

Arkansas Department of Education
Rules Governing the Development of a
Uniform Budget and Accounting System
June 14, 2004

1.00 Regulatory Authority

- 1.01 These rules shall be known as the Arkansas Department of Education Rules Governing the Development of a Uniform Budget and Accounting System.
- 1.02 These rules are enacted pursuant to the Arkansas State Board of Education's authority under A.C.A. §6-11-105, §6-20-2203 and Act 61 of the Second Extraordinary Session of 2003.

2.00 Purpose

- 2.01 The purpose of these rules is to set forth the process and procedures for establishing and implementing a uniform budget and accounting system for all public school districts and education service cooperatives.

3.00 Definitions

For purposes of this rule, the following terms shall mean:

- 3.01 Financial Accounting Handbook – The financial coding and chart of accounts as required by A.C.A. §6-20-2203.
- 3.02 Arkansas Revisions – The Arkansas financial accounting system developed in compliance with the United States Department of Education, Office of Educational Research and Improvement's Financial Accounting: Classification and Standard Terminology for Local and State School Systems and as required by A.C.A. §6-20-2203.
- 3.03 Federal Handbook IIR² - the United States Department of Education, Office of Educational Research and Improvement's Financial Accounting: Classification and Standard Terminology for Local and State School Systems.
- 3.04 Handbook IIR² – is the vernacular of the Arkansas Financial Handbook.

- 3.05 Valid Comparisons – comparisons deemed to be relevant to the subject material in substance and scope.
- 3.06 Uniform Budget and Accounting System – a financial chart of accounts consistent with Handbook IIR² and required state and federal reporting for all public school districts, educational cooperatives, and open enrollment charter schools.

4.00 Process and Procedures for Establishing and Implementing a Uniform Budget and Accounting System

- 4.01 The Department shall establish a review committee in cooperation with representatives of the Arkansas Association of School Administrators, the Arkansas School Business Officials, the Arkansas Education Association, the education service cooperatives, and the Legislative Joint Auditing Committee.
- 4.02 The review Committee shall establish criteria for evaluating the categories and expenditures identified in Section 5.03 of this Rule.
- 4.03 The Review Committee shall make recommendations on a financial handbook for educational cooperatives that outlines appropriate format and codes for expenditures specific to educational cooperatives.
- 4.04 The Review Committee shall make recommendations on the development of an annual expenditures report to be submitted to the State Board of Education, the Governor, and Senate and House Interim Committee on Education concerning school and district expenditures as required by law.
- 4.05 By December 31, 2004 the Review Committee will submit to the State Board a timeline for implementation of a Uniform Budget and Accounting System.
- 4.06 The Review Committee shall ensure all recommendations comply with the requirements of this Rule.

5.00 Uniform Budget and Accounting System

- 5.01 The State Board of Education shall adopt the uniform budget and accounting system.
- 5.02 The definitions contained in the Federal Handbook IIR² shall be used for districts and cooperatives so that valid comparisons can be made.

5.03 The State Board of Education shall adopt by rule the “Arkansas Revisions” to the Federal Handbook IIR².

5.03.1 These rules shall be developed in cooperation with Arkansas Association of School Administrators, Arkansas Association of School Business Officials, Arkansas Education Association, and Legislative Audit.

5.03.2 Arkansas Revisions shall include:

- (1) Categories to allow reports on separate functions and programs.
- (2) Categories of expenditures that each district shall report on for its annual school performance report.
- (3) Expenditures shall include total expenditures, instructional, administrative, extracurricular, capitol and debt service expenditures.
- (4) Categories of both school and district expenditures on separate functions and programs.
- (5) Categories of expenditures that each educational cooperative shall report on its required annual report.

5.04 A financial handbook shall be developed by the State Board of Education for educational cooperatives that outlines appropriate format and codes for expenditures for educational cooperatives.

5.05 The Department of Education shall have the authority to analyze and inspect the financial records of any school, school district, or educational cooperative to verify expenditures.

5.06 By November 1 of each year, the Department shall submit a report to the State Board of Education, the Governor, and Senate and House Interim Committee on Education concerning school and district expenditures as required by law.

5.07 All rules and revisions shall be adopted and published prior to the start of the fiscal year for which they are applicable.