

# DEPARTMENT OF EDUCATION

## OFFICE OF THE SECRETARY

Statutory Authority: 14 Delaware Code, Section 122(b) (14 **Del.C.** §122(b))  
14 **DE Admin. Code** 735

### FINAL

#### REGULATORY IMPLEMENTING ORDER

#### 735 Standardized Financial Reporting and Transparency

##### I. Summary of the Evidence and Information Submitted

The Secretary of Education intends to amend 14 **DE Admin. Code** 735 Standardized Financial Reporting to be in alignment with the additional requirements of House Substitute No. 1 to House Bill No. 119 of the 145th General Assembly. The Department solicited comments from the district business managers and charter directors and made changes based on their feedback.

Notice of the proposed regulation was published in the *News Journal* and the *Delaware State News* on Monday, November 2, 2009, in the form hereto attached as Exhibit "A". Comments were received from Governor's Advisory Council for Exceptional Citizens and the State Council for Persons with Disabilities endorsing the regulations with a minor editing change in §5.3. The Governor's Advisory Council noted that "the citizens of Delaware will be able to better track expenditures in each district and follow trends of expenses." Public comments were received recommending the Department require standardized reporting forms, also to require budgets and financial reports use object codes and intermediate budget units (IBUs). The Department requires districts and charter schools to use a Department approved reporting form. The Department anticipates the financial system tentatively scheduled to be implemented in summer 2010 will lead to further standardization of the reporting process.

##### II. Findings of Facts

The Secretary finds that it is appropriate to amend 14 **DE Admin. Code** 735 Standardized Financial Reporting and Transparency in order to be in alignment with the additional requirements of House Substitute No. 1 to House Bill No. 119 of the 145th General Assembly.

##### III. Decision to Amend the Regulation

For the foregoing reasons, the Secretary concludes that it is appropriate to amend 14 **DE Admin. Code** 735 Standardized Financial Reporting and Transparency. Therefore, pursuant to 14 **Del.C.** §122, 14 **DE Admin. Code** 735 Standardized Financial Reporting and Transparency attached hereto as Exhibit "B" is hereby amended. Pursuant to the provision of 14 **Del.C.** §122(e), 14 **DE Admin. Code** 735 Standardized Financial Reporting and Transparency hereby amended shall be in effect for a period of five years from the effective date of this order as set forth in Section V. below.

##### IV. Text and Citation

The text of 14 **DE Admin. Code** 735 Standardized Financial Reporting and Transparency amended hereby shall be in the form attached hereto as Exhibit "B", and said regulation shall be cited as 14 **DE Admin. Code** 735 Standardized Financial Reporting and Transparency in the Administrative Code of Regulations for the Department of Education.

##### V. Effective Date of Order

The actions hereinabove referred to were taken by the Secretary pursuant to 14 Del.C. §122 on December 15, 2009. The effective date of this Order shall be ten (10) days from the date this Order is published in the *Delaware Register of Regulations*.

**IT IS SO ORDERED** the 15th day of December 2009.

**DEPARTMENT OF EDUCATION**

Lillian M. Lowery, Ed. D., Secretary of Education

Approved this 15th day of December 2009

**735 Standardized Financial Reporting and Transparency**

**1.0 Purpose**

The purpose of this regulation is to outline the criteria and process for the required standardized financial reporting pursuant to 14 **Del.C.** §122 (b)(11); and the uniformity and transparency in the financial recording and bookkeeping practices of the school districts and charter schools pursuant to 14 Del.C., §§1508 and 1509.

**2.0 Definitions**

**"Charter School"** shall mean a charter school board established pursuant to Chapter 5 of Title 14 of the **Delaware Code**.

**"Delaware Educational Statistics Report"** shall mean the annual reports maintained by the Delaware Department of Education related to financial and pupil information.

**"Delaware Financial Management System or (DFMS)"** shall mean the State of Delaware's system for managing financial transactions.

**"District"** shall mean a reorganized school district or vocational technical school district established pursuant to Chapter 10 of Title 14 of the **Delaware Code**.

**"PHRST"** shall mean the State of Delaware's payroll system.

**"State of Delaware Online Checkbook"** shall mean the State of Delaware's official online checkbook. The online checkbook provides the ability to view payment information by state agency, expenditure category, or vendor. The data are updated on a quarterly basis.

**3.0 Standardized Financial Report**

Standardized Financial Report shall mean the summary of the District's or Charter School's financial documentation provided in a format approved by the Department of Education that includes, but is not limited to, the District's or Charter School's most current expenditure and revenue budgets. This documentation shall include encumbrances, expenditures, and remaining balances by category as prescribed in the approved format. Districts and Charter Schools shall indicate on the Standardized Financial Report whether the most current expenditure and revenue budgets are preliminary, amended or have been finalized by its approving entity.

**4.0 Uniformity and Transparency in Financial Recording and Bookkeeping Practices**

4.1 Each District and Charter School shall be required to use the following:

4.1.1 Delaware Financial Management System or successor thereof for all financial transaction maintained in that system;

4.1.2 PHRST for payroll purposes; and

4.1.3 All other financial reporting formats or templates as provided by the Department of Education.

**45.0 Reporting Requirements and Timelines**

- 45.1 ~~Effective February 1, 2008, e~~Each District and Charter school, no later than ~~five (5)~~ fifteen (15) working days after the most recent District or Charter School board meeting, shall post the most current Standardized Financial Report on its website. Provided further, the District or Charter School shall provide the ~~preliminary or final~~ Standardized Financial Report for the ~~current~~ past school year, no later than ~~January~~ September 1<sup>st</sup> of each year.
- 5.2 Each District and Charter school shall provide a link on its website to the State of Delaware Online Checkbook.
- 5.3 Each District and Charter school shall provide a link on its website to the Delaware Educational Statistics Report.

**11 DE Reg. 918 (01/01/08)**

**13 DE Reg. 933 (01/01/10) (Final)**