

**Department of State  
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312 Rosa L. Parks Avenue, 8th Floor Snodgrass/TN Tower  
Nashville, TN 37243  
Phone: 615-741-2650  
Fax: 615-741-5133  
Email: [register.information@tn.gov](mailto:register.information@tn.gov)

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Sequence Number: 08-10-17  
Rule ID(s): 6585  
File Date: 8/11/17  
Effective Date: 11/9/17

## Proposed Rule(s) Filing Form

*Proposed rules are submitted pursuant to T.C.A. §§ 4-5-202, 4-5-207 in lieu of a rulemaking hearing. It is the intent of the Agency to promulgate these rules without a rulemaking hearing unless a petition requesting such hearing is filed within sixty (60) days of the first day of the month subsequent to the filing of the proposed rule with the Secretary of State. To be effective, the petition must be filed with the Agency and be signed by twenty-five (25) persons who will be affected by the amendments, or submitted by a municipality which will be affected by the amendments, or an association of twenty-five (25) or more members, or any standing committee of the General Assembly. The agency shall forward such petition to the Secretary of State.*

<b>Agency/Board/Commission:</b>	Tennessee State Board of Education
<b>Division:</b>	
<b>Contact Person:</b>	Elizabeth Taylor
<b>Address:</b>	710 James Robertson Pkwy 1 <sup>st</sup> floor
<b>Zip:</b>	37243
<b>Phone:</b>	615-253-5707
<b>Email:</b>	<a href="mailto:Elizabeth.Taylor@tn.gov">Elizabeth.Taylor@tn.gov</a>

**Revision Type (check all that apply):**

- Amendment  
 New  
 Repeal

**Rule(s) Revised (ALL chapters and rules contained in filing must be listed here. If needed, copy and paste additional tables to accommodate multiple chapters. Please enter only ONE Rule Number/Rule Title per row)**

Chapter Number	Chapter Title
0520-01-02	Administrative Rules and Regulations
Rule Number	Rule Title
0520-01-02-.04	Leave for Teachers
0520-01-02-.13	Fiscal Accountability Standards
0520-01-02-.15	Approval of Textbooks

AMENDMENT

Rule 0520-01-02, Administrative Rules and Regulations, is amended by changing the table of contents, so that, as amended, shall read:

RULES  
OF  
THE TENNESSEE DEPARTMENT OF EDUCATION  
THE STATE BOARD OF EDUCATION

CHAPTER 0520-01-02 ADMINISTRATIVE RULES AND REGULATIONS

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0520-01-02-.01	Definition of a Tennessee Public School	0520-01-02-.12	Waivers
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0520-01-02-.03	Employment Standards	0520-01-02-.14	Recruitment, Employment, and Retention of African- American Teachers
0520-01-02-.04	Leave for Teachers	0520-01-02-.15	Repealed
0520-01-02-.05	Adult High Schools	0520-01-02-.16	Reporting Attendance Relative to Disciplinary Actions
0520-01-02-.06	Adult Education	0520-01-02-.17	State Attendance Guidelines
0520-01-02-.07	Joint Career and Technical Centers	0520-01-01-.18	Through
0520-01-02-.08	Interscholastic Athletics	0520-01-02-.29	Repealed
0520-01-02-.09	Alternative Schools		
0520-01-02-.10	Homebound Instruction for Pregnant Students		
0520-01-02-.11	School Board Training		

Rule 0520-01-02-.04 Leave for Teachers is amended by deleting section (4) Career Ladder Evaluator Professional Leave in its entirety, and renumbering the following sections so that, as amended, the language shall read as follows:

**0520-01-02-.04 LEAVE FOR TEACHERS**

- (1) The term "teacher" shall mean any person employed by a local board of education in a position which requires a license issued by the State Department of Education. The term "teacher" shall not apply to a substitute teacher.
- (2) Sick Leave. "Sick leave" shall mean leave of absence because of illness of a teacher from natural causes or accident, quarantine, or illness or death of a member of the immediate family of a teacher, including the teacher's wife or husband, parents, grandparents, children, grandchildren, brothers, sisters, mother-in-law, father-in-law, daughter-in-law, son-in-law, brother-in-law, and sister-in-law. Upon written request of the teacher accompanied by a statement from her physician verifying pregnancy, any teacher who goes on maternity leave shall be allowed to use all or a portion of her accumulated sick leave for maternity leave purposes during the period of her physical disability only, as determined by a physician.
- (3) Personal and Professional Leave. A teacher may take two (2) days of personal and professional leave per school year in accordance with policies of the local board of education.
- (4) Personal Injury Leave.
  - (a) When a school system determines that a teacher's absence from assigned duties was required as a result of personal physical injuries caused by a physical assault or other violent criminal act committed against the teacher while on duty, the school

system shall grant personal injury leave for those days of absence.

- (b) Each local school system shall develop policies and procedures for determining eligibility for and implementing personal injury leave consistent with these rules. The policies and procedures may include provisions such as timely notification of the incident and injuries sustained, a requirement that medical attention be sought immediately, submission of a doctor's statement verifying the nature, extent and duration of the disability, option by the school system of a third party opinion, and guidelines for a process to make periodic redeterminations of eligibility if the absence exceeds a given time frame.
  - (c) Nothing in Rule 0520-01-02-.04(4) shall preclude a teacher at his or her option from directing that an absence which would otherwise qualify for personal injury leave under paragraph four (4) be charged to accumulated sick leave or personal leave instead of personal injury leave.
- (5) Substitute teachers are those persons employed to replace teachers on sick, professional, or personal leave or to fill temporary vacancies (this exists until a licensed teacher is available and employed). Substitutes are employed and paid in the following manner:
- (a) A person without a teacher's license or permit may serve as a substitute for the first 20 consecutive days of absence of a regular teacher on approved leave.
  - (b) After 20 consecutive days of approved leave, a person serving as the substitute must be licensed and hold the appropriate endorsement for the assignment or must be a retired teacher and have held the appropriate endorsement.
  - (c) After the regular teacher's accumulated leave is exhausted, the replacement teacher must be licensed and hold the appropriate endorsement for the assignment or be a retired teacher and have held the appropriate endorsement and must be paid based on the replacement teacher's training and experience record in accordance with the state and local salary schedules.
- (6) The total accumulated sick leave shall mean the total number of sick leave days which have been earned but not yet used. A teacher in need of sick leave shall be allowed to use unearned sick leave up to the amount of days which such teacher may accumulate during the remainder of the current school year.
- (7) Each local board of education shall participate in the state leave program. Local boards of education shall provide the required local contribution from public school funds for payment of substitute teachers. Teachers shall not pay any part of the state required local contribution.

**Authority:** T.C.A. §§ 49-1-302; 49-3-312 and 49-5-701 et seq; Section 27 of Chapter 535 of the Public Acts of 1992. **Administrative History:** Original rule certified June 10, 1974. Amendment filed June 10, 1974; effective July 10, 1974. Amendment filed June 30, 1975; effective July 30, 1975. Amendment filed July 15, 1976; effective August 16, 1976. Amendment filed February 28, 1978; effective March 30, 1978. Amendment filed January 9, 1979; effective February 23, 1979. Amendment and new rule filed October 15, 1979; effective January 8, 1980. Amendment filed November 13, 1981; effective March 16, 1982. Amendment filed June 4, 1982; effective September 30, 1982. Amendment filed August 17, 1983; effective November 14, 1983. Amendment filed August 20, 1984; effective November 13, 1984. Amendment filed

Rule 0520-01-02-.13 Fiscal Accountability Standards is amended by deleting sections (1)(d), (e), and (f) (4) in their entirety and revising section (g), so that, as amended the following sections so that, as amended, the language shall read as follows:

#### **0520-01-02-.13 FISCAL ACCOUNTABILITY STANDARDS**

##### (1) Data Collection

- (a) The Commissioner of Education shall prescribe a system of school fiscal accounting for all school systems which ensures that the expenditure of funds is properly accounted for and safeguarded in accordance with current law and State Board of Education rules, regulations, and minimum standards. The Commissioner shall require such reports from school systems as are required by federal or state law, State Board of Education rules, or as are otherwise necessary for ensuring fiscal accountability standards.
- (b) To ensure proper financial reporting of revenue and expenditures for all public school purposes, the system of school fiscal accounting shall include a standard chart of accounts and audit procedures. The standard chart of accounts shall be the basis for the Annual Public School Budget Document, which shall contain the account codes necessary to ensure the capability for meaningful comparisons of school systems. At a minimum, the Budget Document shall include separate account codes for all classroom and non-classroom components of the Basic Education Program (BEP), or for accounts which may be compiled into BEP components, and sufficient revenue account codes to differentiate between federal, state and local revenue.
- (c) The report of actual expenditures shall be the Annual Public School Financial Report and shall include sufficient information to allow a system by system comparison of budgeted and actual expenditures for BEP funding within the classroom and non-classroom areas. The Financial Report shall, at a minimum, contain account codes identifiable as BEP program components, or accounts which may be compiled into BEP components, and shall differentiate between federal, state and local revenue when reporting actual revenue for the prior year and estimated revenue for budget purposes.
- (d) The Department of Education shall establish procedures for collecting and verifying average daily memberships for use in determining BEP allocations.

##### (2) Reports & Documents

- (a) Within thirty (30) days of the beginning of each school year, each school system shall submit to the Commissioner of Education, on a form provided by the Department of Education, a complete and certified copy of its entire school budget for the current year.
- (b) On or before August 1 of each year, each school system shall submit to the Commissioner a correct and accurate financial report of public school revenues and expenditures for the school year ending on June 30. The Commissioner of Education shall require such reports and maintain such documents as will allow a comparison of BEP allocations with actual expenditures for each school system.
- (c) The Commissioner shall provide to the State Board of Education on or before October 1 of each year a report of ADM for each school system for the previous school year.

- (d) The Department of Education shall prepare and the State Board of Education shall approve estimated BEP allocations for each school system no less than 90 days prior to the beginning of the fiscal year.
  - (e) Modifications, revisions, or corrections to estimated BEP payments to LEAs will be made by the Department of Education and approved by the State Board of Education.
- (3) Review and Verification
- (a) The budget submitted by each school system will be reviewed by the Department of Education to ensure that state funds are not being used to supplant local funds and that each school system has appropriated funds sufficient to fund its local share of the BEP.
  - (b) Revenue derived from local sources must equal or exceed prior year actual revenues - excluding capital outlay and debt service, and adjusted for decline in average daily membership (ADM).
  - (c) The Department of Education shall verify that BEP funds are being budgeted for eligible expenses and that BEP funds earned in the classroom components, as defined by the State Board of Education, are budgeted for use in the classroom. The Commissioner shall advise the State Board of Education of all systems which fail to meet these minimum standards.
  - (d) Each school system shall provide to the Commissioner of Education or a designated representative copies of all school system related audit reports, including those made by governmental or independent public accountants.
  - (e) The Department of Education shall conduct review and follow-up procedures to ensure that audit exceptions are evaluated and appropriate actions are taken. The Commissioner shall notify the State Board of Education of any material and significant findings which reflect on the ability of the LEA to provide a quality education or which indicate that progress toward satisfactory resolution is not being made.
- (4) Audit
- (a) An Internal Audit Section will be maintained in the Department of Education for the purpose of testing and evaluating school system administrative and accounting controls, compliance, and financial and program accountability for state and federally funded programs, and for compliance with State Board of Education rules, regulations, and minimum standards. The Internal Audit Section shall make such full and limited scope audits as it deems necessary under the circumstances, and special audits as requested by responsible government officials. The audits will be performed in accordance with standards for the professional practice of internal auditing and with generally accepted governmental auditing standards.
  - (b) To provide reasonable assurance that attendance and financial reports are reliable and accurate, the Internal Audit Section shall conduct audit procedures for the review and testing of the attendance accounting system. The Internal Audit Section shall review such programs as necessary to provide reasonable assurance that funds are properly accounted for and safeguarded in accordance with current law, applicable federal standards, and State Board of Education rules, regulations, and minimum standards. Audits shall include evaluating program objectives, grant performance and accountability to determine that each LEA has a system in place to ensure compliance with program regulations and guidelines.

- (c) The Commissioner of Education shall be advised of all audits, including a summary of the scope of the audit, the findings, recommendations, management comments, and conclusions including a determination as to the adequacy of corrective action planned or implemented. The State Board of Education, Superintendent, and representatives of the Comptroller's Office shall be provided copies of all audits conducted.

**Authority:** T.C.A. §§ 49-1-201; 49-1-210 and 49-1-302. **Administrative History:** Original rule filed November 3, 1993; effective March 30, 1994. Amendment filed June 30, 1995; effective October 27, 1995.

Rule 0520-01-02-.15 Approval of Textbooks is repealed in its entirety.

**0520-01-02-.15 REPEALED**

\* If a roll-call vote was necessary, the vote by the Agency on these rules was as follows:

Board Member	Aye	No	Abstain	Absent	Signature (if required)
Chancey	X				
Cook	X				
Edwards	X				
Ferguson	X				
Hartgrove	X				
Johnson	X				
Kim	X				
Rolston	X				
Tucker	X				
Troutt	X				

I certify that this is an accurate and complete copy of proposed rules, lawfully promulgated and adopted by the Tennessee State Board of Education (board/commission/other authority) on 01/27/2017 (date as mm/dd/yyyy), and is in compliance with the provisions of T.C.A. § 4-5-222. The Secretary of State is hereby instructed that, in the absence of a petition for proposed rules being filed under the conditions set out herein and in the locations described, he is to treat the proposed rules as being placed on file in his office as rules at the expiration of sixty (60) days of the first day of the month subsequent to the filing of the proposed rule with the Secretary of State.



Date: July 19, 2017

Signature: [Handwritten Signature]

Name of Officer: Elizabeth Taylor

Title of Officer: General Counsel

Subscribed and sworn to before me on: 7-19-17

Notary Public Signature: [Handwritten Signature]

My commission expires on: 3-8-21

All proposed rules provided for herein have been examined by the Attorney General and Reporter of the State of Tennessee and are approved as to legality pursuant to the provisions of the Administrative Procedures Act, Tennessee Code Annotated, Title 4, Chapter 5.

Herbert H. Slatery III  
Herbert Slatery, III  
Attorney General and Reporter  
8/9/2017  
Date

**Department of State Use Only**

Filed with the Department of State on: 8/11/17  
Effective on: 11/9/17  
Tre Hargett  
Tre Hargett  
Secretary of State

RECEIVED  
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**Regulatory Flexibility Addendum**

Pursuant to T.C.A. §§ 4-5-401 through 4-5-404, prior to initiating the rule making process as described in T.C.A. § 4-5-202(a)(3) and T.C.A. § 4-5-202(a), all agencies shall conduct a review of whether a proposed rule or rule affects small businesses.

Not Applicable

### **Impact on Local Governments**

Pursuant to T.C.A. §§ 4-5-220 and 4-5-228 "any rule proposed to be promulgated shall state in a simple declarative sentence, without additional comments on the merits of the policy of the rules or regulation, whether the rule or regulation may have a projected impact on local governments." (See Public Chapter Number 1070 (<http://state.tn.us/sos/acts/106/pub/pc1070.pdf>) of the 2010 Session of the General Assembly)

These rules will have no impact on local governments.

**Additional Information Required by Joint Government Operations Committee**

All agencies, upon filing a rule, must also submit the following pursuant to T.C.A. § 4-5-226(i)(1).

- (A) A brief summary of the rule and a description of all relevant changes in previous regulations effectuated by such rule;

The revisions to 0520-01-02-.04 remove the current reference to career ladder evaluator professional leave in the Leave for Teachers Rule. Tennessee repealed the Career Ladder program in 2013 and career ladder evaluators referenced in the rule are no longer utilized. As such, this reference is obsolete and recommended for repeal. Repeal of this portion of the rule will help ensure State Board rules and regulations are current and relevant for LEAs.

The revisions to 0520-01-02-.13 removes an outdated provision on the Tennessee Education Network (TEN) in the Fiscal Accountability Standards rule. The department no longer utilizes TEN but instead manages student information using Education Information System (EIS). EIS manages enrollment, membership, and attendance but does not have a financial management application as outlined in the Fiscal Accountability Standards rule. As such, the specific provisions related to TEN are obsolete and recommended for repeal. Repeal of this portion of the will help ensure State Board rules and regulations are current and relevant for LEAs.

0520-01-02-.15 is repealed as this rule is now covered by State Board rule 0520-05-01, Policies of the Tennessee State Textbook Commission.

- (B) A citation to and brief description of any federal law or regulation or any state law or regulation mandating promulgation of such rule or establishing guidelines relevant thereto;

T.C.A. § 49-5-108 provides "the state board of education is authorized, empowered and directed to set up rules and regulations governing the issuance of licenses for supervisors, principals and public school teachers."

T.C.A. § 49-1-210 provies "[t]he commissioner shall recommend standards of fiscal accountability and soundness for local school systems to the state board of education, and the state board shall promulgate rules based on these standards to be used in evaluating the fiscal operations of local school systems."

- (C) Identification of persons, organizations, corporations or governmental entities most directly affected by this rule, and whether those persons, organizations, corporations or governmental entities urge adoption or rejection of this rule;

This rule is likely to affect educators and LEAs who have neither urged acceptance or rejection of this rule. The State Board urges acceptance of this rule.

- (D) Identification of any opinions of the attorney general and reporter or any judicial ruling that directly relates to the rule;

N/A

- (E) An estimate of the probable increase or decrease in state and local government revenues and expenditures, if any, resulting from the promulgation of this rule, and assumptions and reasoning upon which the estimate is based. An agency shall not state that the fiscal impact is minimal if the fiscal impact is more than two percent (2%) of the agency's annual budget or five hundred thousand dollars (\$500,000), whichever is less;

This rule will not impact state and local government revenues or expenditures.

- (F) Identification of the appropriate agency representative or representatives, possessing substantial knowledge and understanding of the rule;

Elizabeth Taylor  
[Elizabeth.Taylor@tn.gov](mailto:Elizabeth.Taylor@tn.gov)

Nathan James  
[Nathan.James@tn.gov](mailto:Nathan.James@tn.gov)

- (G) Identification of the appropriate agency representative or representatives who will explain the rule at a scheduled meeting of the committees;

Elizabeth Taylor  
[Elizabeth.Taylor@tn.gov](mailto:Elizabeth.Taylor@tn.gov)

Nathan James  
[Nathan.James@tn.gov](mailto:Nathan.James@tn.gov)

- (H) Office address, telephone number, and email address of the agency representative or representatives who will explain the rule at a scheduled meeting of the committees; and

Elizabeth Taylor  
1st Floor, Andrew Johnson Tower  
710 James Robertson Parkway  
Nashville, TN 37243  
(615)-253-5707  
[Elizabeth.Taylor@tn.gov](mailto:Elizabeth.Taylor@tn.gov)

Nathan James  
[Nathan.James@tn.gov](mailto:Nathan.James@tn.gov)  
1st Floor, Andrew Johnson Tower  
710 James Robertson Parkway  
Nashville, TN 37243  
(615)-532-3528

- (I) Any additional information relevant to the rule proposed for continuation that the committee requests.

N/A

RULES  
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EDUCATION  
THE STATE BOARD OF EDUCATION

CHAPTER 0520-01-02  
ADMINISTRATIVE RULES AND REGULATIONS

**0520-01-02-.04 LEAVE FOR TEACHERS.**

- (1) The term "teacher" shall mean any person employed by a local board of education in a position which requires a license issued by the State Department of Education. The term "teacher" shall not apply to a substitute teacher.
- (2) Sick Leave. "Sick leave" shall mean leave of absence because of illness of a teacher from natural causes or accident, quarantine, or illness or death of a member of the immediate family of a teacher, including the teacher's wife or husband, parents, grandparents, children, grandchildren, brothers, sisters, mother-in-law, father-in-law, daughter-in-law, son-in-law, brother-in-law, ~~law~~, and sister-in-law, ~~law~~. Upon written request of the teacher accompanied by a statement from her physician verifying pregnancy, any teacher who goes on maternity leave shall be allowed to use all or a portion of her accumulated sick leave for maternity leave purposes during the period of her physical disability only, as determined by a physician.
- (3) Personal and Professional Leave. A teacher may take two (2) days of personal and professional leave per school year in accordance with policies of the local board of education.
- ~~(4) Career Ladder Evaluator Professional Leave.~~
  - ~~(a) Leave may be granted by a local school system to certificated employees to conduct evaluations in the Career Ladder certification process, pursuant to law.~~
  - ~~(b) Such leave shall not be construed to forfeit any rights, benefits or credits earned under the local board of education.~~
  - ~~(c) Career Ladder evaluators shall be under the supervision of the Career Ladder Division, State Department of Education. Nothing in this rule shall be construed to require the State Department of Education to compensate local boards of education for teachers employed as substitutes for teachers on such Career Ladder evaluator professional leave.~~
- (5)(4) Personal Injury Leave.
  - (a) When a school system determines that a teacher's absence from assigned duties was required as a result of personal physical injuries caused by a physical assault or other violent criminal act committed against the teacher while on duty, the school system shall grant personal injury leave for those days of absence.
  - (b) Each local school system shall develop policies and procedures for determining eligibility for and implementing personal injury leave consistent with these rules. The policies and procedures may include provisions such as timely notification of the incident and injuries sustained, a requirement that medical attention be sought immediately, submission of a doctor's statement verifying the nature, extent and duration of the disability, option by the school system of a third party opinion, and guidelines for a process to make periodic redeterminations of eligibility if the absence exceeds a given time frame.

(Rule 0520-01-02-.03, continued)

- (c) Nothing in Rule 0520-01-02-.04(45) shall preclude a teacher at his or her option from directing that an absence which would otherwise qualify for personal injury leave under paragraph five-four (54) be charged to accumulated sick leave or personal leave instead of personal injury leave.
- (6)(5) Substitute teachers are those persons employed to replace teachers on sick, professional, or personal leave or to fill temporary vacancies (this exists until a licensed teacher is available and employed). Substitutes are employed and paid in the following manner:
- (a) A person without a teacher's license or permit may serve as a substitute for the first 20 consecutive days of absence of a regular teacher on approved leave.
  - (b) After 20 consecutive days of approved leave, a person serving as the substitute must be licensed and hold the appropriate endorsement for the assignment or must be a retired teacher and have held the appropriate endorsement.
  - (c) After the regular teacher's accumulated leave is exhausted, the replacement teacher must be licensed and hold the appropriate endorsement for the assignment or be a retired teacher and have held the appropriate endorsement and must be paid based on the replacement teacher's training and experience record in accordance with the state and local salary schedules.
- (7)(6) The total accumulated sick leave shall mean the total number of sick leave days which have been earned but not yet used. A teacher in need of sick leave shall be allowed to use unearned sick leave up to the amount of days which such teacher may accumulate during the remainder of the current school year.
- (8)(7) Each local board of education shall participate in the state leave program. Local boards of education shall provide the required local contribution from public school funds for payment of substitute teachers. Teachers shall not pay any part of the state required local contribution.

**Authority:** T.C.A. §§ 49-1-302; 49-3-312 and 49-5-701 et seq; Section 27 of Chapter 535 of the Public Acts of 1992. **Administrative History:** Original rule certified June 10, 1974. Amendment filed June 10, 1974; effective July 10, 1974. Amendment filed June 30, 1975; effective July 30, 1975. Amendment filed July 15, 1976; effective August 16, 1976. Amendment filed February 28, 1978; effective March 30, 1978. Amendment filed January 9, 1979; effective February 23, 1979. Amendment and new rule filed October 15, 1979; effective January 8, 1980. Amendment filed November 13, 1981; effective March 16, 1982. Amendment filed June 4, 1982; effective September 30, 1982. Amendment filed August 17, 1983; effective November 14, 1983. Amendment filed August 20, 1984; effective November 13, 1984. Amendment filed

RULES  
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THE TENNESSEE DEPARTMENT OF EDUCATION  
THE STATE BOARD OF EDUCATION

CHAPTER 0520-01-02 ADMINISTRATIVE RULES AND REGULATIONS

0520-01-02-.13 FISCAL ACCOUNTABILITY STANDARDS.

(1) Data Collection

- (a) The Commissioner of Education shall prescribe a system of school fiscal accounting for all school systems which ensures that the expenditure of funds is properly accounted for and safeguarded in accordance with current law and State Board of Education rules, regulations, and minimum standards. The Commissioner shall require such reports from school systems as are required by federal or state law, State Board of Education rules, or as are otherwise necessary for ensuring fiscal accountability standards.
- (b) To ensure proper financial reporting of revenue and expenditures for all public school purposes, the system of school fiscal accounting shall include a standard chart of accounts and audit procedures. The standard chart of accounts shall be the basis for the Annual Public School Budget Document, which shall contain the account codes necessary to ensure the capability for meaningful comparisons of school systems. At a minimum, the Budget Document shall include separate account codes for all classroom and non-classroom components of the Basic Education Program (BEP), or for accounts which may be compiled into BEP components, and sufficient revenue account codes to differentiate between federal, state and local revenue.
- (c) The report of actual expenditures shall be the Annual Public School Financial Report and shall include sufficient information to allow a system by system comparison of budgeted and actual expenditures for BEP funding within the classroom and non-classroom areas. The Financial Report shall, at a minimum, contain account codes identifiable as BEP program components, or accounts which may be compiled into BEP components, and shall differentiate between federal, state and local revenue when reporting actual revenue for the prior year and estimated revenue for budget purposes.
- ~~(d) When implemented, the student management information system application of the Tennessee Education Network (TEN) shall provide consistent and accurate student information required for the distribution of funds and for evaluating the effectiveness of the BEP and other program objectives. Among other items, the TEN student management system shall provide net enrollment, membership, and attendance by grade and program. The TEN shall also report the grade and program of each student in state custody and the duration of such custody.~~
- ~~(e) The financial management application of the TEN shall provide consistent and accurate financial information maintained in accordance with the chart of accounts developed by the Department of Education. The TEN shall also provide the financial information required for the State Board of Education to set policies for the fair and equitable distribution and use of public funds and to monitor the distribution and expenditure of those funds.~~
- ~~(f) The TEN shall provide sufficient financial data to ascertain that all expenditures of education funds are properly accounted for in accordance with current law and State Board of Education rules, regulations, and minimum standards, and to make comparisons on a school and system basis.~~
- (gd) The Department of Education shall establish procedures for collecting and verifying average daily memberships for use in determining BEP allocations entitlements. These

(Rule 0520-01-02-.03, continued)

~~procedures will provide for collecting and verifying the first three months' average daily memberships for purposes of development of the State Board of Education Annual Funding Needs Report and budget information for the Department of Finance and Administration, the General Assembly, and school systems.~~

(2) Reports & Documents

- (a) Within thirty (30) days of the beginning of each school year, each school system shall submit to the Commissioner of Education, on a form provided by the Department of Education, a complete and certified copy of its entire school budget for the current year.
- (b) On or before August 1 of each year, each school system shall submit to the Commissioner a correct and accurate financial report of public school revenues and expenditures for the school year ending on June 30.- The Commissioner of Education shall require such reports and maintain such documents as will allow a comparison of BEP allocations with actual expenditures for each school system.
- (c) The Commissioner shall provide to the State Board of Education on or before October 1 of each year a report of ADM for each school system for the previous school year.
- (d) The Department of Education shall prepare and the State Board of Education shall approve estimated BEP allocations for each school system no less than 90 days prior to the beginning of the fiscal year.
- (e) Modifications, revisions, or corrections to estimated BEP payments to LEAs will be made by the Department of Education and approved by the State Board of Education.

(3) Review and Verification

- (a) The budget submitted by each school system will be reviewed by the Department of Education to ensure that state funds are not being used to supplant local funds and that each school system has appropriated funds sufficient to fund its local share of the BEP.
- (b) Revenue derived from local sources must equal or exceed prior year actual revenues - excluding capital outlay and debt service, and adjusted for decline in average daily membership (ADM).
- (c) The Department of Education shall verify that BEP funds are being budgeted for eligible expenses and that BEP funds earned in the classroom components, as defined by the State Board of Education, are budgeted for use in the classroom.- The Commissioner shall advise the State Board of Education of all systems which fail to meet these minimum standards.
- (d) Each school system shall provide to the Commissioner of Education or a designated representative copies of all school system related audit reports, including those made by governmental or independent public accountants.
- (e) The Department of Education shall conduct review and follow-up procedures to ensure that audit exceptions are evaluated and appropriate actions are taken. The Commissioner shall notify the State Board of Education of any material and significant findings which reflect on the ability of the LEA to provide a quality education or which indicate that progress toward satisfactory resolution is not being made.

(4) Audit

- (a) An Internal Audit Section will be maintained in the Department of Education for the purpose of testing and evaluating school system administrative and accounting controls,



(Rule 0520-01-02-.03, continued)

compliance, and financial and program accountability for state and federally funded programs, and for compliance with State Board of Education rules, regulations, and minimum standards.— The Internal Audit Section shall make such full and limited scope audits as it deems necessary under the circumstances, and special audits as requested by responsible government officials. The audits will be performed in accordance with standards for the professional practice of internal auditing and with generally accepted governmental auditing standards.

- (b) To provide reasonable assurance that attendance and financial reports are reliable and accurate, the Internal Audit Section shall conduct audit procedures for the review and testing of the attendance accounting system.— The Internal Audit Section shall review such programs as necessary to provide reasonable assurance that funds are properly accounted for and safeguarded in accordance with current law, applicable federal standards, and State Board of Education rules, regulations, and minimum standards.— Audits shall include evaluating program objectives, grant performance and accountability to determine that each LEA has a system in place to ensure compliance with program regulations and guidelines.
- (c) The Commissioner of Education shall be advised of all audits, including a summary of the scope of the audit, the findings, recommendations, management comments, and conclusions including a determination as to the adequacy of corrective action planned or implemented. The State Board of Education, Superintendent, and representatives of the Comptroller's Office shall be provided copies of all audits conducted.

**Authority:** T.C.A. §§ 49-1-201; 49-1-210 and 49-1-302. **Administrative History:** Original rule filed November 3, 1993; effective March 30, 1994. Amendment filed June 30, 1995; effective October 27, 1995.

RULES  
OF  
THE TENNESSEE DEPARTMENT OF  
EDUCATION THE STATE BOARD OF  
EDUCATION

CHAPTER 0520-01-02  
ADMINISTRATIVE RULES AND REGULATIONS

~~0520-01-02-.15 APPROVAL OF TEXTBOOKS.~~

~~After January 1, 1996, no newly adopted bound print textbook shall be approved by the State Board of Education unless the publisher has committed in writing to furnish to the State Department of Education, the American Printing House for the Blind, or a national repository, within 60 days of receipt of a request, electronic computer text files from which applicable Braille versions of the textbook may be produced.~~

~~*Authority:* T.C.A. §§ 49-1-302(a) and 49-6-2202(c). Administrative History: Original rule filed January 31, 1995; effective May 31, 1995. Amendment filed August 7, 1995; effective December 29, 1995.~~

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