

**Burlington School District
Monitoring Report**

Policy Title: 2.5 Asset Protection

This is the annual report on compliance with the School Board’s Executive Limitation policy 2.5 Asset Protection for Fiscal Year 2018. I certify that the information contained in this report is true and validated by the Executive Director of Finance.

Yaw Obeng, Superintendent

February 8, 2018

Policy Statement:

The Superintendent shall not cause or allow district assets to be unprotected, inadequately maintained, or unnecessarily risked.

Further, without limiting the scope of the foregoing by this enumeration, the Superintendent shall not:

1. Allow board members, staff and the District itself to be inadequately insured against theft and casualty losses and liability.
2. Allow un-bonded personnel access to material amounts of funds.
3. Subject facilities and equipment to improper wear and tear or insufficient maintenance.
4. Unnecessarily expose the District, its board, or its staff to claims of liability.
5. Allow information and files to be exposed to loss or significant damage.
6. Allow for practices that do not comply with Generally Accepted Accounting Principles.
7. Compromise the independence of the board’s audit or other external monitoring or advice.
8. Endanger the District’s public image, its credibility, or its ability to accomplish Ends.
9. Close any buildings as public schools.
10. Deviate from Burlington Investment Procedures or expose any Burlington School District endowments to unnecessary financial risk.

Limitation:	1. Allow board members, staff and the District itself to be inadequately insured against theft and casualty losses and liability.
Status:	In Compliance

Interpretation: The Superintendent shall ensure that there is adequate comprehensive property and casualty insurance coverage for the District. The Superintendent shall also ensure that adequate liability insurance is in place to cover staff and the District as an organization.

Evidence: The District's insurance policy covers damage to all district buildings (for their full value, based on a statement of values included in the policy) resulting from events such as fire, theft and vandalism; it also covers floor and earthquake damage up to specific limits. Certain machinery, such as boilers, are also insured against various losses. Computer hardware and software are insured against a variety of losses, including hacking and viruses. A variety of other property losses are also insured, such as athletic equipment, district vehicles, and district records. The District is insurance against certain criminal losses, including employee theft and computer fraud, and data breaches. The District also maintains various liability coverages, including automobile, wrongful acts, including sexual misconduct. Workers' compensation insurance is also maintained. The Director of Finance reviews coverage limits on an annual basis. The [Schedule of Coverages](#) is included in this report and describes the various types over coverage as well as coverage limits.

Limitation:	2. Allow un-bonded personnel access to material amounts of funds.
Status:	In Compliance

Interpretation: The Superintendent shall secure insurance coverage against loss associated with employee theft and fraud. Martiality is defined as any amount over \$5,000 of cash or checks.

Evidence: The District is insured against various criminal losses, including employee dishonesty and and fraud. All employees, regardless of frequent or regular contact with District funds, and regardless of the amount of funds, are covered by this insurance policy. See the [Schedule of Coverages](#) Governmental Crime section.

Limitation:	3. Subject facilities and equipment to improper wear and tear or insufficient maintenance.
Status:	In Compliance

Interpretation: The Superintendent will

Evidence: The District employs a Director of Property Services who is primarily responsible for overseeing the day-to-day work of maintenance and custodial staff, whose jobs is to keep District facilities in clean and operable. The District utilizes an electronic Work Order System (SchoolDude) for submission of maintenance request tickets by employees. The Director of Property Services works to address various repair and maintenance needs within budgeted

resources. All fleet vehicles are property maintained by the District's certified mechanic and inspected annually to meet all Vermont vehicle inspection requirements.

While less expensive repairs are dealt with on an on-going basis, the Superintendent also identified and developed a long-range capital plan after undertaking a thorough facility capital assessment. This plan addresses deferred maintenance issues across all District buildings (except the high school, where the development of a long-term plan is still underway). Capital planning information is available from the [District website](#), including the [November 17 update presentation](#). For the current year, the renovations at Champlain Elementary School have been completed, as has the installation of the Voice over Internet Protocol (VOIP) phone system.

Limitation:	4. Unnecessarily expose the District, its board, or its staff to claims of liability.
Status:	In Compliance

Interpretation: The Superintendent shall not allow risks to be taken that are not part of the normal course of operations.

Evidence: A variety of procedures and activities are in place to minimize the District's exposure to liability claims. For example, the District has uniform hiring practices and obtains criminal background checks for new employees. The District provides numerous required OSHA trainings, such as proper lifting, slips, trips & falls, fall protection, blood born pathogens and hazardous materials training to custodial and maintenance staff. The District utilizes outside legal counsel to provide advice when there are risks of litigation. The District also seeks to mitigate exposure to workers' compensation claims by utilizing professional services from Green Mountain Safety. The District employs a part time safety coordinator, who facilitates safety work across the district, including monthly District Safety team meetings. Additionally, each school has its own safety team. The District has an emergency procedures manual, and each classroom is equipped with a set of safety instructions for various emergencies. The District's financial accounting system is protected by a firewall and is not accessible from outside of the BSD network. All of these activities attempt to reduce the likelihood of the District experiencing a substantial liability claim.

Limitation:	5. Allow information and files to be exposed to loss or significant damage.
Status:	In Compliance

Interpretation: The Superintendent will ensure the District data (in paper or electronic format) is safely stored, and protected against loss from theft, hacking, fire, and other risks.

Evidence: District staff that are responsible for handling confidential records receive training from department heads. Human Resources maintains employee files in locked filing cabinets. Information from employee files is only released when required by law, or when the employee has granted the release of information. The District's financial accounting system is protected by a firewall and is not accessible from outside of the BSD network. Student education and special education records are maintained in locked filing cabinets at each school. Student data systems are password protected. There have been no reported incidents of significant loss or damage during the past year; however, we intend on scheduling a review of the process for maintaining records.

Limitation:	6. Fail to integrate Restorative Practices into the district's Continuous Improvement Plan; fail to implement systemic restorative practices.
Status:	In Compliance

Interpretation: The Superintendent shall utilize restorative practices as a means to (1) enhance school climate, (2) reduce social and behavioral issues, (3) begin to close the achievement gap, (4) improve outcomes for historically marginalized students.

Evidence: The Director of Equity and Safe/Inclusive Schools has been assigned to lead the implementation of restorative practices across the district. The Restorative Practitioners Collaborative Team has been established, which includes individuals from each school in the district, to ensure district-wide RP implementation. There is a MOU in place with UVM to address the district's data needs, evaluate program effectiveness and document the implementation process. Preliminary data indicates a reduction across the district in the number of office behavioral referrals and improved climate. Please refer the Equity Inclusion Data Report for more information please see the [Equity Inclusion Data Report \(2016-17\)](#)

The District's [strategic plan](#) contains a section devoted to the implementation of restorative practices. Funding for restorative practices is part of the FY18 budget (see page 5 of the [Comprehensive Budget Document](#)).

Limitation:	7. Compromise the independence of the board's audit or other external monitoring or advice.
Status:	In Compliance

Interpretation: The District's auditors shall not be engaged in other responsibilities with the District that would prevent them from issuing an objective audit report. The Superintendent

shall not recommend or retain an audit firm that lacks sufficient knowledge of public accounting and experience auditing school districts.

Evidence: The District’s accounting firm is RHR Smith & Company. RHR Smith is a firm of Certified Public Accountants that performs governmental and nonprofit audits, including audits for many Vermont school districts. More information on RHR Smith can be found [here](#). RHR Smith is subject to periodic Peer Review in accordance with American Institute of Certified Public Accountants guidelines and [passed its most recent review](#). The District does not have any contractual relationship with RHR Smith & Company beyond the audit contract.

Limitation:	8. Endanger the District’s public image, its credibility, or its ability to accomplish Ends.
Status:	In Compliance

Interpretation: The Districts credibility and public image is built on promoting student achievement within the resources provided by the community.

Evidence: According to independent auditors, the Districts financial statements “present fairly, in all material respects” the District’s financial activities (see page 2 of the [FY17 audit](#)). This audit reflected a budget surplus and provides evidence of the progress made to restore confidence in the District’s financial management. The District continues to be subject to erroneous rumors that are disseminated on social media and through other means. In an effort to combat these efforts to damage the District’s credibility, the District now employs a communication specialist who is responsible for promptly responding to spurious claims and false statements, as well coordinating with media and community members to ensure that accurate and timely information in regards to all aspects of the district is shared through the appropriate channels.

Limitation:	9. Close any buildings as public schools.
Status:	In Compliance

Interpretation: The Superintendent shall not permanently close one of the District’s public schools unless directed to do so by the Board.

Evidence: Champlain Elementary School, Edmunds Elementary School, Sustainability Academy, Integrated Arts Academy, Smith Elementary School, Flynn Elementary School, Edmunds Middle School, Hunt Middle School, and Burlington High School all remain open as public schools.

Limitation:	10. Deviate from Burlington Investment Procedures or expose any Burlington School District endowments to unnecessary financial risk.
Status:	In Compliance

Interpretation: The Superintendent shall ensure that district funds are deposited and maintained in a secure banking institution.

Evidence: The District's primary checking account (used for the vast majority of transactions) and its bond sinking fund, are maintained at TD Bank, N.A. Other banks are used for student activity accounts. District funds are either fully insured by federal depository insurance or collateralized with an irrevocable standby letter of credit. The District's depository and investment practices are reviewed by independent auditors (see page 36 of the [FY17 audit](#)).

SCHEDULE OF COVERAGES	LIMITS
Commercial Property Provides replacement cost coverage for the districts physical assets (buildings, contents...etc.) Separate floaters apply for computer coverage, fine arts coverage, valuable papers, and misc multimedia equipment	\$131,857,054
Equipment Breakdown Protects against short circuit, electrical arcing, power surges, mechanical breakdown, motor burnout, boiler damage and operator error for HVAC, electrical distribution, telephone, computers, and refrigeration equipment	\$100,000,000
Flood Coverage	\$5,000,000
Earth Movement Coverage	\$5,000,000
Turf Field	\$1,020,000
Installation Floater (renovations at the school)	Ongoing/as required
Emergency Event Management Coverage (includes violent event) Responds to covered emergencies such as actual or attempted violent acts, contamination from bacterial micro-organisms, and specified felonies.	\$100,000
Governmental Crime Includes employee theft, as well as faithful performance of duty coverage	\$500,000
General Liability Provides protection for the District against liability claims for bodily injury and property damage arising out of premises, operations, products, and completed operations; and advertising and personal injury liability. Groups, board members, trustees, student teachers, safety patrol and approved groups, as well as volunteer workers and co-employees. Coverage also includes student internship liability coverage.	\$1,000,000/\$2,000,000
Employee Benefits Liability Liability for the District for an error or omission in the administration of an employee benefit program, such as failure to advise employees of benefit programs.	\$1,000,000/\$2,000,000
Sexual Misconduct & Molestation Provides the District bodily injury coverage for acts of multiple, continuous, or repeated acts of sexual misconduct and sexual molestation by one person or two or more persons acting together.	\$1,000,000/\$1,000,000
School & Educator's Legal Liability Protects District and their employees, substitute teachers, volunteer workers, student teachers and student interns against actual or alleged wrongful acts committed while acting within the scope of his or her duties that are inherent to the operation and functioning of an educational institution.	\$1,000,000/\$1,000,000
Employment Related Practices Liability Protects the District against claims alleging a "wrongful employment act" against your employees, third parties and applicants for employment	\$1,000,000/\$1,000,000
Not for Profit Directors & Officers Liability	\$1,000,000/\$1,000,000

Protects against actual or alleged wrongful acts by individual Insureds and the District, including error, omission, misstatement, misleading statement, neglect, or breach of duty by an insured while acting in the scope of their duties.	
Commercial Automobile Provides auto liability, including uninsured/underinsured motorists' liability, and physical damage coverages for the school district's fleet of vehicles. Replacement cost coverage is provided for school buses.	\$1,000,000
Workers' Compensation & Employer's Liability	Statutory/\$500,000
Excess and Umbrella Liability Provides excess liability coverage for all liability coverages listed here, except for the aircraft specific liability, workers' compensation coverage and the international package coverage.	\$15,000,000
Aircraft Specific Liability Liability coverage for the aircraft used by BTC	\$11,000,000
International Package Liability coverage for the District's employees while traveling outside the US for the District's educational purposes.	
General Liability	\$1,000,000/\$2,000,000
Employee Benefits Liability	\$1,000,000/\$1,000,000
Contingent Auto Liability	\$1,000,000
Employers Liability	State of Hire/\$1,000,000
Cyber Liability	\$1,000,000