

Internal Monitoring Report
April 13, 2021

Policy Title: Asset Protection
Policy Type: Executive Limitation
Policy No.: EL 2.6
Period Monitored: April 2020 – March 2021

This report monitors the Board of Education's Executive Limitations Policy.

The Superintendent shall neither cause nor allow District assets to be unprotected, inadequately maintained or unnecessarily risked.

Among other things, the Superintendent shall not:

1. *Allow employees to have material amounts of District funds in their custody without being sufficiently covered by a surety bond or insurance.*
2. *Allow facilities and equipment to be subject to improper wear and tear or insufficient maintenance.*
3. *Unnecessarily expose the District, its Board or staff to claims of liability.*
4. *Make a purchase: (a) without exercising reasonable precaution against conflict of interest; (b) without having considered comparative prices based on items of similar quality; and (c) without considering an appropriate balance between long-term quality and cost.*
5. *Receive, process or disburse funds under controls that are insufficient to meet the standards established by the Governmental Accounting Standards Board (GASB) in the form of Generally Accepted Accounting Principles (GAAP).*
6. *Invest or hold operating capital in insecure instruments, accounts with ineligible institutions and/or prohibited investments according to state law, or in non-interest-bearing accounts except where necessary to facilitate ease in operational transactions.*
7. *Endanger the District's public image or credibility, particularly in ways that would hinder its accomplishment of District Ends.*

8. *Fail to insure against theft and casualty losses to at least 80% replacement value and against liability losses to Board members, staff and the District itself in an amount greater than the average for comparable organizations.*
9. *Fail to protect intellectual property, personal property and fixed assets owned by the District from loss or significant damage.*
10. *Make or authorize any District purchase, contract or other financial obligation of \$250,000 or more without prior Board approval.*
11. *Fail to take reasonable steps to protect records, data and other information the District is required to maintain from destruction, theft, loss and corruption.*
12. *Fail to take reasonable steps to protect the confidentiality of District records, data and other information in accordance with governing law.*

This report is presented in accordance with the Board's monitoring schedule. I certify that the information is true and complete.

Todd Lambert, Ph.D.
Interim Superintendent of Schools

April 13, 2021

Executive Summary

This report monitors Executive Limitation 2.6, Asset Protection language related to the District's ability to protect physical, financial and intellectual property of the District. This is measured by assessing the District's performance relative to maintaining adequate insurance, the maintenance of physical assets, limiting exposure to claims of liability, safety of electronic data, and internal controls designed to safe-guard financial assets.

The evidence included in this monitoring report indicates that:

- The District purchases a Commercial Crime Policy that insures losses of "money," "securities," and "property other than money and securities" due to employee theft, so that no loss of material amounts of District funds would be uninsured.
- The District takes measures through training and operations to mitigate exposure to unnecessary claims of liability and insures against claims of liability with limits comparable to similar size districts. In addition, the District maintains a Property policy that covers property losses at replacement cost.
- District purchases of goods and services are following policies designed to facilitate efficient, cost effective and competitive selection of vendors. During the last completed financial audit (the fiscal year ended June 30, 2020), the District's external auditors reported no findings.
- Investments of funds are made in accordance with governing law and District policy, ensuring safety, availability, and a competitive market rate, subject to the District's investment risk constraints and cash flow needs.
- The solvent financial condition of the District helps support a positive reputation and supports the District in meeting its desired outcomes.
- The District practices industry standards in reference to network, computer and records security with an infrastructure in place to provide backup, disaster recovery, and protection for 'core' systems and electronic data. In addition, physical records for past students and business purposes are securely maintained and monitored.

This monitoring report contains evidence indicating the District has met all executive limitations under EL2.6 with the exception of EL2.6.4 related to the District procurement and EL2.6.12.

Policy Wording:

Among other things, the Superintendent shall not:

1. *Allow employees to have material amounts of District funds in their custody without being sufficiently covered by a surety bond or insurance.*

Interpretation:

The District interprets this policy language to mean that individuals employed by Poudre School District that have the ability to use significant sums of money belonging to the District and those that are held directly at the school sites shall be covered under a Commercial Crime Policy and/or a Public Officials Bond.

Evidence:

The District purchases a Commercial Crime Policy providing coverage for direct loss of, or direct loss from damage to, Money, Securities and Other Property directly caused by Theft or Forgery committed by an Employee, whether identified or not, acting alone or in collusion with other persons.

The policy defines an *Employee* as:

- Any natural person:
 - while in the service of the District or for 90 days after termination of service, unless such termination is due to Theft or Forgery or any other dishonest act committed by the Employee;
 - who the District compensates directly by salary, wages or commissions;
 - who the District has the right to direct and control while performing services for the District;
 - who is a member of the board of directors, member of the board of trustees or LLC Manager while acting as a member of any of the District's elected or appointed committees, including any member of such committee, to perform on the District's behalf, specific, as distinguished from general, directorial acts;
 - who is a non-compensated officer;
 - other than a non-compensated fund solicitor, while performing services for the District that are usual to the duties of an Employee or officer;
 - while acting as a non-compensated fund solicitor during fund raising

campaigns;

- who is a former Employee, member of the board of directors, partner, LLC Manager, or member of the board of trustees retained as a consultant while that person is subject to the District's direction and control and performing services for the District;
- who is a guest student or intern pursuing studies or duties in any of the District's offices or Premises; while such person is subject to the District's direction and control and performing services for the District and any student enrolled in a school under the jurisdiction of the District, while the student is handling or has possession of Money, Securities, or Other Property in connection with sanctioned student activities;
- who is a volunteer, while such person is subject to the District's direction and control and is performing services for the District.

Based on the evidence, the District has met the expectations outlined in EL2.6.1

Policy Wording:

Among other things, the Superintendent shall not:

2. *Allow facilities and equipment to be subject to improper wear and tear or insufficient maintenance.*

Interpretation:

The District interprets *facilities* to be inclusive of buildings and grounds owned or leased by the District.

The District interprets *equipment* to mean significant physical plant systems within these facilities, and tangible property with a value exceeding \$5,000, and a useful life greater than one year.

The District interprets *improper wear and tear* as failure to sustain the integrity of the facility or equipment in a timely manner or protect the normal life of the facility or equipment within the funding capabilities provided.

The District interprets *insufficient maintenance* as not providing the students, staff, and the community with schools and support sites that are maintained at a functional, comfortable level. This includes failure to perform: preventative maintenance as required by jurisdictional agencies and manufacturers' recommendations for safety and liability; proper grounds keeping best practices to ensure safe, playable surfaces; and custodial practices that may compromise the health and welfare of building occupants.

Evidence:

All departments responsible for maintenance are staffed by employees who are properly trained in their field. In compliance with rules and regulations determined by governing authorities, these employees adhere to strict maintenance schedules, operating through permits, inspections, and approvals. As a result of this assurance, the District meets expectations for Executive Limitation 2.6.2.

Policy Wording:

Among other things, the Superintendent shall not:

- 3. *Unnecessarily expose the District, its Board or staff to claims of liability.*

Interpretation:

The District interprets this to mean that the District shall not knowingly fail to put into place protections against potential demands that allege wrongdoing against the District, the Board of Education as it functions in its legal capacity, or individuals employed by the District.

Evidence:

Liability claims can arise from any District activity. While any third party can make a claim of liability against the District demanding payment for losses incurred, a measure of the District’s compliance with EL2.6.3 is how much is paid out in claims and how many claims become liability lawsuits. It is reasonable that the District have no more than one liability lawsuit filed for every 10,000 students per year. Between July 1, 2018 and June 30, 2020, no liability lawsuits were filed against the District.

During this same period, the District received six Notices of Claim under the Colorado Governmental Immunity Act (CGIA), two of which are from the same vehicle accident. A Notice of Claim is not a lawsuit, but rather a notice that must be given before a lawsuit can be filed under the CGIA. Due to the nature of the circumstances of one of the incidents that gave rise to a Notice of Claim, the District’s insurer, the Colorado School Districts Self Insurance Pool, settled the claim full and final for \$23,000. This was under the District’s deductible of \$150,000. Therefore, the District paid the full amount.

In addition, the District received one complaint of alleged discrimination filed with the Colorado Civil Rights Division (CCRD) by a former employee. The complaint alleged that the District discriminated against the employee by refusing to hire her for four positions she applied for based on race and/or in retaliation for complaining about race discrimination. On October 2, 2020, the CCRD issued a “No Probable Cause” determination indicating it was unable to conclude that the evidence provided

established violations of any statutes. The claimant's time to file a lawsuit in state or federal court has now tolled and no lawsuit can be filed.

Student Activities

Considering the number of students and types of programs and activities the District offers to students, it can reasonably be expected that injuries will occur during school hours and during school-sponsored events. In 2018-2019, 455 student injuries/incidents were reported by the schools to the risk management department. With 28,075 enrolled students (pre-K through 12th grade), there was approximately one accident per every 62 students. While no benchmarks are available, the District believes this to be a reasonable number of accidents/incidents and represents a 10.7% decrease from the previous year. In the 2019-2020 school year there were 343 student injuries/incidents reported by schools. However, since all students were remote after spring break 2020, a comparison to the previous year would not be valid. The same will be true for 2020-2021 since students were remote off and on throughout the year.

Of the 455 reported accidents/incidents in 2018-2019, only four resulted in claims filed with the District's insurance provider. One of these claims resulted in payments totaling \$3,500 to the claimant.

These indicators show the District's commitment to safety and adherence to District policies as well as federal and state laws. The District takes measures through training and operations to ensure that unnecessary claims of liability are not brought against the District.

Based on the evidence, the District has met the expectations outlined in EL2.6.3.

Policy Wording:

Among other things, the Superintendent shall not:

4. *Make a purchase: (a) without exercising reasonable precaution against conflict of interest; (b) without having considered comparative prices based on items of similar quality; and (c) without considering an appropriate balance between long-term quality and cost.*

Interpretation:

The District interprets *make a purchase* to mean expend cash or create an obligation by contract or other means to pay for a product or service.

The District interprets *without reasonable precaution against conflict of interest* to mean procedures are in place to ensure no employee of the District shall have a direct or indirect personal financial interest or benefit in a cash transaction of the District.

The District interprets *without having considered comparative prices based on items of similar quality* to mean development of price quotes, bid, or request for proposal based on product specifications to ensure the level of product quality desired is met and at a competitive cost for the District.

The District interprets *without considering an appropriate balance between long-term quality and cost* to mean in addition to cost, consideration shall be given to the overall benefits to the District.

Evidence:

All purchases of goods and/or services for the District should be made in accordance with governing law as well as District policies, regulations, and administrative guidelines. A centralized Strategic Sourcing team has been established to maintain administrative procedures, guidelines, and forms to facilitate the efficient and cost-effective purchase of goods and services.

All purchases equal to or greater than \$5,000 must include a minimum of three price quotes from vendors. Additionally, purchases equal to or exceeding \$50,000 must be chosen based on a formal solicitation, unless exempt as defined in policy. Final vendor selection is made after considering cost, quality, and overall best value to the District. Written documentation is maintained detailing the entire process including the rationale for selecting a specific vendor.

As discussed in the previous Monitoring Reports for EL2.6, in the past, the District has struggled to meet the expectation of this section. In response, the District has made significant improvements, including improved organizational understanding of the procurement process, recent enhancement of procurement policies, and leveraging workflows within District systems.

Overall, there has been great improvement in compliance to purchasing-related policies, allowing the Strategic Sourcing team to shift focus to higher-level approaches to procurement, providing even higher value for the District. This has been evidenced throughout the COVID-19 pandemic as the District has been able to obtain technology and personal protective equipment during a nationwide shortage with high demand for these items.

Based on the evidence provided above, the District has met the expectations outlined in Executive Limitation (EL) 2.6.4. during the period monitored.

Policy Wording:

Among other things, the Superintendent shall not:

5. *Receive, process or disburse funds under controls that are insufficient to meet the standards established by the Governmental Accounting Standards Board (GASB) in the form of Generally Accepted Accounting Principles (GAAP).*

Interpretation:

The District interprets *receive, process or distribute funds under controls* to mean collect, manage or use moneys in accordance with systematic measures (such as reviews, checks and balances, methods and procedures) instituted by the District to: (1) conduct business in an orderly and efficient manner, (2) safeguard the District's assets and resources, (3) deter and detect errors, fraud and theft, (4) ensure accuracy and completeness of its accounting data, (5) produce reliable and timely financial and management information, and (6) ensure adherence to the District's policies and procedures.

The District interprets *that are insufficient to meet the standards established by the Governmental Accounting Standards Board (GASB) in the form of Generally Accepted Accounting Principles (GAAP)* to mean that the recording and reporting of financial information for the District will be presented in accordance with the common set of accounting principles, standards and procedures that school districts are required to use to compile their annual financial statements.

Evidence:

The District's Board-appointed external audit firm, CliftonLarsonAllen LLP, conducted their audit for the 2020 fiscal year in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

The results of the audit were published in the District's 2020 fiscal year Comprehensive Annual Financial Report (CAFR) and Single Audit Report. These documents were presented to the Board at meetings held December 8, 2020, and February 10, 2021, respectively. Included in the CAFR and Single Audit Report are the external auditors' required communications and reports based on the standards followed. During the last completed audit (for the fiscal year ended June 30, 2020), no findings were reported in either internal control over financial reporting or internal control and compliance for major programs. Accordingly, the District received unmodified (clean) opinions related to the financial statements as well as compliance for major programs.

The Poudre School District Audit Committee, established in accordance with Board Policy DIEA, assists the Board of Education in its financial oversight responsibilities. This committee oversees independent, external audits of the District's financial statements, providing an open avenue of communication between the external auditor,

the BOE and the Superintendent; reviews District practices and procedures; recommends auditor selection; presents annually to the BOE; and performs many other duties and responsibilities as described in the PSD Audit Committee Charter.

Based on the evidence, the District has met the expectations outlined in Executive Limitation (EL) 2.6.5.

Policy Wording:

Among other things, the Superintendent shall not:

- 6. Invest or hold operating capital in insecure instruments, accounts with ineligible institutions and/or prohibited investments according to state law, or in non-interest-bearing accounts except where necessary to facilitate ease in operational transactions.*

Interpretation:

The District interprets *invest or hold operating capital* to mean to commit money or other assets in order to gain a financial return or maintain resources which are available to support the operations of the District.

The District interprets *in insecure instruments, accounts with ineligible institutions and/or prohibited investments according to state law*, to mean in disallowed establishments and/or disallowed options for generating income or appreciating in value in the future according to Colorado statutes.

The District interprets *in non-interest-bearing accounts except where necessary to facilitate ease in operational transactions* to mean checking accounts which do not earn interest on the money in the account should only be used for essential daily operations.

Evidence:

Poudre School District has developed an investment policy, DFA/DFAA Revenues from Investments/Use of Surplus Funds, which provides specific guidance related to E.L. 2.6.6 and the District's related interpretations. In summary, the District's policy is to invest all District funds not currently needed. These investments are made in accordance with state law in a manner designed to accomplish the following objectives:

1. To ensure that the funds are deposited and invested in accordance with governing law and the Board's direction as set forth in this policy.
2. To ensure the safety of the District's financial assets.

3. To ensure that adequate funds are available at all times to meet the financial obligations of the District when due.
4. To earn a competitive market rate of return from legally permitted investments on funds available for investment throughout the budget cycle, subject to the District's investment risk constraints and cash flow needs.

The District combines cash and investments of unrestricted funds and maintains accountability for each fund's equity in the pooled cash and investments. All funds of the District are eligible for investment and may be combined in an investment instrument except for the Bond Redemption Fund account, which is maintained separately for the annual payment of principal and interest payments on general obligation bonds, and the Building Fund, which is maintained separately for tracking purposes.

During the time period covered in this Monitoring Report, temporarily idle cash was invested in two governmental investment pools, a money market fund, or specific securities acquired through Chandler Asset Management, the District's investment advisory firm. These secure investments were managed to allow the District to meet cash flow needs for payroll and vendor payments on a timely basis. The District also utilized a sweep account for its daily operations. At the end of each business day, excess funds were transferred or swept into an interest-bearing investment account.

Additionally, the District included required investment disclosure information in its Comprehensive Annual Financial Report.

Based on the evidence discussed the District has met the expectations outlined in Executive Limitation (EL) 2.6.6.

Policy Wording:

Among other things, the Superintendent shall not:

7. *Endanger the District's public image or credibility, particularly in ways that would hinder its accomplishment of District Ends.*

Interpretation:

The District interprets *endanger the District's public image or credibility* to mean jeopardizing the positive reputation, positive public opinion, and community trust of the District by protecting District assets.

The District interprets *particularly in ways that would hinder its accomplishment of District Ends* to mean the District's utilization of its assets should enhance and not

impede the achievement of the board's desired outcomes.

Evidence:

The District maintains reserves for unforeseen contingencies and appropriately classifies the reserves in order to understand what resources are restricted, committed, assigned or unassigned at the end of the fiscal year. The unassigned reserve as of June 30, 2020 contains a 2.0% contingency reserve established by the Board and an additional 3.2% in residual unassigned reserve. As of the January 2021 Revised Budget, unassigned reserves are budgeted and anticipated to be approximately 3.5%, which is in compliance with policy DBAA – General Fund Balances.

The District also maintains restricted TABOR reserves in the amount of 3% of governmental spending. The current budgeted TABOR reserve is \$9.8m (3% of all governmental expenditures plus a reserve for multi-year obligations). Use of TABOR is not voluntarily available and any spending during the fiscal year, but must be replenished by the end of the same fiscal year. If TABOR is included in funds available for contingencies, the District currently maintains ~\$26.3m in reserve (8.7%) for contingencies.

Committed reserves include reserves sufficient to cover July compensation that has been earned but not yet paid. Assigned reserves include various reserves such as reserves for carryover budgets.

As required by law, the District is subject to an annual financial statement audit performed by licensed certified public accountants appointed by the Board. During the last completed audit (the fiscal year ended June 30, 2020), the District received an unmodified (clean) opinion.

As evidenced in other sections of this report, the District has taken adequate measures to enhance its public image and credibility related to assets by ensuring facilities and equipment are not subjected to improper wear and tear or insufficient maintenance. In November 2016, PSD voters approved a bond issue that provides financial resources for continued infrastructure improvements and new school facilities.

Also evidenced in other sections of the report, Poudre School District's Audit Committee assists the Board of Education in its financial oversight responsibilities.

Based on the evidence, the District has met the expectations outlined in Executive Limitation (EL) 2.6.7.

Policy Wording:

Among other things, the Superintendent shall not:

8. Fail to insure against theft and casualty losses to at least 80% replacement value

and against liability losses to Board members, staff and the District itself in an amount greater than the average for comparable organizations.

Interpretation:

The District interprets this to mean it will purchase an insurance policy or policies to cover at least 80% of the cost to replace property losses due to theft or casualty and liability losses to Board members, staff and the District in an amount greater than the average for Colorado school districts of similar size.

Evidence:

The District is insured through CSDSIP for property, school entity liability and automobile liability. CSDSIP's Book of Business covered approximately 88% of Colorado school districts in 2018-2019 (154 school districts and 17 BOCES). In 2019-2020, this number dropped to 78% of Colorado School Districts (140 school districts and 18 BOCES) due the fact that many smaller districts on the western slope left CSDSIP when the property rates increased significantly. However, membership still included the following school districts: Boulder Valley, Cherry Creek, Thompson, St. Vrain Valley, Pueblo, Denver, Douglas County, and Adams 12. Therefore, they offer a reasonable benchmark of comparable organizations.

Property Insurance

CSDSIP's property coverage form provides for 100% replacement value of its members' property with a combined per occurrence limit for all of its members of \$1 billion. CSDSIP utilizes industry software to determine the replacement value of its members' property and has determined that a reasonable estimate of the contents within a school site is 15% of the building value. Since much of the equipment at the administration offices would be covered under the Inland Marine policy, the content value of these buildings under the property coverage is estimated at 10%. The District believes this to be a fair representation of the content value of these facilities. Based on these estimates, the District's per occurrence limit on the 2018-2019 property policy was \$847,830,050 and \$890,123,753 on the 2019-2020 policy. The District increased the Property deductible from \$100,000 to \$150,000 per occurrence for the 2018-2019 policy period.

School Entity Liability Insurance

The CGIA provides immunity for governmental entities in Colorado, including school districts. While there are waivers to immunity, the limits of liability in 2018-2019 and 2019-2020 were \$387,000 per individual with a cap of \$1,093,000 per occurrence. In addition, the CGIA does not provide protection for claims made outside Colorado, including those made in federal court such as claims of discrimination, sexual harassment, and Title IX claims. For these reasons, the District carried a per occurrence limit of \$10,000,000 and with a \$10,000,000 aggregate limit on the 2018-2019 on the school entity liability policy, a combined form that provides general

liability, employment practices liability, and errors & omissions coverage. In 2019-2020 the District increased the aggregate limit to \$15,000,000. The District's deductible on this policy is \$150,000 per occurrence. The deductible applies to liability coverage only. The policy provides first dollar coverage for defense.

In 2018-2019, seven other CSDSIP member school districts carried the same limits of \$10,000,000 per occurrence/\$10,000,000 aggregate and four districts carried limits of \$5,000,000 per occurrence/\$10,000,000 aggregate. All other CSDSIP members carried lower limits. In 2019-2020, eight other CSDSIP member school districts carried the same limits of \$10,000,000 per occurrence/\$15,000,000 aggregate and 14 districts carried limits of \$5,000,000 per occurrence/\$15,000,000 aggregate. All other CSDSIP members carried lower limits.

Automobile Liability Insurance

Many District groups travel in vehicles owned or leased by the District in other states where it is uncertain whether governmental immunity would apply. Therefore, the District's automobile liability limit is \$5,000,000 per accident with a \$10,000 deductible. In 2018-2019, nine other CSDSIP members carried a limit of \$5,000,000, while two members carried a limit of \$10,000,000. In 2019-2020, eleven other CSDSIP members carried a limit of \$5,000,000, while two members carried a limit of \$10,000,000. Most members carried a limit of \$2,000,000 in both policy years.

Cyber Insurance

In 2018-2019 the District increased its Network Security & Privacy Liability limits from \$1,000,000 to \$3,000,000 and carried the same limits in 2019-2020. Coverage included:

- Network Security Liability: coverage due to unauthorized access, theft of or destruction of data, and ID theft.
- Privacy 3rd Party Liability: coverage for theft, loss or unauthorized disclosure of personally identifiable information or other 3rd party confidential information.
- Privacy 1st Party Protections: coverage for costs to comply with notification requirements of data breach laws, credit monitoring for affected parties, computer forensics, and public relations/crisis management.

In addition, CSDSIP provides Cyber Enterprise coverage at no additional cost. This policy has a \$1,000,000 limit and is excess to the policy described above.

Other Liability Insurance

The District insures against other liability losses. In addition to the Crime coverage described in response to EL2.6.1, the District purchases fiduciary and foreign liability policies. The fiduciary liability policy provides coverage for claims arising from a breach of the responsibilities or duties imposed on a benefits administrator, or a negligent act, error, or omission of the administrator. In 2018-2019 and 2019-2020, the limit on the District's fiduciary liability policy was \$2,000,000. The CSDSIP School Entity Liability

policy only provides coverage in the U.S., its territories and possessions, Puerto Rico, and Canada. Because the District sponsors several international student field trips, it purchases a foreign liability policy that provides general liability coverage outside the U.S. In 2018-2019 and 2019-2020, the limits on this policy were \$1,000,000 per occurrence with an annual aggregate of \$5,000,000.

Since the District insures against theft and casualty losses at 100%, and along with seven other districts in 2018-2019 and eight other districts in 2019-2020, general liability losses in amounts greater than all other CSDSIP member school districts, the District has met the expectations outlined in EL2.6.8.

Policy Wording: *Among other things, the Superintendent shall not:*

9. *Fail to protect intellectual property, personal property and fixed assets owned by the District from loss or significant damage.*

Interpretation:

The district interprets *protect* to mean providing safeguards against loss, damage or theft.

The district interprets *intellectual property* to mean the original documents, software, or products created by PSD staff and stored on PSD core systems.

The district interprets *personal property owned by the district* to mean movable assets with a value over \$5,000.

The district interprets *fixed assets* to mean physical property owned by the district with a value over \$5,000.

The district interprets *loss or significant damage* to mean the need for repair to or replacement of an asset that is beyond usual maintenance of that asset.

Evidence:

The Information Technology Department exercises a continuous improvement model for the process and procedures related to backup and protection of records, data and other information developed, stored and archived by PSD employees on PSD core systems.

While the District's disaster recovery and business continuity strategy continues to mature, the key is strict adherence to rigorous backup schedules for core systems (financial, employee, student data and storage), cloud storage of those backups for increased access and restoration ability, and redundant virtualized server platforms designed for rapid recovery of both data and services. In turn, this ensures minimal

loss of data and/or services. Core system data is being replicated to our secondary data center, located across town in a District owned facility, following well-defined daily, weekly and annual backups routine. This secondary data center site's moveable and fixed assets are located in a secure environment with access controlled by PSD's security card access system.

The district practices industry standard network and computer security, intrusion detection, virus protection, and system monitoring on all technology infrastructure components, servers, storage, mobile and desktop computers. The district security includes firewall protection, web filtering, and security systems which include malware scanning (including, but not limited to, adware, spyware, viruses, worms and rootkits). All technology systems are updated on a regular basis via combined automated and manual processes as part of a series of standard district IT operational functions. Systems are routinely checked for security hardness, configuration, and monitored for malicious attacks around-the-clock.

The IT team has substantially improved the device management environment, which includes security and software updates of 34,000+ desktop and laptop devices distributed across the district, so that each device receives the highest level of security components, access rights and software in an efficient and timely manner. This effort continues to improve the consistency, performance and sustainability in providing a 21st century learning environment while reducing vulnerabilities that originate from the presence of aging, non-standard and non-supported equipment. In addition, all technology assets are inventoried and tracked annually – regardless of asset value – to minimize unnoticed physical loss or damage. Key systems and services, such as the primary and secondary data centers, are maintained in secure, monitored locations – as are the primary IT staff work areas. Failover, redundant, and resilient architecture is utilized at all levels where deemed appropriate and feasible to implement to ensure minimal interruption of service and system availability throughout the calendar year.

The IT administrative team, in collaboration with the Superintendent and Cabinet, continues to define, facilitate and manage role-based security in a wide variety of applications and software services so that staff, students and other PSD stakeholders are limited to strict, but appropriate, levels of information and data access. The continual escalation of need to ensure data privacy and information security in today's world – in accordance with Federal, State and local regulations – drives the requirement for a dynamic review and adjustment to access permissions, guidelines, and protocols.

Based on the evidence discussed, the district has met the expectations outlined in Executive Limitation (EL) 2.6.9.

Policy Wording:

Among other things, the Superintendent shall not:

10. *Make or authorize any District purchase, contract or other financial obligation of \$250,000 or more without prior Board approval.*

Interpretation:

The District interprets *make or authorize any District purchase, contract or other financial obligation* to mean create and/or approve any agreement, renewal of an existing agreement or single procurement of goods or services.

The District interprets *of \$250,000 or more without prior Board approval* to mean the board must pre-approve any commitment and/or expenditure of funds of \$250,000 or more.

Evidence:

Approval by the Board of Education is required for the purchase of goods and/or services, including construction contracts, of \$250,000 or more. To ensure compliance with this requirement and other District policies and procedures related to significant procurement, the District maintains a centralized Strategic Sourcing team that monitors and supports the proper application of procurement policy.

During the period monitored, there have been a few items that warrant highlighting:

- The District made multiple purchases of technology and electrostatic sprayers as “emergency purchases” defined in policy. On July 2, 2020, the Superintendent informed the Board by email that certain high priority purchases would likely need to be made as the District prepared learning environments including hybrid, remote, and in-person because of the COVID-19 pandemic. These items were obtained by Strategic Sourcing and were then reported to the Board as required by policy on August 25, 2020 as emergency purchases.
- During the renewal of the Employee Health and Wellness Clinic agreement, it was noted that the prior determination of this being sole source service had not been revisited recently and may have been stale. The District issued an intent to sole source on March 23, 2021, asking for any qualified vendors having similar capabilities to submit a statement of capabilities. The intent to sole source posting closed on March 30, 2021 at which time no vendors indicated they had the capability to offer a similar program. The formally conducted intent to sole source is good for a 5-year period.

The District reviewed all purchases in excess of \$250,000 made during the period monitored and noted all purchases were authorized by the Board. These purchases primarily consisted of new buildings and major renovations supported by the 2016 bond and technology.

Based on the evidence, the District has met the expectations outlined in Executive Limitation (EL) 2.6.10.

Policy Wording:

Among other things, the Superintendent shall not:

11. *Fail to take reasonable steps to protect records, data and other information the District is required to maintain from destruction, theft, loss and corruption.*

Interpretation:

The district interprets *protect* to mean providing safeguards against loss, damage or theft.

The district interprets *records, data or other information* to mean, but is not limited to, electronic records, paper documents, maps, diagrams, drawings, and other finished property or products created by PSD staff and maintained on PSD core systems.

The district interprets *destruction, theft, loss and corruption* to mean the permanent and irreplaceable loss of records, data and other information.

Evidence:

All physical forms of active student information records are stored at their current school of enrollment and controlled by the PSD office personnel there. All current business documents are stored within their respective PSD departments. All inactive physical student records and historical business records are retained at the Records Center per Poudre School District Policy EHB – Records Retention. Procedures are in place to restrict access to electronic and non-electronic data information and is limited to direct access by Records Center personnel only.

The Information Technology Department exercises a continuous improvement model for the process and procedures related to backup and protection of records, data and other information developed, stored and archived by PSD employees on PSD core systems.

While the District's disaster recovery and business continuity strategy continues to mature, the key is strict adherence to rigorous backup schedules for core systems (financial, employee, student data and storage), secure cloud storage, and redundant virtualized server platforms designed for rapid recovery of both data and services. In turn, this ensures minimal loss of data and/or services. Core system data is being replicated to our secondary data center, located in a crosstown high school facility, following well-defined daily, weekly and annual backups routine. This secondary data

center site's moveable and fixed assets are located in a secure environment with access controlled by PSD's security card access system. Backups for school file servers are kept and maintained at each individual school site.

Based on the evidence, the District has met the expectations outlined in Executive Limitation (EL) 2.6.11.

Policy Wording:

Among other things, the Superintendent shall not:

12. *Fail to take reasonable steps to protect the confidentiality of District records, data and other information in accordance with governing law.*

Interpretation:

The district interprets *ensure the confidentiality* to mean providing safeguards against loss, exposure or theft through the effective use of physical, virtual, regulatory, and process controls.

The district interprets *records, data and other information* to mean the original electronic records, documents, and databases maintained in core PSD systems, physical records, and other information provided by and/or related to PSD staff, students, parents, and other stakeholders.

Evidence:

Outside of District policy "EHB – Records Retention," and compliance with EL 2.6.11, the district also practices industry standard network and computer security, intrusion detection, virus protection, and system monitoring of all technology infrastructure components of PSD's core systems - including servers, storage, mobile and desktop computers, and software applications. The district security efforts also include ongoing firewall protection, web filtering, and security systems which focus upon malware scanning (including, but not limited to, adware, spyware, viruses, worms and rootkits). All technology systems are updated on a regular basis within the standardized district IT operational functions. Finally, systems are routinely checked for security hardness, configuration, and monitored for malicious attacks around-the-clock.

The IT administrative team, in collaboration with the Superintendent and Cabinet, continues to define, facilitate and manage role-based security in a wide variety of applications and software services so that staff, students and other PSD stakeholders are limited to strict, but appropriate, levels of information and data access. Role-based security limits users to only that information that relates to a user's direct assignment, and prevents broad, unfettered access to staff, student and financial information that is not required as a part of their PSD assignment. The continual escalation of need to

ensure data privacy and information security in today's world – in accordance with Federal, State and local regulations – drives the requirement for a dynamic review and adjustment to access permissions, guidelines, and protocols. New for this year are a group of PSD IT Administrative Guidelines being developed for process guidance in determining specific access needed for specific roles, documenting approvals, and a periodic audit of those permissions (annual for most).

For calendar year 2021, the IT Department is also planning for an external security and vulnerability assessment.

The nature of information security is such that we have adopted the spirit and practice of continuous improvement to try to drive opportunities to improve, escalating critical data issues to be addressed immediately.

Based on the evidence, the District has met the expectations outlined in Executive Limitation (EL) 2.6.12 to the best of our ability.