

**Issaquah School District
Executive Limitations Monitoring Report**

**EL-6 ASSET PROTECTION
(Internal Annual Report)
August 2015**

***The Superintendent certifies that the District is in compliance with EL-6
with no exceptions.***

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

Interpretation

I interpret corporate assets to include financial assets, real property, facilities, equipment, staff, elected directors, and the District’s local and statewide reputation as a quality school district.

Evidence of compliance

Systems designed to reflect State audit and industry standards are in place to protect the District’s physical assets, ensure financial control, protect the health and safety of staff and students, and limit the liability exposure of Board members, employees, and the organization itself. The [Accountability Report issued by the Office of the State Auditor](#) for 2013-14 states, “the District complied with state laws and regulations and its own policies and procedures in the area we examined. Internal controls were adequate to safeguard public assets.”

Further, without limiting the scope of the foregoing by this enumeration:

- 1. The Superintendent shall not fail to insure to an adequate level against theft and casualty losses and liability losses to Board members, staff and the organization itself. These protections shall be at least the average for comparable school districts.*

Interpretation

I interpret this to mean that insurance coverage must be equal to the average coverage for comparable school districts in the region.

Evidence of compliance

- The Issaquah School District’s level of protection is comparable to other districts in the Puget Sound Region and is reviewed annually to ensure adequacy. Issaquah School District is one of 80+ school districts that have formed an inter-local cooperative to provide self-insurance coverage through the [Washington Schools Risk Management Pool](#). Property losses, including theft, are covered on a replacement cost basis, up to \$500 million per occurrence, subject to a \$1,000 deductible.

- The Washington Schools Risk Management Pool provides the district, board members, employees and volunteers with liability coverage, in course and scope of duty, up to \$15 million per occurrence with no deductible. This includes coverage for Errors & Omissions for Board members in the course and scope of their duties up to a \$15 million per occurrence limit. This coverage is on an *occurrence basis*, meaning that coverage would apply based on when the incident happened, as opposed to when it is reported. This occurrence-based coverage serves the District more effectively than the claims-made coverage offered by the insurance industry.

2. The Superintendent shall not allow unbonded personnel access to material amounts of funds.

Interpretation

I interpret this to mean that no employees shall have access to funds beyond the limits of coverage.

Evidence of compliance

- The District's systems of financial control tightly limit direct access to cash and securities by anyone in the District. All property tax and state funding transactions and more than 98% of federal money transactions are handled directly by the King County Treasurer's Office. Together these sources represent 90+% of all receipts.
- The Washington Schools Risk Management Pool provides a Blanket Liability Endorsement for all District employees in the amount of \$25,000 per occurrence for money and securities crimes. Further, all employees are covered with a \$250,000 Blanket Employee Dishonesty and Faithful Performance Coverage Endorsement.
- Beyond blanket protection, the District specifically bonds the Superintendent, Chief of Finance and Operations, Director of Finance, Director of Purchasing and Director of Budget for \$50,000 through The Hartford Company.

3. The Superintendent shall not subject plant and equipment to improper wear and tear or insufficient maintenance.

Interpretation

I interpret this to mean that the District will; (a) carry out a responsible, long-range plan of major critical repairs and preventive maintenance; (b) efficiently complete repair/replacement work orders during the school year submitted, using customer feedback loops to help set priorities and measure satisfaction; and (c) maintain equipment, including school buses, to the extent of safe, useful life as determined by the administration.

Evidence of compliance

- The District is working towards completion of projects from the 2012 bond issue as well as the [2014 Critical Repairs](#) (Capital Levy) recently passed by voters in February, 2014.

- A capital bond in the [amount of \\$219.12 million was approved by voters in April of 2012](#). This package of capital improvements spans nearly 8 years and is essential to ensure critical repairs and maintenance/replacement of District facilities.
- In 2014-15, nine vehicle maintenance technicians completed 3,000+ work orders on school buses driven more than 1,400,000 miles and other District vehicles driven more than 325,000 miles. The Transportation Department's last three vehicle safety inspections by the State showed exemplary results with State safety standards.
- A computerized work order system allows building staff to submit work orders on line. The Department plans and schedules preventive maintenance and work order status is tracked electronically. 97+% of the nearly 6,000 work orders submitted during the monitoring period were completed by a staff of 20 technical tradesmen.
- The [Transportation Department](#) uses an electronic data base system to manage maintenance of the school bus fleet and District motor pool. The system receives vehicle usage information from drivers when they refuel. The fuel pump operating system updates the data base electronically and alerts the motor pool manager when service is due. Vehicles are inspected and serviced at least every 3,000 miles.
- We employ a grounds crew of 14 people to maintain nearly 500 acres.
- Additionally in the spring of 2015, the District convened a [2016 Bond Feasibility Committee](#) in order to provide a recommendation to the Superintendent for a potential capital bond measure. The Superintendent has provided his recommendation to the Board of Directors. This proposal if it moves forward and is ultimately successful [provides four new schools, the property for the new buildings, and major remodels and expansions to several other current facilities](#).

4. The Superintendent shall not unnecessarily expose the organization, its Board or staff to claims of liability.

Interpretation

I interpret this to mean that the District shall: (a) conduct background checks when hiring; (b) investigate reports of staff or volunteer conduct that represent inappropriate risk, and respond appropriately; (b) maintain facilities to limit liability exposure; (b) provide risk management training to staff in order to limit liability exposure; (c) identify safe walkways for students and plan District services accordingly; and (d) identify and limit or eliminate risk exposures related to student activities.

Evidence of compliance

- The District conducts background checks on all new employees, including fingerprinting and review by the Washington State Patrol for criminal history.
- Administrators who have been trained to investigate alleged misconduct systematically follow up on all such reports; follow-up action is determined in consultation with the Superintendent and/or Cabinet supervisor and legal counsel.

- The District provides a coordinated risk management program through the [Washington Schools Risk Management Pool](#), including risk assessment and appropriate staff training. Risk assessment and reduction is a major responsibility for each Department or Program Director/Supervisor. This includes special emphasis on walking surfaces and the operation of playgrounds and parking lots, which represent broad risk exposure. Specific examples of staff training provided to limit liability exposure currently includes:
 - Athletic Liability for Coaches
 - Blood-Borne Pathogens
 - Bus Accident Investigation Training
 - CPR
 - Chemical Materials Handling and Disposal
 - Crossing Guard Training
 - Cultural Diversity Training
 - Cyber Bullying
 - Defibrillator Use
 - Driver Training for School Bus Drivers
 - Employment Liability Training
 - Fall Restraint Training
 - First Aid Training
 - Financial Internal Controls/Legal Requirements
 - Fork Lift Use Certification
 - Fall Hazard Protection
 - Lift Training
 - Harassment, Intimidation & Bullying
 - Hazardous Material Handling
 - Hearing Loss Prevention
 - Pesticide Application/Certification
 - School Safety Patrol Training
 - School Security Officer Training
 - Sexual Harassment Training
 - Student Supervision Expectations
 - Use of Personal Protection Equipment

- The Transportation Department identifies safe walking routes for students and recommends crossing guard services for high traffic areas that present major safety concerns.

- The District routinely works with legal counsel, Washington Schools Risk Management Pool, and the State Auditor's Office to identify problem areas that require improved systems of internal control and/or supervision.

5. Receive, process, or disburse funds under controls that are insufficient to meet the state auditor's standards.

Interpretation

I interpret this to mean that District operation shall be consistent with Washington State Audit standards for accountability of public resources, legal and financial management requirements.

Evidence of compliance

- The District is audited annually by the Washington State Auditor's Office. The areas examined are those representing the highest risk of noncompliance, misappropriation or misuse. Other areas are audited on a rotating basis over the course of several years. [The following areas were examined for the September 1, 2013 through August 31, 2014 school year:](#)

Accountability for Public Resources

- Associated Student Body Fund
- Cash receipting
- Financial Condition
- Debt/Covenants
- Additional Responsibility Compensation (TRI Pay)
- Disbursements/expenditures
- Financial statement preparation and journal entries
- Safety Net Awards
- Special Education Reporting
- Inventory Controls/Small & Attractive Assets
- Open Public meetings/records laws
- Federal Single Audit for Federal Grants
- Public Records
- Enrollment Reporting
- Travel

Legal Compliance

- Deposit and investment of public funds
- Use of restricted funds
- Required financial schedules
- Risk management
- Budgeting requirements
- Ethics/conflicts of interest laws
- Open Public Meetings Act
- State grants
- Competitive bidding requirements
- Competitive bid law compliance
- Public works contracts
- Debt limitation
- Allowable Expenditures
- Alternative Learning

Financial Management Compliance

- Internal controls
- Cash and investments
- Other assets
- Revenues
- Expenditures
- Long-term debt
- Fund equity
- Overall presentation of the financial statements
- Financial Condition

- The State Auditor issued an unmodified opinion on the District’s financial statements. [The 2013-14 Financial Statement Audit](#) noted no instances of noncompliance that were material to the financial statements of the District. The audit team reported no findings required to be disclosed by the Office of Management and Budget.
- Additionally, the District has had thirteen consecutive years with no audit findings which as noted by former State Auditor Brian Sonntag as an “...accomplishment that reflects the dedication of the District Board, and the District staff to strong oversight of operations, good internal controls and accurate financial reporting.”

6. The Superintendent shall not compromise the independence of the Board’s audit or other external monitoring or advice. Except as authorized by the Board, engaging parties already chosen by the Board as consultants or advisers is unacceptable.

Interpretation

I interpret this executive limitation to mean that the administration may not contract with the State Auditor for purposes other than those defined by the Board of Directors or State legislature.

Evidence of compliance

The District has not engaged the Washington State Auditor for any services other than those defined by the Board of Directors and State Legislature. The audit standard of [SAS 114](#) also ensures direct communication to the Board of Directors. This standard requires direct communication of audit results and process to the governance body of the district.

7. The Superintendent shall not endanger the organization’s public image, credibility, or its ability to accomplish Ends.

Interpretation

I interpret this to mean that District management demonstrates to the public (a) a high quality educational program, (b) sound resource management, and (c) overall staff conduct that is legal, ethical, and prudent as related to job performance.

Evidence of compliance

- Student achievement reporting continues to show high overall performance and student growth, reflecting quality programs at all levels throughout the District.
- Sound resource management is reflected in all of the following:
 - [State auditor submitted a “clean” audit report, with no findings against the District \(for 2013-14 year\)](#)
 - District has received thirteen consecutive “clean” audit reports
 - [The 2015-16 proposed budget](#) successfully responds to Board parameters, reflects community values, and provides for all multi-year labor contracts.

- Revenue enhancement goals and action plans continually move forward, including collaborative work with education partners, the Issaquah Schools Foundation, the School Alliance and the Puget Sound Schools' Coalition.
- In February of 2014 the District successfully passed [three levy measures](#) . The community supported these levies with a [70% yes vote](#). Due to continued strategic planning and ongoing community support the District has been able to bridge past funding reductions from the State and will continue to provide current/enhanced service levels.
- The District has maintained a [Aaa Bond Rating \(Moody's\) and a AA+ Bond Rating \(Standard and Poors\)](#)
 - Less than 1% of the school districts across the nation have achieved these debt ratings.
- The [District received an upgrade](#) in our Standard and Poor's debt rating, moving to a AA+. The District now has the same debt rating as the United States of America.
- In 2012 [The District passed a \\$219.12](#) million bond issue with [70% support](#).
- Appropriate staff conduct is ensured through supervision, mentorship, daily support, consultation with legal, financial, and other expert advisors, and corrective action as necessary.
- All of the following are current avenues of communication that help to foster broad-based knowledge, credibility, confidence, and ability to accomplish the Ends:
 - [Transparent budget process](#), including Financial Analysis Core Team
 - [School Site Councils](#)
 - [Website communications](#), including intranet communications for staff
 - [FOCUS publication](#)
 - [District Emergency Information publications](#)
 - [District calendar](#)
 - *School newsletters*
 - *ISD Facebook Account*
 - *ISD Twitter Account*
 - *You Tube Account*
 - *Vimeo Video Account*
 - *Emma Enews System*
 - *School Messenger System*
 - *Flash Alert Bussing/Transportation Messaging System*
 - *ISD Mobil Device Application*
 - [Superintendent or designee](#) participation:
 - Issaquah Schools Foundation Board
 - Chamber of Commerce
 - Rotary
 - Kiwanis Club of Issaquah
 - National/Statewide education leadership and presentations
 - Monthly meetings of the Superintendent with:
 - *PTSA Council Co-Presidents*
 - *PTSA Council*
 - *IEA leadership*
 - Center for Collaborative Support (Tahoma, Snoqualmie Valley, Riverview and Issaquah)

8. The Superintendent shall not fail to plan for continuity of leadership.

Interpretation

I interpret this to mean that administrative planning should generally provide for continuity of leadership in administrative assignments. Administrative planning must, therefore, include: (a) general encouragement and support of qualified employees seeking career progression; (b) selection of administrators, in part, for long-term growth potential; (c) effective mentorship at all levels of administration; (d) assignment of extra and temporary duties to help develop individuals for career progression; (d) invitational opportunities for administrators and interns that foster professional growth, and (e) transitional support for administrators new to their positions.

Evidence of compliance

- All administrators with new responsibilities have been provided transitional support.
- All new building administrators are assigned a mentor with successful experience in a similar position.
- The District routinely seeks interested staff members for state-funded internship positions.
- Each year, Cabinet members individually provide orientations and support interns in understanding various administrative skills and functions.

9. The Superintendent shall not name or rename schools or mascots.

Interpretation

Because it is not within the purview of staff to name or rename schools or mascots, I interpret this to mean that recommendations by staff, incorporating input from students and community, will be presented to the Board for approval.

Evidence of compliance

During the period of this report no new buildings have been named or renamed by the Superintendent.

10. The Superintendent shall not fail to protect intellectual property, information, files and fixed assets from loss or significant damage.

Interpretation

I interpret this to mean that copyrighted intellectual property must be protected against infringement. Information assets and files must be protected from damage or loss, and fixed assets must be adequately secured and insured.

Evidence of compliance

At this time, the Issaquah School District does not have copyrighted intellectual property. We have firewall and virus protection for our computers and software systems. All of our financial and student records systems reside on computers at WSIPC and are backed up daily. Administrative Files in the Central Office are backed up daily. Data backup at both WSIPC and the Central Office is stored off-site or in fireproof locations in separate buildings.

11. The Superintendent shall not acquire, encumber or dispose of real property.

Interpretation

Because it is not within the purview of staff to acquire or dispose of real property, I interpret this to mean that the acquiring, long term leasing or disposal of real property will be presented to the Board for approval.

Evidence of compliance

I certify that for the 2014-15 school year, all purchases/sale of long term leases or disposal of real property have been presented to and authorized by the Board.

12. The Superintendent shall not fail to properly preserve and dispose of all records related to affairs or business of the district.

Interpretation

I interpret this to mean that all District documents will be retained according to the schedule established by the Division of Archives and Records Management of the State of Washington. Disposition of all confidential and/or sensitive materials will be accomplished by shredding.

Evidence of compliance

I certify that District records are being maintained according to the schedule established by the Secretary of State with no exception. I do certify that all confidential or sensitive materials are shredded at time of disposal as the District provides secure shredding bins at all locations and contracts with a secure mobile shredding company for annual disposition of materials housed at central archives. In addition to this certification, the 2013-14 Accountability Audit also found no instances of records mismanagement or non-adherence to policy.

Board Approval: _____