Rules of
Department of Elementary and Secondary Education
Division 30–Division of School Services
Chapter 4–General Administration

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PURPOSE: This rule incorporates by reference the general administrative and fiscal requirements for federal programs administered by the United States Department of Education.

Editor’s Note: The secretary of state has determined that the publication of this rule in its entirety would be unduly cumbersome or expensive. The entire text of the rule has been filed with the secretary of state and is summarized here by the agency adopting it. The entire text of the rule may be found at the headquarters of the agency and is available to any interested person at a cost established by state law.

(1) This rule incorporates by reference administrative and fiscal requirements contained in 34 CFR Parts 74-78, which was formerly codified as 45 CFR Parts 100A-100D. Together these rules are referred to as “EDGAR” for “Education Division General Administrative Regulations.”

(2) 34 CFR Part 75 of the federal regulation concerns direct project grants and contract programs between the Department of Education (ED) and state and local education agencies. Subdivisions of the section detail requirements for applications, federal financial participation, guarantee payment requirements, cash depositories, cost principles, matching and cost sharing, procurement standards, bonding and insurance, construction requirements, property management requirements, program income, financial management and reporting requirements, reporting of program performance, accountability for federal funds and miscellaneous requirements.

(3) 34 CFR Part 76 of the federal regulation concerns federal programs which are administered by the state and have common requirements for state plan development, submission and administration. Different parts of this section detail general requirements for state plans, federal financial participation, grant payments, cash depositories, cost principles, matching and cost sharing, procurement, bonding and insurance, construction, property management, program income, financial management and reporting, program monitoring and reporting and accountability for federal funds.


(5) 34 CFR Part 78 describes the process under which the Federal Education Appeals Board resolves audit findings and other compliance issues.

AUTHORITY: section 178.430, RSMo 1986.*


*Original authority 1963.

PURPOSE: This rule establishes a comprehensive policy for school audits. New federal audit requirements have prompted a review of audit requirements and audit review procedures. This policy outlines the purposes of audits, the responsibilities various parties have in the audit and the audit review process, relationships in this process, minimum audit requirements and procedures the Department of Elementary and Secondary Education will follow in resolving any question or problem which may be disclosed by the audit.

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(1) Audits of school districts are primarily intended to express an auditor’s opinion on the fairness of presentation of the financial statements. Audits also provide an independent review of financial operations for local boards, verify selected data used to apportion state funds, review systems of internal control made as a part of the financial audit, make recommendations for improvements and determine compliance with relevant state and federal laws and regulations.

(2) Responsibilities in the audit process are shared by the local board of education, the independent auditor contracted by the board, and the Department of Elementary and Secondary Education (DESE).

(A) Each local board of education is responsible for defining an adequate scope of audit, which as a minimum, must meet the requirements of this rule. Each local board also is responsible for selecting an independent auditor who is licensed according to state law and meets the qualifications regarding continuing professional education, peer review, and independence in accordance with government auditing standards. Upon receipt and review of the audit report, the local board is responsible for transmitting one (1) copy of the report; the related management letter, if provided by the independent auditor; and a copy of the board minutes or a board resolution, indicating approval of the audit report to the DESE and other copies of the audit report as required by federal laws and regulations to the appropriate agency(ies).

Each local board is also responsible for ensuring implementation of audit recommendations as appropriate and resolving any questions or discrepancies disclosed by the audit or noted by the DESE.

(B) The independent auditor is responsible for conducting the audit in accordance with generally accepted auditing standards, government auditing standards, federal audit requirements, and DESE audit guidelines as contained or referenced in this rule; submitting the audit report to the client board of
must express an opinion as to whether attend-
ances of Chapter 67, RSMo, and the auditor
to the budgetary and disbursement require-
opinion regarding the district’s conformance
to the audit report submitted to the DESE by the
anually by the DESE must be included in
schedule of selected statistics as specified
audits are contained in section 165.121,
) State requirements for school district
process.
(3) The DESE has an advisory and supervi-
sory relationship with the local board of edu-
cation through its administrative staff.
Questions regarding audit reports and any
audit problems, discrepancies or findings will
generally be resolved by the department
directly with administrative staff at the dis-
ct. However, in some cases, due to their
ature of the item, department staff may com-
municate directly with the district’s auditor.
Department staff will communicate with the
federal cognizant agency (usually, the U.S.
Department of Education) regarding compli-
ance with various federal requirements. The
cognizant agency has the authority to make
periodic contacts with school district officials
and their auditors regarding specific ques-
tions, audit deficiencies or review of the audit
process.
(4) State requirements for school district
audits are contained in section 165.121,
RSMo. In addition to these requirements, the
schedule of selected statistics as specified
annually by the DESE must be included in
the audit report submitted to the DESE by the
school districts. The auditor must express an
opinion regarding the district’s conformance
to the budgetary and disbursement require-
ments of Chapter 67, RSMo, and the auditor
must express an opinion as the whether atten-
dance and transportation records are so main-
tained by the district as to disclose accurately
average daily attendance and average daily
transportation of pupils during the period of
the audit.
(5) State law provides for the acceptance of
federal acts and funds and for their necessary
administration and supervision. Audit
requirements are a part of federal acts and the
implementing regulations adopted by the
administering federal agencies. The require-
ments of the Single Audit Act, as amended by
The Single Audit Act Amendments of 1996,
Office of Management and Budget (OMB)
Circular A-133 (OMB Circular A-128 has
been rescinded) and Government Auditing
Standards, issued by the Comptroller General
of the United States, are included in this audit
policy and requirement, by reference. Specific
application of these requirements shall be as follows:
(A) All school districts that expend a total
amount of federal awards equal to or in
excess of three hundred thousand dollars
($300,000) (from all sources) or such other
amount specified by the federal director of
the Office of Management and Budget
(Director-OMB) (see (5)(E) below) in any
fiscal year shall have either a single audit or
a program-specific audit made for such fiscal
year in accordance with the requirements of
The Single Audit Act Amendments of 1996
(B) All school districts that expend a total
amount of federal awards of less than three
hundred thousand dollars ($300,000) or such
other amount specified by the director-OMB
in any fiscal year shall be exempt for such fiscal
year from compliance with The Single
Audit Act Amendments of 1996. However, these
school districts shall be required to have
an audit performed in accordance with
Government Auditing Standards (a “Yellow
Book” Audit).
(C) Audits conducted biennially shall cover
both years within the biennial period and may
be reported in the aggregate. However, the
schedule of selected statistics must clearly
depict the information by the appropriate
school year.
(D) The audit, regardless if Single Audit or
“Yellow Book” Audit, shall be conducted by an
independent auditor in accordance with
Generally Accepted Auditing Standards
(GAAS) and Government Auditing standards
(GAS).
(E) Every two (2) years, the director-OMB
shall review the amount for requiring audits
and may adjust such dollar amount, provided
the director-OMB does not make such adjust-
ment below three hundred thousand dollars
($300,000).
(6) The audit report, accompanying manage-
ment letter (if provided), and a copy of the board
minutes or a board resolution indicat-
ing approval of the audit report must be sub-
mitted to the DESE by school officials not
later than October 31 of each odd numbered
year unless an extension is requested and
authorized by the DESE prior to that date.
Extensions shall be requested in accordance
with section 165.121.4, RSMo. The audit
will be stamped with the “received date” by
the School Finance Section. If audits are not
received, all aid may be withheld until the
audit is received. The School Finance Section
will make a preliminary review to determine
if the audit generally conforms to state and
federal requirements referenced in this rule.
(7) School districts which receive an audit in
accordance with subsection (5)(A) above and
who have federal findings and questioned
amounts specified by OMB Circular A-133 with
their audit reports and management letter in
accordance with section (6) above.
(8) School districts which receive an audit
with an adverse opinion or disclaimer of
opinion shall institute corrective measures to
ensure that the subsequent audit does not con-
tain either an adverse opinion or disclaimer
of opinion. If such an opinion is rendered on
the subsequent audit, the audit shall be
deemed unacceptable and all aid may be
withheld until such time as the district
demonstrates to the DESE that the problems
surrounding the adverse opinion or dis-
claimer of opinion or disclaimer of opinion
have bee corrected by the district.
(9) Audits will be reviewed by the School
Finance Section via a formal desk review for
adherence do the appropriate audit require-
ments (The Single Audit Act Amendments of
1996; OMB Circular A-133; Government
Auditing Standards, as well as the state
requirements) included or referenced in this
rule.
(A) Any deficiencies with the audit, during
this phase, will be communicated to school
district officials and/or the independent audi-
tor depending on the severity and type of
deficiency noted. Resolutions of desk review
items will be expected within thirty (30) days
of communication with the school district or
the independent auditor. Failure to resolve
these deficiencies may result in the withholding
of funds distributed by the DESE to that
school district. Severe deficiencies and/or
inaction by the district’s independent auditor
may result in the reporting of the independent

5 CSR 30-4—ELEM. & SEC. EDUCATION
(1/29/01) MATT BLUNT
Secretary of State
auditor to the Missouri State Board of Accountancy.

(10) For audits conducted in accordance with OMB Circular A-133, federal findings and questioned costs and the related Corrective Action Plan (see section (7) above) will be circulated to the appropriate program sections for follow-up with the school districts.

(A) The appropriate program section shall issue a written management decision to the district indicating approval/disapproval of the Corrective Action Plan of the district. This must take place within six (6) months from the receipt of the audit.

(11) When the program section reviews suggest questions or disclose discrepancies, the individual program sections will correspond directly with the school district. This correspondence initiates a procedure for resolving program audit questions and discrepancies which is outlined below—

(A) Personnel of the various program sections will advise the school district officials of the findings and the nature of any discrepancy found in the audit report;

(B) Within thirty (30) days, school district officials will be expected to respond with clarifying information and, as appropriate, correct data or a corrected pay of the audit report issued by the independent auditor who conducted the original audit. DESE staff will assist in every reasonable way to help a school district and/or its independent auditor find a solution to audit problems; and

(C) If a discrepancy cannot be resolved, the DESE may recover or withhold state funds from the affected program.

(12) Review of the independent auditor’s working papers may be conducted by the DESE as deemed appropriate to ensure appropriate work has been performed to support statements, opinions, findings, etc. of the independent auditor.


*Original authority 1963.

5 CSR 30-4.040 Annual Public Reporting of Information by School Districts

PURPOSE: This rule establishes the guidelines for public reporting of information by school districts on an annual basis.

(1) Beginning with Fiscal Year 1996 school districts will collect and record data and code financial information to provide information needed in reporting to the public. The first reporting will be in Fiscal Year 1996-97 using FY 96 data and continue annually thereafter, using prior fiscal year data. The reports shall be distributed in accordance with section 160.522, RSMo. Comparisons of district data to state data should be provided by the district by October 1, 1996, with the exception of subsection (2)(L), which must be reported by October 1, 1997.

(2) Data to be reported as specified in section 160.522, RSMo, shall include the following:

(A) Enrollment—number of resident and nonresident students enrolled the last Wednesday of September;

(B) Rates of pupil attendance—average daily attendance of the regular school term divided by the average of the September and January membership with the result expressed as a percent;

(C) High school dropout rate—number of dropouts divided by (September enrollment plus transfers in minus transfers out minus dropouts added to total September enrollment then divided by two (2)). Dropout rate shall be reported for any racial/ethnicity group with more than thirty (30) students and which exceeds five percent (5%) of building enrollment;

(D) Staffing ratios—the student number is the September enrollment. The teachers and administrators are determined based on the Core Data position codes, as follows:

1. Students to all teachers—position Code 60;

2. Students to administrators—position Codes 10 and 20;

3. Students to classroom teachers—position Code 60, excluding special education, remedial readings, Chapter 1, and vocational teachers;

(E) Average years of experience of professional staff—based on the total years of public school experience;

(F) Advanced degrees earned—headcount of number of staff whose highest degree is above a bachelor’s degree;

(G) Student achievement as determined through the currently used state assessment system;

(H) Average teacher’s salary—total regular term salary plus minimum salary supplement paid as reported on Core Data for Position Code 60;

(I) Average administrator’s salary—total regular term salary reported on Core Data for Position Codes 10 and 20;

(J) Average salaries of noncertificated personnel compared to state averages—total noncertificated salaries from Annual Secretary of the Board Report, Part III-B, Object 6150, divided by FTE of support staff as reported on Screen 2 of Core Data including school bus drivers, office staff, custodial staff, food service staff, and any other noncertificated district support staff. This item will be reported after the Department of Elementary and Secondary Education integrates this method into the established reporting system;

(K) Average per pupil expenditures for the district as a whole—current expenditure per average daily attendance (ADA);

(L) Average per pupil expenditures for each building in the district—see Appendix A for calculation model;

(M) Voted tax rates—tax rate ceiling for operations and tax rate ceiling for debt service;

(N) Adjusted tax rates—actual tax rates levied by fund (after voluntary and Proposition C rollbacks) as filed by September 1 with the county clerk;

(O) Assessed valuation—December 31 of previous calendar year assessed valuation minus tax increment funded assessed valuation;

(P) Percent of the district’s operating budget received from—

1. State—all state revenues received in the General, Special Revenue, and Capital Projects Funds divided by total revenues received in the General, Special Revenue, and Capital Projects Funds;

2. Federal—all federal revenues received in the General, Special Revenue, and Capital Projects Funds divided by total revenues received in the General, Special Revenue, and Capital Projects Funds;

3. Local—all local and county revenues received in the General, Special Revenue, and Capital Projects Funds divided by total revenues received in the General, Special Revenue, and Capital Projects Funds;

(Q) Extracurricular activities offered—all activities not for credit offered by the district for which the financial accounting is the responsibility of the district;

(R) Costs associated with each extracurricular activity—by activity list costs of expenditures for Object Codes 6100—6400, excluding capital outlay;
(S) Number of students eligible for free and reduced lunch—number of full-time equivalency count of resident pupils enrolled in grades K—12 on the last Wednesday of January and in attendance one (1) of the ten (10) preceding school days for which their eligibility for free or reduced lunch is documented;

(T) School calendar information—
1. Number of days and hours for student attendance;
2. Number of days and hours for parent-teacher conferences; and
3. Number of days and hours for staff development or inservice training for certificated staff;

(U) Data on course offerings—list of courses offered with units of credit identified;

(V) Rates of participation (may include duplicated count) in—
1. Parent-teacher conferences—number of students enrolled with one (1) or more of their parents or guardians attending a conference divided by the number of students enrolled the last Wednesday of September;
2. Special education programs—number of students served in special education programs divided by the number of students enrolled in the district the last Wednesday of September;
3. Early childhood special education programs—number of students enrolled in the programs;
4. Parents as teachers programs—number of families served;
5. Vocational education programs—number of students enrolled in vocational education programs divided by the number of students enrolled in the district the last Wednesday of September;
6. Gifted or enrichment programs—number of students enrolled in gifted or enrichment programs divided by the number of students in the district the last Wednesday of September;
7. Advanced placement programs—number of students enrolled in advanced placement programs divided by the number of students enrolled in the district the last Wednesday of September. Advanced placement programs require the courses to be college level courses regardless of whether college credit is earned; and
8. College admissions testing—number of high school graduates taking the American College Test (ACT) or Scholastic Aptitude Test (SAT) divided by the number of high school graduates.

(W) Number of students continuing education in post-secondary programs—previous year’s graduates who are attending a two (2)- or four (4)-year college as reported on Screen 8 of Core Data;

(X) Information about job placement for students who complete the district’s vocational education programs; and

(Y) The district’s most recent accreditation—Missouri School Improvement Program accreditation rating and measures for school improvement identified in the school improvement plan.

(3) Achievement data including ACT and SAT data will be reported in a way that is meaningful and relevant to the local school district using—

(A) At least one (1) comparison of district average with state average or district average with districts having a similar characteristic or characteristics using the same variables for three (3) consecutive years; and/or

(B) No less than a three (3)-year history of district scores. The district achievement history becomes the comparison variable.

(4) Reporting shall permit disclosure of data on a school-by-school basis and shall not be personally identifiable by any student or employee. Disaggregated achievements data shall be reported for any racial/ethnicity group with more than thirty (30) students and which exceeds five percent (5%) of building enrollment.

AUTHORITY: section 160.522, RSMo 1994.*

*Original authority 1993.
MODEL (EXAMPLE)

CURRENT EXPENDITURE PER ADA PER BUILDING

Under the provisions of Section 160.522, RSMo., passed in the Outstanding Schools Act of 1993 (SB 380), a district has the responsibility of reporting the current expenditure per pupil per building beginning July 1, 1996. The following calculation model will enable the district to provide the financial information needed in reporting to the public per average daily attendance (ADA). If a district currently records support costs on a per building basis, those figures would be used in lieu of the per average daily attendance calculation. A district may modify this model calculation if it enables the district to achieve more accurate calculation of per building expenditures.

Part I - Current Instructional Expenditure Per ADA Per Building

From data used to complete the Annual Secretary of the Board Report, the district's data will break out the following function/program code expenditures by the Core Data building code in order to determine the *current instructional expenditure* per ADA per building.

<table>
<thead>
<tr>
<th>A. Building Code</th>
<th>1000-998 Total Instruction</th>
<th>Expend Object Codes 6100-6400</th>
<th>$____<strong>.</strong>__</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2110 Attendance</td>
<td>Expend Object Codes 6100-6400</td>
<td>$____<strong>.</strong>__</td>
</tr>
<tr>
<td></td>
<td>2120 Guidance</td>
<td>Expend Object Codes 6100-6400</td>
<td>$____<strong>.</strong>__</td>
</tr>
<tr>
<td></td>
<td>2130-90 Health, Psych, Speech/Audio</td>
<td>Expend Object Codes 6100-6400</td>
<td>$____<strong>.</strong>__</td>
</tr>
<tr>
<td></td>
<td>2220-90 Media Services</td>
<td>Expend Object Codes 6100-6400</td>
<td>$____<strong>.</strong>__</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL Current Instructional Expenditures for Building</strong></td>
<td>Expend Object Codes 6100-6400</td>
<td>$____<strong>.</strong>__</td>
</tr>
</tbody>
</table>

B. Minus Revenue 5170, Student Activities - General & Special Revenue Funds Total Only Minus $______.____

C. Net Total Current Instructional Expenditures for Building NTOT $______.____

D. Total Resident and Non-Resident ADA for Building $______.____

E. Current Instructional Expenditure per ADA for Building (Part I-C divided by Part I-D) $______.____

Part II - Current Support Expenditure Per ADA

From data summarized at the close of a fiscal year in the Annual Secretary of the Board Report, the district will determine the *current support expenditure* per ADA.

<table>
<thead>
<tr>
<th>A. 2000-998 Total Support Services</th>
<th>Expend Object Codes 6100-6400</th>
<th>$____<strong>.</strong>__</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minus</td>
<td>2110 Attendance</td>
<td>Expend Object Codes 6100-6400</td>
</tr>
<tr>
<td></td>
<td>2120 Guidance</td>
<td>Expend Object Codes 6100-6400</td>
</tr>
<tr>
<td></td>
<td>2130-90 Health, Psych, Speech/Audio</td>
<td>Expend Object Codes 6100-6400</td>
</tr>
<tr>
<td></td>
<td>2220-90 Media Services</td>
<td>Expend Object Codes 6100-6400</td>
</tr>
<tr>
<td></td>
<td><strong>SUB TOTAL Current Support Expenditures</strong></td>
<td>Expend Object Codes 6100-6400</td>
</tr>
</tbody>
</table>

B. Minus Revenue 5150-64 Food Service Program General Fund only $______.____

Revenue 5165 Food Serv Non-Program General Fund only $______.____

Revenue 5333 Food Service - State General Fund only $______.____

Revenue 5445-49 Food Serv - Federal General Fund only $______.____

Revenue 5480 USDA Summer Food General Fund only $______.____

C. Net Total Current Support Expenditures NET TOTAL $______.____

D. Total Resident and Non-Resident ADA for District $______.____

E. Current Support Expenditure per ADA (Part II-C divided by Part II-D) $______.____

Part III - Current Expenditure Per ADA Per Building

I - E. Current Instructional Expenditure per ADA for Building (Part I-C divided by Part I-D) $______.____

II - E. Current Support Expenditure per ADA (Part II-C divided by Part II-D) Plus $______.____

**TOTAL CURRENT EXPENDITURE PER ADA PER BUILDING** (Part I-E plus Part II-E) $______.____
5 CSR 30-4.045 Collection of School District Reports

PURPOSE: This rule establishes the method by which the Department of Elementary and Secondary Education will access information reported annually by local school districts.

School districts may place local reports required under section 160.522, RSMo on the World Wide Web (WWW). Districts shall submit their homepage address to the director of core data. Any district that does not place their report on the WWW shall submit their report to the Department of Elementary and Secondary Education through electronic mail or in written form. The first report is due December 1, 1996. Subsequent annual reports will be due each December 1 thereafter.
