

Superintendent Monitoring Report

Policy Title: EL 7 Asset Protection

May 11, 2022

This is my report on Executive Limitation Policy 7 - Asset Protection, presented in accordance with the Board's monitoring schedule. I certify that the information contained in this report is true.

Thomas DeBalsi

The Superintendent of the Town of Hartford School District 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:

7.1 Fail to insure against theft and casualty losses to at least 80% of replacement value and against liability losses to Board Members, staff, and the organization itself in an amount greater than the average of comparable organizations.

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

Evidence: The District's package policy covers full replacement (100% of value) for all "special" perils - fire, theft, vandalism - involving the District's buildings at agreed upon schedules. Coverage for damages relating to breakdown of equipment such as heating or roofing systems is included. Thefts are covered. Cyber liability is insured on a separate schedule. Separate riders are in place for earthquake coverage with a limit of \$25,000,000 and flood coverage with a limit of \$17,500,000.

Limits of coverage and deductible amounts are reviewed annually by the Director of Finance with our agent at the Vermont School Board's Insurance Trust in preparing for policy renewal to insure both appropriate levels of coverage and cost effectiveness. Such a discussion was last held in June, 2021. Our insurance agent advised us as to appropriate and reasonable coverage levels in keeping with the school district market and our geographic location.

Included in the District's package policy are the following categories of liability coverage:

- **Commercial General Liability** – the broadest and most general form of coverage for actual or alleged negligent acts resulting in bodily injury, property damage or personal injury (liable and slander) to others. Both employees and volunteers are covered, on school premises and while away on school sponsored trips. Limits of coverage are \$10,000,000 each occurrence.
- **School Leaders Errors & Omissions** – defends Board members and employees from claims for any wrongful act (any actual or alleged breach of duty, neglect, error, misstatement,

misleading statement or omission) solely in the performance of their duties for the District. Limits are \$10,000,000 each occurrence and aggregate.

- **Employment-Related Practices** – responds to alleged instances of wrongful termination, sexual harassment, or discrimination. Limits are \$10,000,000 each occurrence and aggregate. There is a \$5,000 deductible for this coverage.
- **School Violent Events** – \$50,000 per member in addition to general liability coverage - to cover student medical payments, funeral expenses, counseling, and substitute staff necessary in response to such events.

***Busing: Additional Insurance from Butler’s Transportation Service** – our independent transportation contractor carries Commercial General Liability Insurance of \$2,000,000, Workers’ Compensation at \$1,000,000 per accident, automobile liability at \$1,000,000 and umbrella liability of \$4,000,000.*

Additional liability coverage beyond the package policy is carried for the following two purposes:

- **Automobile** – The bulk of the automobile premium provides liability coverage for claims related to student transportation in excess of the \$10M in coverage (which would be primary) provided by our transportation contractor.

Excess coverage is in place for employees using their own vehicles to transport students or for other approved work-related travel. This is strictly secondary coverage; the vehicle owner’s insurance policy is the first respondent. There have been no such claims from employees.

Workers’ Compensation insurance is a statutory requirement to insure that workers are protected from financial consequences due to workplace injuries. All medical expenses without limit and two-thirds of lost wages are paid. \$11,500,000 for injury resulting from accident or disease.

Careful, appropriate steps are taken to reduce injuries due to slips and falls or other buildings and grounds conditions and to keep our buildings safe and secure. However, some accidents inevitably occur and if they do, we determine if there are conditions we can improve on to avoid future similar occurrences.

The following summarizes current and three previous years of history:

Year	Claims	Medical Payments	Claims Status
FY 21	16	\$77,902.67	1 Claim Open, 15 Claims Closed
FY 20	10	\$3264.62	All Claims Closed
FY19	17	\$12,383	11 claims are closed, 6 claims are open
FY18	14	\$18,705	All claims closed
FY17	1	\$2,070	All claims closed

I report compliance.

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

Interpretation: The Superintendent shall not allow District personnel who routinely handle District funds to be un-bonded or uninsured. Material is any amount over \$5,000 in cash or checks.

Evidence: Included in the District's package policy for insurance coverage is criminal activity coverage. All employees, regardless of frequent or regular contact with District funds, are insured for criminal transactions up to \$500,000. Such coverage is typical for school districts.

Procedures, many of which are outlined in the District's Business Office Procedural Manual, are utilized so more than one person is involved in the handling or approving of all financial transactions. There is careful oversight of transactions at cash registers in each school cafeteria to insure that figures reconcile.

The District has developed and annually shall promulgate to employees guidelines concerning actions that constitute fraud. Employees are asked to report suspected cases; our procedures assure that such reports will be confidentially investigated. These procedures are appended to this report. There have not been incidences of criminal activities on the part of our employees.

I report compliance.

7.3 Subject facilities and equipment to improper wear and tear or insufficient maintenance.

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. Facilities and equipment will be inspected and monitored on an ongoing basis by maintenance and custodial staff, administrators and directors, and any deterioration will be reported for corrective action. 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. Insufficient maintenance is interpreted to mean that care is not up to the recommended standards by the manufacturer or conventional practices. Long-range planning for critical work will facilitate responsible, affordable activity. Careful stewardship of the community's investment in our facility resources is taken seriously by the Superintendent.

Evidence:

The District's Buildings & Grounds Supervisor has the responsibility of supervising and assisting in the evaluation of custodial staff. Building Principals and the Buildings & Grounds Supervisor meet regularly with each other and with building custodians to deal with maintenance and repair issues that arise in our schools. A system is in place for administrators and other staff members to electronically log work requests. This system is designed to assist the Buildings & Grounds Supervisor in prioritizing repair needs and to ask for assistance from custodians when possible. Especially when funding decisions must be made, repair needs are discussed between the Buildings & Grounds Supervisor and the Director of Finance. Periodic building walkthroughs involve these staff members, building principals and the Superintendent. Our focus is to ensure that available resources are maximized to keep our schools up to reasonable standards for instructional utility, safety and appearance.

The Buildings & Grounds Supervisor and custodial staff occasionally avail themselves to training opportunities as appropriate. The Supervisor attends statewide meetings of buildings and grounds managers, generally held monthly, which focus on a variety of applicable topics. The Supervisor has given special attention in the past year to updating the District's asbestos management documents and works to ensure that all custodians have completed the mandatory two-hour training.

While less expensive repairs are dealt with on an on-going basis, building conditions are closely monitored and, when appropriate, considered for inclusion in a future capital project in an effort to long-range plan needed work and associated costs. The Superintendent has maintained a list with on-going input from staff of possible capital projects. The voter-approved Capital Improvement and Facilities Maintenance Reserve Fund remains a vital resource to fund improvements and repairs beyond the scope of annual school budgets. It is the District's intention to spend down this reserve fund on additional improvements planned during FY23 so the remaining balance is minimal.

The school board has recently formed a District Facilities Committee (DFC) to address deferred maintenance issues, anticipated facility/district projects and future development. That committee has met twice and has begun to catalogue and explore projects for the future consideration of the school board and community. The DFC is comprised of a school board member, a community member, a district administrator, the director of buildings and grounds and the superintendent.

Buildings are kept safe and secure during non-occupied hours by an around-the-clock monitoring service. The installation of digital heating controls to varying degrees in each school has not only reduced energy consumption but also allows the Buildings & Ground Supervisor to monitor building temperatures and equipment functioning (24/7 if needed) from remote locations and make adjustments or call for repairs as needed. Similarly in the area of technology, our Network Administrator has the ability to remotely monitor and in some cases repair issues with our computer network. It would be very rare that personnel would arrive at work on a Monday morning unaware of and surprised by a problem.

I report compliance.

7.4 Unnecessarily expose the organization, its Board, or its staff to claims of liability.

Interpretation: The Superintendent shall not allow risks to be taken that are not part of the normal course of operations of the school district or which may present legal challenges. Safety of students and staff is of utmost importance in avoiding claims of liability. Upkeep of facilities to insure the safety of students, personnel and the general public is also paramount to avoiding liability claims. The Superintendent shall not unnecessarily expose the District, the Board or staff to legal liability and will take appropriate steps to pre-empt unnecessary exposure.

Evidence: The Superintendent discusses challenges presented by parent concerns and employee matters with directors and building administrators as necessary.

Procedures are in place to insure uniform hiring practices, to secure criminal background checks and to train staff on matters such as harmful products, infectious diseases and harassment. Procedures are also in place, in part with the assistance of the local Parent-Teacher Organization, to appropriately involve parents in our planning and decision-making to help insure that their input is valued. School

and District leaders and teachers are aware of and closely follow federal and State rules regarding parental rights for special needs students, helping keep the District from libelous actions. The Superintendent monitors the treatment of staff through Executive Limitations to make certain the workplace is fair and respectful, with reasonable expectations, and free of harassment. Attention is carefully paid to safety in the workplace through numerous activities, many of which have been identified in this report. In particular, staff is trained to appropriately deal with students who have a propensity to be aggressive. The Superintendent occasionally seeks advice from legal counsel regarding instances that could result in legal exposure. All such activities help protect District stakeholders from liability and harm.

Our risk management plan in terms of insurance coverage is reviewed annually by the Director of Finance and our insurance agent to ensure adequacy. Any corrective actions noted in insurance company periodic inspections or from other authoritative sources are dealt with promptly. Facilities are properly maintained to prevent accidents, to address any safety and security concerns, and to be in compliance with State and local regulations.

Vermont's weather pattern has changed over the last several years, notably, an increase in mixed precipitation due to dramatic swings in temperatures. As a result, school recess grounds have become increasingly more icy and unnavigable. Although sanding recess grounds has lessened the need for "indoor recess," a more sustainable alternative should be considered in future capital improvement plans.

The Superintendent and other central office administrators meet periodically with our transportation contractor to share information about students and routing and to discuss and resolve concerns that may come up, including the appropriate conduct of bus drivers. Digital recordings from cameras installed on buses can provide useful information in such instances. Safety committees, in each of our schools and the town committee comprised of local police and fire along with HSD personnel, meet monthly to ensure possible responses are well thought out and ready to appropriately handle emergency situations. This summer the district will be developing additional plans for communication in the event of an emergency, including leadership and communication responsibilities related to potential physical casualties such as fire, flood or loss of utilities. Practices and procedures are in place for staff and nurses to follow in dealing with emergencies, accidents, and unexpected illnesses. Our Emergency Messenger system and social media will be used judiciously to keep parents informed during emergency situations.

I report compliance.

7.5 Make any purchase (a) wherein normally prudent protection has not been given against conflict of interest; (b) of over \$15,000 without having obtained comparative prices and quality. Orders shall not be split to avoid these criteria.

Interpretation: The Superintendent shall ensure that conflicts of interest do not occur in the course of purchasing. Such conflicts would be based on personal relationships, friendships or other inappropriate reasons. The Superintendent shall make certain that any purchase over \$15,000 shall be placed out for bid or that requests for proposals are obtained to ensure the best purchasing decision based on price and quality. He shall make certain that large purchases are not be staggered or bought at different times to avoid bidding and the \$15,000 threshold.

Evidence: The Director of Finance serves as the District's Purchasing Agent; he solely authorizes all purchasing and the disbursement of District funds. He is charged to comply with this requirement and, directly or through the work of other employees, verifies that price quotes are sought not only when required by this policy but also for lesser amounts when it is likely that savings could result. The Director of Finance does not make purchasing decisions of significant value in isolation, but rather reviews the need for the purchase and pricing considerations with the Superintendent at a minimum and with other District staff as appropriate. Competitive bids or requests for proposals are conducted when appropriate. Through the office of the Superintendent, the Director of Business presents the results of official bids and RFP's for goods and services to the Superintendent. The Director of Finance does not stage large purchases in such a way to avoid the \$15,000 limit.

Technology equipment represents a significant investment for the District. The District has over 2,000 individual pieces (computers, monitors, projectors, iPads, document cameras, etc.) all carefully tracked and monitored in a detailed inventory listing. A thoughtful replacement cycle is overseen by technology staff, who regularly reviews the needs of all users and then balance those needs with available resources. Technology purchases are carefully planned, and, once on site, equipment is carefully maintained and kept in service as long as possible.

7.6 Fail to protect intellectual property, information, and files from loss or significant damage.

Interpretation: Intellectual property includes software, data and information created within the District as well as proprietary software leased or licensed by the District. The Superintendent shall make certain that the District protects proprietary and trademarked software from misuse. The Superintendent shall ensure that district data and information is safely stored and that preventative steps shall be taken to protect against loss from theft, hacking, fire, and viruses.

Evidence: The firewall, which separates our network from the Internet, the file servers and network workstations all have anti-virus/anti-spyware software which helps prevent infection. We have been migrating to Google Applications for Schools and this has greatly reduced our for multiple other proprietary software licenses. For the proprietary software that must be purchased, we acquire site licenses which do not limit the number of installations or are restricted to specific workstations. The network administrator has begun to administer a variety of tests on the safety and security of the district network through the United States Department of Homeland Security. The first assessment was completed this summer and the district's public facing IP proved to have no vulnerabilities. The district has also purchased and installed an enterprise back-up system in case of a catastrophic loss or failure.

It is possible that certain staff members may consider personal intellectual property to include documents and information they have developed as part of their employment with the District, on District time and for use within the District. The Superintendent plans to make clear to all employees that, while they make take a copy of such information with them for their professional use should they accept employment elsewhere, they may not delete such information from District files, electronic or otherwise. The Master Agreement between the HEA and School Board has language that clarifies this matter.

I report compliance.

7.7 Receive, process, or disburse funds under controls that are insufficient to meet the Board-appointed auditor's standards.

Interpretation: Through his staff, the Superintendent shall insure that the auditor's recommendations are followed concerning the management of the District's funds.

Evidence: The District conducts financial transactions using a system of internal controls, many of which are outlined in the Business Office Procedural Manual. Although we have a relatively small office staff with only individual people performing various key functions, duties are separated between staff members where possible to ensure that there is some cross-checking and oversight by others. Financial transactions require authorization by supervisor personnel before being brought to completion. The District's independent auditors, review these internal controls annually in terms of compliance with generally accepted accounting principles and report their findings and suggestions to the School Board. The most recently filed audit was for the period ending June 30, 2021. That audit was concluded in December 2020, at which time the Board formally accepted it. The auditors had no findings.

I report compliance.

7.8 Compromise the independence of the Board's audit or other external monitoring or advice, such as engaging parties already chosen by the Board as consultants or advisors.

Interpretation: The Superintendent shall insure that the auditors are not under other contracts or engaged in responsibilities with the District that would prevent them from issuing an objective report. The Superintendent shall not recommend for engagement an auditing firm that lacks sufficient knowledge of public accounting and experience in work auditing school districts.

Evidence: The accounting firm RHR Smith and Company, performed its 2nd annual audit for Hartford Town School District in 2021. The Director of Finance has recently extended this engagement for the final Hartford Town School District audit for FY22.

RHR Smith and Company performs a number of other school district audits. Experience with school district finances and operations are important. Critical knowledge of Vermont Agency of Education and Federal Department of Education rules, requirements and expectations is also necessary. Furthermore, a qualified firm must be fully cognizant of Governmental Accounting Standards Board (GASB) rules and statements concerning public finance. All said few accounting firms are qualified to do a high quality review of school district financial operations. Staff from the Agency of Education responsible for the review of each school district's annual audit and school business officials have lamented at statewide meetings that the number of qualified auditing firms in the State is limited, and, according to AOE, many audits received are not up to high standards. AOE has not had concerns with the audits conducted by RHR Smith and Company. Lastly, RHR Smith has no other consulting contracts with the District or responsibilities to advise the District on other matters. The Superintendent has no reason to believe that RHR Smith is not completely objective, independent, thorough and critical in their review of our financial operations.

I report compliance.

7.9 Invest or hold operating capital in insecure instruments, including uninsured checking accounts and bonds of less than AA rating at any time, or in non-interest bearing accounts except where necessary to facilitate ease in operational transactions.

Interpretation: The Superintendent shall ensure that operating capital, the funds used for the routine functioning of the District, is deposited in secure banking institutions and accounts.

Evidence: District funds are currently maintained at Mascoma Savings Bank (serviced by staff in the commercial division here in the Hartford office) in one of two interest bearing accounts, with funds channeled through a non-interest account for short periods of time as checks are disbursed. Monthly bank statements are promptly reconciled by the District's Accountant. District funds are insured to the limit of \$250,000 by the Federal Deposit Insurance Corporation.

I report compliance.

7.10 Endanger the organization's public image, its credibility, or its ability to accomplish Ends.

Interpretation: The Superintendent shall not take risky actions or make unilateral decisions that would cast doubt on the intent of the administration and the District in its commitment to carrying out the Ends policies of the District.

Evidence: The evidence for 7.10 would be found in the numerous reports, audits, testing and other activities carried out throughout the year, the results of which can typically be found on the District website. There is no outstanding corrective action to be taken by the District as might otherwise be required by the U.S. Department of Education, the Vermont Agency of Education, OSHA, or any other regulatory body.

The Superintendent works closely with the leadership team at Hartford School District to promote the District's public image and an awareness of District goals. Central Office administrators maintain close ties and work closely with the Agency of Education and the State associations for superintendents, business officials, and special education and curriculum directors to monitor and help inform policy decisions. HSD's recently developed action plan, will be made available for viewing on the District website this summer. This plan is the primary driver in PK-12 staff development related to the district's Ends Policies. Mainly through the Valley News, the District social media sites and the website, the Central Office provides announcements, articles and pictures to the public about the many events and instructional opportunities occurring regularly in the District.

In a proactive sense, the Superintendent and other school leaders attend state and regional professional organizational meetings to maintain the District as an active participant in policy development. Opportunities are sought for the District to be seen as a positive contributor to decision-making within the State.

I report compliance.

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

Interpretation: The Superintendent shall not misrepresent the District through alteration of the District's name, title, or legal designation when communicating with others.

Evidence: As of this report date, we have received no reports of misrepresentation. The Superintendent has not misrepresented the District or its legal designation and works to insure its legal status is protected.

I report compliance.

I report Compliance with Executive Limitations Policy 7 – Asset Protection.

Respectfully Submitted,

Tom DeBalsi
Superintendent