

MEMORANDUM

To: Burlington Board of School Commissioners
From: Tom Flanagan, Superintendent
CC: Nate Lavery, Executive Director of Finance
Date: March 2, 2022
Subject: Monitoring Report - Policy Title: 2.5 Asset Protection
Status: In Compliance

Statement: The following document presents the District's progress toward and compliance with **Policy Title: 2.5 Asset Protection**

Recommended Motion: *I move to approve the recommendation that the Superintendent is in compliance with Policy Title 2.5*

Monitoring Report - Policy Title: 2.5 Asset Protection

Submitted by: Tom Flanagan, Superintendent

Date Submitted: March 2, 2022

Status: In Compliance

Overview

This is the annual report on compliance with the School Board's Executive Limitation policy 2.5 Asset Protection for Fiscal Year 2022. I certify that the information contained in this report is true and validated by Executive Director of Finance, Nathan Lavery.

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.

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, as well as flood 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 insured against certain criminal losses, including employee theft and computer fraud, and data breaches. The District also maintains various liability coverages, including automobile and wrongful acts, which includes sexual misconduct. Workers' compensation insurance is also maintained. The Executive Director of Finance and Operations reviews coverage limits on an annual basis. BSD's [Schedule of Coverages](#) (see Page 6) describes the various types of coverage as well as coverage limits.

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 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.

Interpretation

The Superintendent shall ensure that the District implements an appropriate program of repair and maintenance commensurate with the amount of funding appropriated for such activities. Improper wear and tear is use that is beyond the intended life or purpose of the facility or equipment, placing their utility in jeopardy and potentially causing harm to individuals who occupy or use the facility.

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 who work to keep District facilities clean and operable. The District utilizes an electronic Work Order System (SchoolDude) allowing employees to submit additional maintenance requests (tickets). The Director of Property Services works to address repair and maintenance needs within budgeted resources. Fleet vehicles are 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 ongoing basis, the District's activities are also guided by the long-range capital plan. Capital planning information is available from the [District website](#). Additionally, BSD recently launched a webpage for the [BHS/BTC 2025 building project](#).

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 plans 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 required OSHA trainings (such as proper lifting; slips, trips and fall protection; and blood-borne pathogens and hazardous materials) to custodial and maintenance staff. The District utilizes outside legal counsel to provide advice when there are risks of litigation and seeks to mitigate exposure to workers' compensation claims by utilizing professional services from Green Mountain Safety. The Director of Equity coordinates a monthly District-wide Safety Team Meeting and each school has its own safety team, including a combined PreK/Central Office team at Ira Allen; teams typically meet monthly. The District has an emergency procedures manual and classrooms are equipped with a set of safety instructions for various emergencies. All of these activities attempt to reduce the likelihood of the District experiencing a substantial liability claim.

Interpretation

The Superintendent will ensure 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 password-protected, utilizes access controls, and requires approvals before financial transactions are processed. 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.

Interpretation

The Superintendent will prepare financial statements, in accordance with general accepted accounting principles, that are free from material misstatement, whether due to fraud or error.

Evidence

District auditors directly and specifically address this limitation in the opinion expressed on Page 2 of the [FY21 audit](#):

“In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Burlington School District as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.”

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. RHR Smith is subject to periodic Peer Review in accordance with American Institute of Certified Public Accountants guidelines; the company [passed its most recent review](#). In addition to the audit function, BSD utilized RHR Smith to provide human resources consultation.

Interpretation

The District’s credibility and public image is built on promoting student achievement within the resources provided by the community.

Evidence

According to independent auditors, the District's financial statements “present fairly, in all material respects” the District’s financial activities ([FY21 audit](#), Page 2). This audit reflected a budget surplus that demonstrates sound financial management. In order to ensure the District’s credibility and public image remains positive, BSD retains a full-time Communication and Public Relations Specialist. In addition to other duties, the communication specialist is responsible for improving internal and external

communication; coordinating, creating, and disseminating timely information regarding District activities and initiatives; responding to rumors on social media and elsewhere when appropriate; and working with the media and District leaders to highlight student and District achievements and activities, and respond to, validate, and/or invalidate claims and rumors.

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 remain open as public schools. Burlington High School and Burlington Technical Center facilities on 52 Institute Road were closed to students in August 2020 and are currently not in use for general instruction due to the presence of airborne PCBs; alternative in-person learning spaces for BHS and BHS students have been identified and the schools continue to operate in these new spaces.

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 Deposits and Investments on page 33 of the [FY21 audit](#)).

Schedule of Coverages

| SCHEDULE OF COVERAGES | LIMITS |
|--|--|
| Commercial Property, including equipment breakdown | \$140,593,970 |
| Flood Coverage | \$5,000,000 |
| Earth Movement Coverage | \$5,000,000 |
| Turf Field | Included |
| Course of Construction (renovations at the school) | \$500,000 |
| Violent Event Response Coverage | \$300,000 |
| Governmental Crime | \$500,000 |
| General Liability | \$1,000,000/\$2,000,000 |
| Employee Benefits Liability | \$1,000,000/\$2,000,000 |
| Sexual Misconduct & Molestation | \$1,000,000/\$1,000,000 |
| School & Educator's Legal Liability | \$1,000,000/\$1,000,000 |
| Employment Related Practices Liability | Included in School & Educator's Legal Liability Coverage |
| Limited Fiduciary Liability | \$1,000,000 |
| Commercial Automobile | \$1,000,000 |
| Workers' Compensation & Employer's Liability | Statutory/\$500,000 |
| Excess and Umbrella Liability | \$10,000,000 |
| Aircraft Specific Liability | \$11,000,000 |
| International Package | |
| 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 |