

Division of Elementary and Secondary Education (DESE)
Office of Early Childhood (OEC)
Arkansas Better Chance (ABC)
Financial Guidelines

1. All ABC Grantees should include a budget that corresponds to the ABC Core Quality Components, as reflected on the headers in the budget categories. The budget must provide documentation of detailed program costs and demonstrate fiscal responsibility.
2. Once the budget is approved for an ABC grant, the agency must operate the ABC program utilizing the approved budget. The signed ABC Grant Agreements are due two weeks upon receipt from DESE-OEC. If Grant Agreement is not received, payment may be withheld until received. Once the approved grant agreements are signed and returned to ABC, processed by DESE-OEC, and then documents will be uploaded to COPA in the agency's file.
3. ABC funds are to be used exclusively for the ABC program.
4. The required 40% match may include only the cost of providing necessary services for ABC children. The formula for calculating match is as follows:

Multiply ABC Funding by 2, then divide by 3

For example, if ABC Award is \$101,400, the required match calculation is:

Multiply ABC by two (2) $\$101,400 \times 2 = \$202,800$

Divide that product by three (3) $\$202,800 / 3 = \$67,600$

Your program must provide a minimum of \$67,600—in cash or in-kind match

Ex: 40% match = \$67,600 60% = \$101,400 Total Budget = \$169,000

5. All expenditures throughout the ABC program must be prorated by the number of ABC children enrolled in the program or classroom. For example, if 50% of children in the program are ABC then the agency may only charge 50% of the cost of utilities to ABC. The prorated percentage must be indicated on the ABC Budget, Mid-Year and Final Expenditure Reports.
6. Cash or In-Kind Match - is actual cash or the intrinsic value of goods and/or services (such as donated equipment, office space, utilities, labor, etc.) used to provide the required local participation for federal and state grants.
7. Match Source - indicates who is providing the match such as: School District, Agency, Title I, ESA, etc. Name the source rather than saying "cash" or "in-kind."
8. When completing the budget on the ABC Grant Application, a detailed description/justification must be provided for each line item for which ABC funds are requested. The detailed description/justification must include the method of cost calculation for the ABC funds. In the ABC and Match Justification Tab, all required information must be completed, otherwise the costs will not populate into the actual budget.

Division of Elementary and Secondary Education (DESE)

Office of Early Childhood (OEC)

Arkansas Better Chance (ABC)

Financial Guidelines

9. Prior to making any changes to the approved budget, a Budget Amendment Request form must be submitted and approved. Budget Amendments are required when more than \$1,000 or 10% of the total budget, whichever is more, is moved from one category to another. Budget Amendment Requests must be submitted after the Mid-Year Review (December 31st) and no later than June 15th of the grant period.
10. If an agency receives additional slots after the original budget has been approved, the Agency will be required to submit a new budget that reflects the increase of funding. It may be necessary to submit a Budget Amendment Request Form.
11. COPA questions will be directed to the agency's assigned ABC Finance/Data Specialist.
12. The official agency name and correct Taxpayer Identification Number (TIN) should match the agency's Form W-9 Request for Taxpayer Identification Number and Certification as is on record with the IRS. The official agency name and correct Taxpayer Identification Number (TIN) must be used on the ABC Grant Agreement.
13. The official agency name (not site name) must be included on all correspondence, including scanned documents and e-mails. Please include the name of the agency in the subject line of all email correspondence to ensure appropriate routing.
14. Mid-Year Reports are due January 31st. Final Expenditure Reports are due July 30th. Noncompliance could result in renewal grants not being approved.
15. Payments may be withheld if the agency is not in compliance with ABC audit requirements.
16. Funds may be counted as expended on the Final Expenditure Report for the current program year, if obligated by June 30th and fully expended by July 31st.
17. Only allowable funds within the ABC program may be utilized to meet the mandatory 40% match requirement.
18. All financial documentation including invoices, receipts for expenditures of ABC funds, Match, financial reports, and cash disbursements must be kept and available for inspection upon request. Agency must have and provide evidence of the record retention policy that states ABC program records must be kept for a minimum of three years from the expiration of funds.
19. Agencies must submit a W-9 when there is a change to the entity type, business name or address, Tax ID Number, or banking information.
20. Indirect Costs are not an allowable expense. All expenditures should be direct costs as stated in the approved yearly Grant Budget.

Division of Elementary and Secondary Education (DESE)
Office of Early Childhood (OEC)
Arkansas Better Chance (ABC)
Financial Guidelines

Well-Qualified and Compensated Staff

1. All salaries paid with ABC funds and/or Match, should be included in this section.
2. Each ABC budgeted position, whether ABC Cost or Match, should include cost for fringe benefits. Fringe benefits should include employer-paid taxes and FICA. Fringe may also include insurance and retirement.
3. ABC funds may be used to pay substitutes while permanent staff are attending required training.

Administrative Cost

1. Total amount of Administrative Costs, cannot exceed **12%** - for an *LEA (School Districts, Education Cooperatives, and Higher Education)* and **15%** - for *Private Programs*, of the total ABC awarded funds.
2. Administrative Costs must be direct expenses and may include:
 - Rent/Mortgage/Insurance
 - Building and property taxes
 - Business tax
 - Utilities
 - Postage
 - Office Supplies
 - Lease or purchase of copy machine
 - Maintenance and ground keeping
 - Minor repairs such as paint and plumbing
3. Administrative Costs *cannot* include major building repairs or renovation and indirect costs.

Nutrition

1. Programs may count 100% of the nutrition reimbursement amount from Enhanced Student Achievement (ESA) administered by DESE and/or the Child and Adult Care Food Program (CACFP) administered by Office of Early Childhood (OEC) received on behalf of ABC children as match. The agency will need to contact the Health and Nutrition Unit for the current reimbursement amounts.
2. All other costs associated with nutrition should be placed in this category and can include plates, cups, utensils, napkins and kitchen appliance replacement as needed. Agencies must prorate costs by funding sources.

Division of Elementary and Secondary Education (DESE)
Office of Early Childhood (OEC)
Arkansas Better Chance (ABC)
Financial Guidelines

Curriculum and Equipment

1. Curriculum and Equipment are items that enhance a child's learning and may include:
 - Comprehensive curriculum
 - Supplementary curriculum
 - Curriculum training or salaries for curriculum coaches
 - Cost for learning centers, manipulatives, tables, chairs
 - Outdoor play equipment and items
 - Classroom consumables: crayons, glue, scissors, paper, other art supplies, etc.
(Caregivers cannot be required to purchase school supplies.)
 - Cots/mats
2. Locally built or donated items may be counted towards matching funds in an amount equal to the cost of materials plus modest labor fees.

Meaningful Family Engagement

1. Meaningful Family Engagement/Parent involvement may include the cost of any materials and/or activities that support the caregiver being engaged in their child's learning process, including on-site and at-home activities.
2. Examples may include:
 - Parent education materials/activity kits and newsletters
 - Open houses/parent meetings
 - Speakers at parent meetings
 - Translators/interpreters needed at functions
 - Field trip fees
3. Parent time spent with children at home *cannot* be counted as match.

Transportation

1. If the agency transports ABC children, allowable prorated transportation costs may include:
 - Lease payments for a van or bus
 - Insurance, fuel and vehicle maintenance.
 - All agency vehicle driver salaries should be included under Well-Qualified and Compensated Staff.
2. If parents transport their ABC child to the program, programs may count \$8.40 per day per child towards *matching funds ONLY* - not to exceed \$1,495.20 per child (178 days x \$8.40). Documentation should be kept on file for auditing purposes. Daily attendance records can be used.
3. When parents transport their ABC child to participate in the monthly home-visiting meeting, programs may count \$8.40 per meeting per enrolled child towards *matching funds ONLY*.

Division of Elementary and Secondary Education (DESE)
Office of Early Childhood (OEC)
Arkansas Better Chance (ABC)
Financial Guidelines

4. If the agency transports Pre-K children, then the agency may count \$110.00 per child per year for any Pre-K child using agency transportation. Transportation logs must be kept on file.
5. ABC staff and home visitors required to travel as part of their assignment shall be reimbursed at a minimum of the Board approved per diem in accordance with the procedure of submission of required documentation. Reimbursement is not allowed for travel from home to the employee's regular work site.

Accountability (Final Disclosure Audit)

1. The agency may count the prorated cost of the agency's annual Final Disclosure Audit (financial statement preparation) in this section.
2. Auditor or Financial Statement Preparer must attest to the fact that the submitted audit/statements accurately reflect all expenditures towards the ABC program.
3. Non-LEA ABC Agencies awarded less than \$100,000 will be required to submit financial reports to the ABC Finance Specialists annually in lieu of a Final Disclosure Audit. All ABC expense documentation must be kept by the agency and produced upon request.

Professional Development

1. If staff attends any of the Division of Elementary and Secondary Education (DESE) - Office of Early Childhood (OEC) sponsored at no cost Early Childhood training, the agency may count a maximum of \$150 per day as Match.
2. For any teacher or paraprofessional working under a Staff Qualification Plan (SQP), programs may budget and utilize ABC professional development funds towards tuition, books, testing and travel for that staff person.
3. Funds may be used for ABC staff to obtain license, credentials, or certification in early childhood education or early childhood development.
4. Programs may count the cost of attending trainings or conferences related to the ABC staff's job function in either ABC or matching funds according to the procedure of submission of required documentation. Costs may include registration and travel expenses. If it is an overnight trip, the agency may include meals and lodging. Programs may use <https://www.gsa.gov/travel/plan-book/per-diem-rates> to calculate meal and lodging per diem rates.

Division of Elementary and Secondary Education (DESE)
Office of Early Childhood (OEC)
Arkansas Better Chance (ABC)
Financial Guidelines

Screenings

1. All ABC children are required to have an annual developmental screening and annual health screening. Programs may count up to \$50 per child in matching funds if the Education Cooperative, local school district, or other source performs the screenings OR up to \$50 per child if the program itself performs the screenings and must purchase materials and pay staff.
2. Programs may pay the clinic or health provider for any health screenings not covered by AR Kids or private other insurance through ABC funds.
3. Cost of therapy or specialized instruction for ABC children may be counted in matching funds. Programs may use an estimated amount based on the previous year's enrollment.

Technology

1. ABC staff must have access to a PC, tablet, or laptop with internet access.
2. Computers/laptops may be replaced as needed.
3. In addition to computers, each classroom may purchase a printer, or other technical device such as digital camera, video camera, scanner, smart boards, etc., to record individual child work, classroom activities and artwork. These items may be replaced as needed.
4. Internet service may be charged to ABC Technology Funds. As with other similar expenditures, internet service should be pro-rated based on number of ABC children.

Payment Process

1. Agency will receive ten monthly payments (excluding any sliding scale fees) based on the program maintaining enrollment, attendance and recruitment efforts.
2. Attendance should be entered in COPA no later than the fifth of each month for the previous month services.
3. Billing shall be submitted between the 1st and 5th of each month for the previous month (example: billing in October is based on September attendance).
4. Direct Deposit is a requirement for payment. If banking information changes, the agency must submit an e-mail to the ABC Financial Team to indicate the change. The required documents to request a change of banking information must include a void check or statement from the bank indicating ownership of the account.

Division of Elementary and Secondary Education (DESE)
Office of Early Childhood (OEC)
Arkansas Better Chance (ABC)
Financial Guidelines

5. If the agency finds a discrepancy, the ABC Data/Finance Specialist should be notified immediately. The agency has 30 days from the date of payment to dispute the payment.
6. ABC Agencies must have a separate bank account for the ABC funds.

Mid-Year & Final Expenditure Reports

1. The ABC Finance Team will utilize several resources to review the financial reports. This will include the eFinance system for ABC programs operated by a school district or education cooperative and other requested financial documents for ABC programs operated by private or public entities.
2. Mid-Year Expenditure Reports are due January 31st.
3. Mid-Year expenditure reports should include all ABC and Match expenses from July 1-December 31. An acceptable expenditure range is 40% - 50% of the approved ABC and Match budget.
4. Final Expenditure Reports are due July 30th.
5. Final Expenditure Reports should include all ABC and Match expenses from July 1 – June 30.
6. The agency must use the ABC Expenditure Report form and submit with the Expenditure Report Certification page signed by the Agency's Financial Coordinator or ABC Grant Designee.
7. All expenditure reports and supporting documents must be uploaded in COPA. The reports must be submitted in Excel format. The Certification Page should be signed by the appointed official and submitted as a PDF.
8. Failure to submit financial reports on time is a compliance issue.
9. If the agency has a question about whether an expenditure is allowable, the ABC Data/Finance Specialist should be contacted.
10. ABC does not allow funds to be carried forward into the next program year. Each state fiscal year, the Agency will obligate all ABC funds by June 30 and liquidate by July 31.
11. If the Agency has remaining ABC funds after review of the Final Expenditure Report, the remaining funds must be returned to DESE-OEC ABC Office via money order or check. The money order or check must be mailed to: DESE-OEC Arkansas Better Chance; 4 Capitol Mall, Slot 21; Little Rock, AR 72201.

**Division of Elementary and Secondary Education (DESE)
Office of Early Childhood (OEC)
Arkansas Better Chance (ABC)
Financial Guidelines**

12. The final approved expenditure report by the ABC Financial Team will be uploaded to the Agency's file in COPA.

Fiscal Monitoring

Final Disclosure Audit Procedures

1. The required annual Final Disclosure Audit review process:
 - a. DESE-OEC Office of Internal Auditing will pull all Local Education Agency (LEA) – School Districts, Education Cooperatives, and Higher Education Agencies' summary report from AR Legislative Audit Website.
 - b. Non-LEA agencies will submit a copy of the ABC Agency's Final Disclosure Audit within 120 days of the program's fiscal year competition to:
DESE-OEC – ABC Office – copasupport@mailaccount@ade.arkansas.gov

Fiscal Monitoring Review Procedures

1. A Fiscal Risk Assessment will be applied to each ABC program annually.
2. ABC Programs identified as high risk along with a sample of randomly selected ABC Programs will receive a financial review by the ABC Finance Team. A sample of expenditures from the Detailed Expenditure Report will be selected for review.
3. The identified ABC Programs will be notified of the requested financial documents for ABC funds including: general ledger, bank statements, revenue receipts, purchase orders, invoice copies, employee contracts/agreements, time sheets, professional development travel, record retention policy, etc.
4. After the ABC Program's Fiscal Review, a notification will be sent to the following agency personnel detailing the fiscal review outcomes:
 - a. Agency's Authorized Representative
 - b. Local Financial Contact
 - c. Local Director/Coordinator