency data;
 - 8.02.10 Certified salary amounts;
 - 8.02.11 Compliance with the Minimum Teacher Salary schedule;
 - 8.02.12 Compliance with gifted and talented programs expenditure requirements in accordance with Ark. Code Ann. § 6-20-2208(c)(6);
 - 8.02.13 Interschool Athletic Expenditures, including salaries with fringe benefits, travel, equipment, supplies and facilities maintenance;
 - 8.02.14 Interschool Scholastic Expenditures, including salaries with fringe benefits, travel, equipment, supplies and facilities maintenance;
 - 8.02.15 The district's Total Athletic Expenditures budgeted for interschool athletic programs that are to be paid from state funds;
 - 8.02.16 The district's Total Scholastic Expenditures budgeted for interschool scholastic programs that are to be paid from state funds;
 - 8.02.17 Expenditure of Federal funds, including school lunch reimbursement;
 - 8.02.18 Verification that fiscal year expenditures did not exceed legal revenues for the same fiscal year;
 - 8.02.19 Verification that proper financial records have been maintained in accordance with the Education Accounting and Reporting System and the Arkansas Handbook.
 - 8.02.20 Verification that fund balances are sufficient to ensure the continuation of educational services and are within parameters set by state and federal law and Department rules.
- 8.03 The Department shall notify in writing, via certified mail, the superintendent or director of the LEA whose financial records are found to be deficient.

- 8.03.1 The notification shall state the deficiency.
- 8.04 The LEA will have thirty (30) days to respond to the Department's notification. The response may include, but is not limited to:
 - 8.04.1 A proposed corrective action plan;
 - 8.04.2 A training schedule to educate all pertinent personnel; and
 - 8.04.3 A procedure to prevent a repeat of the deficiency.
- 8.05 The response shall not be considered a right of appeal.
- 8.06 If the review determines the financial records of any LEA are deficient as defined in Section 8.01 or otherwise not properly maintained or submitted by the LEA or are not administered in accordance with state or federal laws, SBE rules, or the Arkansas Handbook, then state-funded grants and/or aid that the district would be eligible to receive shall be withheld until the financial issues have been resolved.
- 8.07 The SBE may require the superintendent or director and board members explain and/or appear before the SBE to explain why the district is not complying with state laws or rules.
- 8.08 Upon written notice of approval by the auditors of the Financial Accountability Unit of the Department of Education, the Department shall file copies of the approved budget with the LEA and the county treasurer, if serving as school treasurer.
- 8.09 It is the duty of the State to monitor LEA financial records, Arkansas Comprehensive School Improvement Plan, or any other pertinent records, to ensure the following:
 - 8.09.1 District expenditures meet the minimum teacher salary schedule;
 - 8.09.2 District expenditures benefit students in special needs categories;
 - 8.09.3 District expenditures are used to improve the educational opportunity of each child;
 - 8.09.4 District expenditures are used to provide an equal opportunity for each child;
 - 8.09.5 District expenditures are used to meet the Standards of Accreditation;

- 8.09.6 The District has provided the SBE and the Department with a report of the school district's total athletic expenditures paid from state funds for the previous year;
 - 8.09.7 The district has provided the SBE and the Department with a budget for the school district's total athletic expenditures to be paid from state funds for the upcoming year; and
 - 8.09.8 The district has provided the SBE and the Department with any additional information or documentation requested for the purpose of showing compliance with state laws, including but not limited to Ark. Code Ann. § 6-20-2208, federal laws and Department rules.
- 8.10 The Department shall have the authority to review, analyze and inspect the financial records of any LEA in order to verify that an LEA is correctly and accurately reporting revenues and expenditures in accordance with the Arkansas Handbook.
- 8.11 The Department shall submit a report titled "Annual Statistical Report (ASR) to the Governor, the Senate Interim Committee on Education, and the House Interim Committee on Education by February 15 of each year concerning LEA revenue, expenditures, legal balances (total and unrestricted), FTEs, average salaries and any other financial information required by law.
- 8.11.1 The revenue and expenditures will reflect the prior year actual (ended June 30) and the current year budget (beginning July 1).
 - 8.11.2 The total legal balance will be as of June 30 of the prior year and will contain the total balances of the Salary, Operating and Debt Service Funds.
 - 8.11.3 The unrestricted legal balance will be the total legal balance less restricted funds.
 - 8.11.4 The FTEs and average salaries will be for the prior year ended June 30.

9.00 Required Reports

- 9.01 The Department shall publish by July 1 of each year, via Commissioner's Memo, a list of all required financial accountability reports, that are not a part of a cycle report submitted through APSCN, with due dates.

9.02 The Department shall submit a written notice via certified mail on or before February 15 of each year to those school districts, open enrollment charter schools and education service cooperatives whose budget or financial reports are identified as deficient. Likewise, the Department will issue a Commissioner's Memo on or before February 15 of each year indicating which school districts, open enrollment charter schools or education service cooperatives budgets are identified as approved.

9.03 Each county clerk is required to provide to the Department an annual Abstract of Assessment by March 15 of each year.

9.03.1 The treasurer of the state shall withhold the monthly distribution of county aid from any county that fails to provide the annual Abstract of Assessment by March 15 for each school district located wholly or in part in the county.

9.03.2 The Department shall establish the required format for the Abstract of Assessment, to include:

9.03.2.1 The previous calendar year's property assessment that will be used for ad valorem tax collections in the current year.

9.03.2.2 The millage rates, which shall be listed by the type of millage, levied against that property assessment.

9.03.2.3 In cases that administratively consolidated school districts do not have a unified millage rate, the county clerk shall submit the assessment data in a form specified by the Department.

9.03.3 To consider a county in compliance with this filing requirement, the Department must receive all data no later than March 15 of each year.

9.04 By January 31, 2012, and by January 31 of each year thereafter, each county treasurer shall provide an annual summary report of all proceeds generated from ad valorem tax and distributed by the county to a school district for the period beginning January 1 and ending on December 31 of the preceding calendar year to the:

9.04.1 Treasurer of State;

9.04.2 Department of Education; and

- 9.04.3 Superintendent of the school district to which the proceeds from the uniform rate of tax are distributed by the county.
- 9.04.4 Failure of the county treasurer to report the annual summary required by 9.04 of this rule shall result in the withholding of all reappraisal funding provided under Ark. Code Ann. § 26-26-1907 until the county treasurer provides the annual summary report. Funds withheld are forfeited as follows:
 - 9.04.4.1 Twenty percent (20%) of withheld reappraisal funds are forfeited every two (2) months of noncompliance; and
 - 9.04.4.2 After ten (10) months of noncompliance, the total amount of withheld reappraisal funds are forfeited.
 - 9.04.4.3 A county is not relieved of the requirement to reappraise property and funding for reappraisal shall be by local taxing unit sources until the county provides the required annual summary report.
 - 9.04.4.4 The Department shall notify the Assessment Coordination Department if a county treasurer fails to comply with 9.04 of this rule. Withholding of reappraisal funding for failure to comply is authorized under Ark. Code Ann. § 26-80-101.
- 9.05 By September 1 of each year, any school district that received court-ordered desegregation funding for the prior school year shall report to the Department the following:
 - 9.05.1 The total amount of state funding received under the federal court order or settlement agreement in the prior school year;
 - 9.05.2 A detailed statement outlining the school district's obligations under the federal court order, settlement agreement, or court-approved remedial plan, including without limitation:
 - 9.05.2.1 Programs that the school district is required to administer;
 - 9.05.2.2 Specific goals that the school district is required to reach;
 - 9.05.2.3 Actions that the school district is required to take or are prohibited from taking;

- 9.05.2.4 Problems that the school district is required to remedy;
 - 9.05.2.5 Overall purposes of the federal court order, settlement agreement, or court-approved remedial plan; and
 - 9.05.2.6 Any other pertinent information as determined by the department;
- 9.05.3 An itemized accounting of all expenditures made during the prior school year from state funds identified under section 9.05.1 and expended to comply with the school district's obligations identified under section 9.05.2;
- 9.05.3.1 The accounting shall be specific and detailed and include an explanation of how each expenditure was necessary in order to comply with the school district's obligations under the federal court order, settlement agreement, or court-approved remedial plan;
 - 9.05.3.2 It is not sufficient to provide general statements, such as stating that the funds were used in magnet schools;
 - 9.05.3.3 As part of the explanation for each expenditure, the accounting shall identify the program, goal, action, problem, and/or purpose listed in response to Section 9.05.2 to which the expenditure is related;
- 9.05.4 The total amount of all state funds identified in response to section 9.05.1 and remaining in the school district's fund balances as of July 1; and
- 9.05.5 A statement that the sum total of all expenditures identified in response to sections 9.05.3 and 9.05.4 is equal to the sum total of state funding identified in response to section 9.05.1, or alternatively, an explanation of the discrepancy.
- 9.06 Unless the Department approves otherwise, any data to be reported under sections 9.05.1, 9.05.3, and 9.05.4 shall be submitted to the Department in electronic format as a Microsoft Excel file utilizing a template to be furnished by the Department no later than August 1.

9.06.1 Unless the Department approves otherwise, any data to be reported under section 9.05.2 shall be submitted to the Department in electronic format as a Microsoft Word or Adobe Portable Document Format (PDF) file.

9.07 The Department may withhold state aid from any LEA that fails to file its budget or any other required report with the Department by the deadline established on the list of all required financial accountability reports, provided that the Department has met the deadline for providing information pertinent to meeting the deadlines.

10.00 Required Training

10.01 The Department shall establish two (2) tiers of required training.

10.01.1 Both tiers of required training shall apply to all LEAs.

10.01.2 A minimum of two (2) persons per LEA are required to attend an Initial and an Annual Tier I Training. The two persons shall include:

10.01.2.1 The district superintendent or the education service cooperative director or the open enrollment charter school director; and

10.01.2.2 A person whose job responsibilities include preparing the budget or overall accounting responsibility.

10.02 The two (2) persons per LEA required to attend shall each obtain twelve (12) hours of Initial Training and instruction necessary to demonstrate basic proficiency as determined by the Department, including but not limited to:

10.02.1 School laws of Arkansas;

10.02.2 Laws and rules governing expenditures, fiscal accountability, and school finance;

10.02.3 Ethics; and

10.02.4 Financial accounting and reporting of LEAs.

10.03 After obtaining the Initial Training, the two (2) persons required to attend shall obtain a minimum of two (2) hours of Tier I annual training and instruction in order to maintain basic proficiency in the topics described in

Section 10.02 of these rules. Additional annual training may be required by the department for the school district superintendent, the education service cooperative executive director, or the open-enrollment public charter school director and the person whose job responsibilities include preparing the budget or overall accounting responsibility based on repetitive or flagrant audit findings or the identification of multiple indicators of fiscal distress.

10.03.1 The two (2) persons per LEA are required to attend the training under Section 10.01 of these rules by December 31 of each year.

10.03.1.1 The training may be provided by a higher education institution, the Department, the Arkansas Association of School Business Officials or from another provider.

10.03.1.2 The training sessions may be held throughout the State, via distance learning, or from an online course.

10.03.1.3 All providers for training shall apply for and receive approval from the Department prior to providing the training.

10.03.1.3.1 The provider shall submit a complete request for approval prior to the scheduled training.

10.03.1.3.2 The Department shall establish the request form.

10.03.1.3.3 The provider shall provide the Department with a list of persons who attended the training sessions.

10.03.1.3.4 The Department's administrative staff will review the request.

10.03.1.3.5 If additional information is requested, the provider will be responsible for providing an immediate response in order to gain approval in a timely manner.

10.03.1.3.6 Department staff will be allowed to attend all training sessions in order to monitor for quality and completeness.

10.03.1.3.6.1 Department staff will not be required to pay to attend the training

10.03.2 Persons failing to obtain required training by the end of the calendar year and failing to receive training by March 1 of the following calendar year without filing a request for an extension shall be sanctioned by the State.

10.03.2.1 The request for an extension must be sent to the Department by certified mail, return receipt requested.

10.03.2.2 The request for an extension must be received by the Department prior to March 1.

10.03.2.3 The Department shall establish a form to be used in requesting an extension.

10.03.2.4 The request shall include a corrective action plan for obtaining the required training in a timely manner.

10.03.2.4.1 For each person failing to obtain the required training by March 1, the Department shall immediately notify the superintendent or director of the employing school district, open enrollment charter school, or education service cooperative.

10.03.2.4.2 Notification will be sent by certified mail, return receipt requested.

10.03.2.4.3 The Department will also notify the school board president.

10.03.3 The superintendent or director of the LEA shall notify the person who failed to receive the required training, and the person shall be unable to continue in his or her position from the date of receipt of notification.

- 10.03.3.1 Notification will be by certified mail, return receipt requested.
- 10.03.3.2 Any person receiving notice that he or she shall be unable to continue in his or her position solely because of his or her failure to obtain the required training may request a hearing before the SBE prior to his or her permanent dismissal.
- 10.03.4 If the person fails to obtain all required training by December 31 following the March 1 extension deadline, this failure shall constitute one (1) citation against the school district, or the open enrollment charter school, as measured by the Standards for Accreditation of Arkansas Public Schools issued by the Department or an admonishment to the education service cooperative by the Department.
- 10.03.5 If the person is unable to obtain the required training because of military service or illness as verified by a written sworn statement of the person's attending physician, the Department shall grant an extension permitting the person additional time to obtain the required training.
 - 10.03.5.1 The person shall submit the appropriate documentation of military service or illness to the Department.
 - 10.03.5.2 The documentation must be sent by certified mail, return receipt requested.
 - 10.03.5.3 The length of time of the extension will be determined on an individual basis at the discretion of the Department.
 - 10.03.5.4 The issuance of an extension shall not constitute a citation against the school district or the open enrollment charter school as measured by the Standards for Accreditation of Arkansas Public Schools issued by the Department or an admonishment to the education service cooperative by the department. Also the Department shall not operate to remove the person from his or her job if an extension has been granted by the Department.

- 10.03.6 The Department shall maintain records of instructional hours of Tier I Training obtained by any individual covered under this section.
 - 10.03.6.1 Each district shall provide a list of the names and positions of the persons covered by these rules, to the Department by December 31 of each year. The information shall be provided in a format approved by the Department.
 - 10.03.6.2 Separate lists will be provided for persons obtaining the initial training to demonstrate basic proficiency and for those obtaining additional hours.
 - 10.03.6.3 The trainer or the institution providing the training will provide verification of instructional hours.
 - 10.03.6.4 The Department may publish a list identifying the persons required to receive training and the compliance status.
 - 10.03.6.5 Persons employed as of July 1 shall be required to obtain training by December 31 of that year.
 - 10.03.6.6 Persons employed after July 1 shall be required to obtain training by December 31 of the next year.
 - 10.03.6.7 Persons changing employment will have their training history accepted by the new employer.
- 10.03.7 Any school district or open enrollment charter school that does not follow the provisions of Ark. Code Ann. Title 6, Chapter 20, subchapter 22 shall be placed in fiscal distress.
- 10.03.8 Any education service cooperative that does not follow the provisions of Ark. Code Ann. Title 6, Chapter 20, subchapter 22 shall be sanctioned by the SBE.
- 10.04 Tier II training shall include, but is not limited to, employees who make decisions about selecting codes or who have a limited number of codes that they can use.
 - 10.04.1 Tier II training shall be developed by the Department in cooperation with representatives from the Arkansas Association of School Administrators, the Arkansas Association of School Business Officials, the Arkansas

Education Association, the Legislative Joint Auditing Committee and education service cooperatives.

- 10.04.1.1 The training shall be annual and shall be a minimum of two (2) hours.
- 10.04.1.2 LEAs shall be responsible for providing the training to these employees.
- 10.04.1.3 LEAs' trainers are required to attend Initial and annual Tier I training.
- 10.04.1.4 Each LEA shall maintain files and records indicating all employees required to obtain and who have completed Tier II training.
- 10.04.1.5 Each district superintendent, open enrollment charter school director or education service cooperative director shall provide the Department an assurance statement regarding the completion of Tier II training by the required individuals by the end of the fiscal year.
- 10.04.1.6 Additional annual training may be required by the department for employees who do not make decisions about selecting codes or who have a limited number of codes that they can use based on repetitive or flagrant audit findings or the identification of multiple indicators of fiscal distress.

11.00 Sanctions

- 11.01 Any school district that does not comply with and meet the requirements of these rules, shall, after receiving notice as required by law, be identified by the Department as being in fiscal distress.
 - 11.01.1 Any open enrollment charter school that does not comply with and meet the requirements of these rules may be referred to the SBE for possible modification, revocation, or denial of renewal of its charter pursuant to Ark. Code Ann. § 6-23-105 and the Department's Rules Governing Public Charter Schools.
- 11.02 Any education service cooperative that does not comply with and meet the requirements of these rules shall be sanctioned by the SBE.

- 11.03 Any licensed classroom teacher or administrator of a school, school district, open enrollment charter school or education service cooperative that provides false expenditure information may have his or her license placed on probation, suspended or revoked pursuant to procedures utilized in accord with Ark. Code Ann. § 6-17-410.
- 11.04 Persons failing to obtain required training by December 31 of the calendar year and who fails to cure any training deficiency by March 1 of the following year without filing a request for extension of time and after receiving proper notice shall be unable to continue in his or her position of employment effective on the date of receipt of notification from the superintendent of the school district, open enrollment charter school or education service cooperative.
- 11.05 If a person fails to obtain all required training by December 31, this failure shall constitute one (1) citation against the school district, the open enrollment charter school or an admonishment to the education service cooperative.

FINANCIAL IMPACT STATEMENT

PLEASE ANSWER ALL QUESTIONS COMPLETELY

DEPARTMENT Arkansas Department of Education
DIVISION Fiscal and Administrative Services
PERSON COMPLETING THIS STATEMENT Jennifer Davis
TELEPHONE NO. 501-682-4227 **FAX NO.** 501-682-4249 **EMAIL:** jennifer.davis@arkansas.gov

To comply with Ark. Code Ann. § 25-15-204(e), please complete the following Financial Impact Statement and file two copies with the questionnaire and proposed rules.

SHORT TITLE OF THIS RULE ADE Rules the Arkansas Financial Accounting and Reporting System and Annual Training Requirements

1. Does this proposed, amended, or repealed rule have a financial impact? Yes No
2. Is the rule based on the best reasonably obtainable scientific, technical, economic, or other evidence and information available concerning the need for, consequences of, and alternatives to the rule? Yes No
3. In consideration of the alternatives to this rule, was this rule determined by the agency to be the least costly rule considered? Yes No

If an agency is proposing a more costly rule, please state the following:

- (a) How the additional benefits of the more costly rule justify its additional cost;

- (b) The reason for adoption of the more costly rule;

- (c) Whether the more costly rule is based on the interests of public health, safety, or welfare, and if so, please explain; and;

- (d) Whether the reason is within the scope of the agency's statutory authority; and if so, please explain.

4. If the purpose of this rule is to implement a federal rule or regulation, please state the following:

- (a) What is the cost to implement the federal rule or regulation?

Current Fiscal Year

General Revenue _____
Federal Funds _____
Cash Funds _____
Special Revenue _____
Other (Identify) _____

Next Fiscal Year

General Revenue _____
Federal Funds _____
Cash Funds _____
Special Revenue _____
Other (Identify) _____

Total 0

Total 0

(b) What is the additional cost of the state rule?

Current Fiscal Year

Next Fiscal Year

General Revenue _____

General Revenue _____

Federal Funds _____

Federal Funds _____

Cash Funds _____

Cash Funds _____

Special Revenue _____

Special Revenue _____

Other (Identify) _____

Other (Identify) _____

Total 0

Total 0

5. What is the total estimated cost by fiscal year to any private individual, entity and business subject to the proposed, amended, or repealed rule? Identify the entity(ies) subject to the proposed rule and explain how they are affected.

Current Fiscal Year

\$ 0

Next Fiscal Year

\$ 0

6. What is the total estimated cost by fiscal year to state, county, and municipal government to implement this rule? Is this the cost of the program or grant? Please explain how the government is affected.

Current Fiscal Year

\$ 0

Next Fiscal Year

\$ 0

7. With respect to the agency's answers to Questions #5 and #6 above, is there a new or increased cost or obligation of at least one hundred thousand dollars (\$100,000) per year to a private individual, private entity, private business, state government, county government, municipal government, or to two (2) or more of those entities combined?

Yes No

If YES, the agency is required by Ark. Code Ann. § 25-15-204(e)(4) to file written findings at the time of filing the financial impact statement. The written findings shall be filed simultaneously with the financial impact statement and shall include, without limitation, the following:

- (1) a statement of the rule's basis and purpose;
- (2) the problem the agency seeks to address with the proposed rule, including a statement of whether a rule is required by statute;
- (3) a description of the factual evidence that:
 - (a) justifies the agency's need for the proposed rule; and

- (b) describes how the benefits of the rule meet the relevant statutory objectives and justify the rule's costs;
- (4) a list of less costly alternatives to the proposed rule and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;
 - (5) a list of alternatives to the proposed rule that were suggested as a result of public comment and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;
 - (6) a statement of whether existing rules have created or contributed to the problem the agency seeks to address with the proposed rule and, if existing rules have created or contributed to the problem, an explanation of why amendment or repeal of the rule creating or contributing to the problem is not a sufficient response; and
 - (7) an agency plan for review of the rule no less than every ten (10) years to determine whether, based upon the evidence, there remains a need for the rule including, without limitation, whether:
 - (a) the rule is achieving the statutory objectives;
 - (b) the benefits of the rule continue to justify its costs; and
 - (c) the rule can be amended or repealed to reduce costs while continuing to achieve the statutory objectives.