

# **Monitoring Report**

**Policy Title: 2.6 Asset Protection**

**Patrick J. Reen, Superintendent**

**November 27, 2018**

I hereby present my monitoring report on your Executive Limitations policy **2.6 Asset Protection** according to the schedule set out. I certify the information contained in this report is true, and represents compliance with a reasonable interpretation of all aspects of the policy unless specifically stated otherwise.

Signed \_\_\_\_\_ (Superintendent)      Date: \_\_\_\_\_

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

**Superintendent’s Interpretation:**

The Superintendent defines “school district assets” as the people and property involved in educating the students in our five towns; “unprotected” as unmitigated risk; “inadequately maintained” as failing to keep the property assets clean and in proper working condition suitable for use in today’s public education environment; “unnecessarily risked” as actions that may cause harm to the district’s assets but do not help achieve the district’s vision, mission or ends.”

**Evidence:**

*Insurance Policies ([Appendix A](#))*

Copies of Certificates of Coverage are provided as Appendix A. These documents outline coverage details for MAUSD and are evidence of the level of protection provided. With many, perhaps even most, Vermont schools working with VSBIT, coverage limits are very comparable with some differences in the level of deductible.

*Facility Use Policies & Forms ([Appendix B](#))*

These procedures are in place for each of our schools and are intended to provide clarity on allowable use of the facilities. This allows community access to our facilities while protecting the taxpayers’ investment in our facilities. There is, however, work to be done here. These policies need to be more uniform across all of our schools now that we are a unified district. This is work that our CFO and Director of Buildings and Grounds have been tasked with.

*Maintenance/Safety Inspection Reports([Appendix C](#))*

These reports are a small sampling of the variety of safety and maintenance reports that are conducted over the course of a school year. Routine inspections help ensure school buildings, equipment and playgrounds are safe for use by faculty, staff and community.

*Multi-year Capital Improvements Plan ([Appendix D](#))*

By using a multi-year capital improvements plan we can be proactive in addressing the needs of our facilities. This multi-year plan should provide valuable information in developing a budget that can address the needs of our buildings. While we have a multi-year capital improvements plan it is not up to date and is not of sufficient detail. This is work that our new Director of Facilities and Grounds is tasked with. This work will be under way soon.

## **Summary:**

I report compliance.

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

- 1. Fail to insure against theft and casualty losses to at least 80 percent of replacement value and against liability losses to board members, staff and the organization itself in an amount greater than the average for comparable organizations.**

## **Superintendent's Interpretation:**

The Superintendent interprets this as ensuring that there is comprehensive property and casualty insurance coverage for the District of at least 80% of replacement cost value. In addition to property considerations, the Superintendent shall also ensure that liability insurance in an amount greater than the average for comparable organizations is also in place to protect board members, staff and the school district as an organization.

## **Possible Evidence:**

*Insurance Policies ([Appendix A](#))*

Copies of Certificates of Coverage are provided as Appendix A. These documents outline coverage details for MAUSD and are evidence of the level of protection provided. With many, perhaps even most, Vermont schools working with VSBIT coverage limits are very comparable with some differences in the level of deductible. As a result I cannot ensure that liability insurance in an amount greater than the average for comparable organizations is in place. It is my recommendation that we change the language in Policy 2.6.1 to reflect the fact that we are in a pool of insured schools with VSBIT and therefore have comparable coverage to most schools and not greater coverage than the average of schools.

## **Summary:**

I report non-compliance. See policy language change recommended.

- 2. Allow un-bonded personnel access to material amounts of funds.**

## **Superintendent’s Interpretation:**

The Superintendent defines “unbonded” as uninsured against criminal or improper handling of funds; “access” as able to become in possession of; “material amounts of funds” as any amount over \$5,000 in cash or checks at one time.

## **Possible Evidence:**

*Documentation of Bonded Employees ([Appendix E](#))*

As evidenced by this email communication from Tim Vincent at VSBIT all ANESU employees are bonded employees and covered up to a limit of \$500,000.

## **Summary:**

I report compliance.

### **3. Subject facilities and equipment to improper wear and tear or insufficient maintenance.**

## **Superintendent’s Interpretation:**

The Superintendent defines “improper wear and tear” as use that is beyond the intended life or purpose of the facility or equipment. The Superintendent defines “insufficient maintenance” as care which is not up to the recommended standards by the manufacturer or current conventional practices and/or standards.

## **Possible Evidence:**

*Facility Use Policies and Forms ([Appendix B](#))*

These procedures are in place for each of our schools and are intended to provide clarity on allowable use of the facilities. This allows community access to our facilities while protecting the taxpayers’ investment in our facilities. There is, however, work to be done here. These policies need to be more uniform across all of our schools now that we are a unified district. This is work that our CFO and Director of Buildings and Grounds have been tasked with.

*Multi-Year Capital Improvement Plan ([Appendix D](#))*

By using a multi-year capital improvements plan we can be proactive in addressing the needs of our facilities. This multi-year plan should provide valuable information in developing a budget that can address the needs of our buildings. While we have a multi-year capital improvements plan it is not up to date and is not of sufficient detail. This is

work that our new Director of Facilities and Grounds is tasked with. This work will be under way soon.

## **Summary:**

I report compliance.

### **4. Unnecessarily expose the organization, its board, or its staff to claims of liability.**

#### **Superintendent's Interpretation:**

The Superintendent defines “unnecessarily expose” as taking unreasonable risks which create or allow unsafe or illegal conditions to exist in the organization thus making the organization, its board, or its staff vulnerable to lawsuits and/or insurance claims.

#### **Possible Evidence:**

*Maintenance/Safety Inspection Reports* ([Appendix C](#))

These reports are a small sampling of the variety of safety and maintenance reports that are conducted over the course of a school year. Routine inspections help ensure school buildings, equipment and playgrounds are safe for use by faculty, staff and community.

*Hiring Checklists* ([Appendix F](#))

These hiring checklists are submitted as evidence of the process used to help ensure we are not exposing the organization to claims of liability.

*Volunteer Policy & Process* ([Appendix G](#))

These documents articulate the precautions taken to ensure volunteers are properly screened and are not likely to pose a risk to MAUSD students.

## **Summary:**

I report compliance.

### **5. Make any purchase wherein normally prudent protection has not been given against conflict of interest.**

#### **Superintendent's Interpretation:**

The Superintendent interprets this to mean our purchasing process needs to screen for potential conflicts of interest.

#### **Possible Evidence:**

*Purchasing Process* ([Appendix H](#))

Appendix H describes the purchasing process used in MAUSD which references the Conflict of Interest Policy. This process helps protect against making purchases that are a conflict of interest.

### *Conflict of Interest Policy ([Appendix I](#))*

This policy was adopted in the fall of 2017 by the ANESU Board as a result of recommendations from a Vermont Agency of Education fiscal audit which was conducted during the 2016-2017 school year. This policy needs to be adopted by the MAUSD Board as it was not include in the mandatory policies that were adopted in the summer of 2018.

### **Summary:**

I report compliance.

### **6. Fail to protect intellectual property, information, and files from loss or significant damage.**

### **Superintendent's Interpretation:**

The Superintendent defines “protect” as to ensure the district retains rights to use; “intellectual property” as work the district has rights to and for which it may apply for a patent, trademark, or copyright.; “information” as facts and other details provided or learned about someone or something; “files” as collections of data, facts and other information stored electronically and/or in hard copy. The Superintendent shall ensure said documents and work are properly safeguarded.

### **Possible Evidence:**

#### *Protection of Intellectual Property*

MAUSD currently has no procedures in place to protect intellectual property rights. There is also no intellectual property rights the superintendent is aware of that require protection. My recommendation is to make a policy change to remove the need to protect intellectual property.

#### *Technology Security ([Appendix J](#))*

Appendix J highlights a variety of security measures in place to protect information that is stored or transmitted electronically.

#### *File Storage Process ([Appendix K](#))*

Appendix K describes the process used to file personnel records. This process helps ensure records are accounted for and are kept confidential.

### **Summary:**

I report non-compliance. See policy change recommended regarding intellectual property.

### **7. Receive, process, or disburse funds under controls that are insufficient to meet the board-appointed auditors' standards.**

#### **Superintendent's Interpretation:**

The Superintendent interprets this to mean funds shall be received, processed and disbursed in a manner that is transparent and in accordance with standards established by the auditor.

#### **Possible Evidence:**

##### *Auditor's Report ([Appendix L](#))*

The included copy of the Independent Auditor's Report for ANESU for fiscal year 2018 is evidence of satisfactory internal financial controls.

##### *Auditor Standards ([Appendix M](#))*

Appendix N is an overview of the auditing standards as provided by the Public Company Accounting Oversight Board. For more detailed information on these auditing standards visit [pcaobus.org](http://pcaobus.org).

### **Summary:**

I report compliance.

### **8. Compromise the independence of the board's audit or other external monitoring or advice, such as by engaging parties already chosen by the board as consultants or advisors.**

#### **Superintendent's Interpretation:**

The Superintendent interprets this to mean that auditors or other external monitors may not be under other contracts or engaged in responsibilities with the district that would prevent them from issuing an objective report.

#### **Possible Evidence:**

The Superintendent submits that a lack of evidence to the contrary is evidence of being in compliance with this section of the policy. There is no evidence to suggest the independence of the Board's audit or other external monitoring has been compromised.

**Summary:**

I report compliance.

**9. Endanger the organization's public image, its credibility, or its ability to accomplish the ends.**

**Superintendent's Interpretation:**

The Superintendent defines "public image" as the way in which our communities and surrounding communities perceive our organization; "credibility" as the quality of being trusted and believed in; "ability to accomplish the ends" as possessing the resources and knowhow to realize the goals of the organization.

**Possible Evidence:**

*Ends Monitoring Report ([Appendix N](#))*

The Ends Monitoring Report for academic year 2017-2018 articulates where we are successful in accomplishing the Ends and areas where we need to grow. The document articulates some of the work happening to help address the areas of concern.

*Media Coverage*

MAUSD has recently been spotlighted in print and digital media for a controversial staffing issue. Though this topic has been controversial and difficult, processes around this topic have had integrity. In addition, MAUSD schools have had positive press related to athletics performances, activities such as the fall musical and our Expanded Learning Program. The organization's public image and credibility remain intact.

**Summary:**

I report compliance.

**10. Change the organization's name or substantially alter its identity in the community.**

**Superintendent's Interpretation:**

The Superintendent interprets this as written.

**Possible Evidence:**

*Official Document Showing the Organization's Name ([Appendix O](#))*

Submitted as evidence is the Employee Services Agreement with Addison Northwest School District. This agreement articulates the shared services for our food service programs. This official document is on MAUSD letterhead which indicates the Superintendent has not changed the organization's name.

**Summary:**

I report compliance.