

## Internal Monitoring Report April 22, 2025

Policy Title: Asset Protection  
Policy Type: Executive Limitation  
Policy No.: EL 2.6  
Period Monitored: April 2024 – April 2025

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.

Brian Kingsley  
Superintendent of Schools

April 22, 2025

## **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.
- 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 District practices industry standards in reference to network, computer and records security with 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.

**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:

1. any natural person:
  - a. while in the Insured's service or for 60 days after termination of service, unless such termination is due to Theft or Forgery or any other dishonest act committed by the Employee;
  - b. who the Insured compensates directly by salary, wages or commissions; and
  - c. who the Insured has the right to direct and control while performing services for the Insured;
2. any natural person who is temporarily furnished to the Insured:
  - a. to substitute for an Employee as set forth in paragraph 1. above, who is on medical, military or other leave of absence; or
  - b. to meet seasonal or short-term workload conditions; while that person is subject to the Insured's direction and control and performing services for the Insured; provided, any such natural person who has care and custody of property outside the Premises is specifically excluded from this definition;
3. any natural person, other than a temporary Employee described in paragraph 2. Above, who is leased to the Insured under a written agreement between the

Insured and a labor leasing firm, while that person is subject to the Insured's direction and control and performing services for the Insured;

4. any natural person:

a. 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 Insured's elected or appointed committees, including any member of such committee, to perform on the Insured's behalf, specific, as distinguished from general, directorial acts;

b. who is a non-compensated officer; the Insured that are usual to the duties of an Employee or officer; campaigns;

c. 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 Insured's direction and control and performing services for the Insured;

d. who is a guest student or intern pursuing studies or duties in any of the Insured's offices or Premises, while such person is subject to the Insured's direction and control and performing services for the Insured; and any student enrolled in a school under the jurisdiction of the Insured, while the student is handling or has possession of Money, Securities, or Other Property in connection with sanctioned student activities;

e. who is a volunteer, while such person is subject to the District's direction and control and is performing services for the District.

5. any attorney retained by the Insured, and any employee of such attorney, while performing legal services for the Insured.

Employee also means any individual described in paragraphs 1-5 above while such person is on medical, military, or other leave of absence from the Insured. Coverage applies to any such Employee while on leave, regardless of whether such person remains subject to the Insured's direction and control during the time of leave.

Employee does not mean any agent, broker, factor, commission merchant, consignee, independent contractor or representative or other person of the same general character not specified in paragraphs 1. through 5. above.

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:**

The District is incredibly thankful and honored that voters in Poudre School District approved a debt-free mill levy override that will collect \$49 million annually, increasing by the rate of inflation each year, in perpetuity to maintain and improve schools and facilities to ensure secure, healthy and comprehensive learning environments by replacing outdated electrical, plumbing and HVAC systems and addressing repairs and renovations to extend the useful life of buildings

the Debt-Free Mill Levy will support all of the following annually:

- \$22.9 million in facilities maintenance
- \$21.5 million towards existing staffing and maintenance budgets

Per statute, Debt-Free Mill Levy funding is to be used specifically for facilities.

More than 20 facilities projects are to be completed in summer 2025:

- Installation of new roof-top units (RTUs) and air conditioning
- Boiler replacements
- Roofing replacements
- Fire alarm systems
- Building automation systems
- Carpet/flooring projects
- Playground projects

The Debt Free Mill Levy frees up \$21.5 million for the following uses in the District's General Fund:

- \$4 million in small school support and programming
- \$2.5 million in high quality instruction and replacement cycles
- \$15 million in competitive wages for all staff

The Debt free mill levy now supports over 50 existing employees responsible for building and grounds maintenance and over 200 staff responsible for custodial services. Staff knowledge levels range from technician to master level and staff are properly trained in their field in compliance with the rules and regulations determined by governing authorities. These employees adhere to strict maintenance schedules, operating through permits, inspections, and approvals. District maintenance and custodial staff provide emergency coverage on a 24/7 basis to assure any after-hours situations are mitigated quickly with minimal impact to sites and staff.

The District utilizes building automation systems to improve comfort, efficiency, energy consumption, and security within buildings. The systems provide electronic notification 24 hours a day related to normal and abnormal system functions. These notifications allow for timely responses by district staff when issues arise, decreasing the potential for total equipment failure and property damage.

PSD uses ServiceNow software to implement and track preventive maintenance and repair needs for buildings and grounds. The preventive maintenance software also provides a tracking mechanism for compliance with rules and regulations required by federal, state and local agencies. Examples of preventive maintenance compliance requirements include elevator inspections, fire code inspections, bleacher and weight room inspections, stormwater inspections, and playground inspections.

Larimer County Health Department inspects Poudre School District middle and high schools on an annual basis and elementary schools every three years. Inspections identify processes and curriculum activities that could compromise healthy learning environments for students and staff. The District uses the maintenance request system to ensure any deficiencies are corrected.

In 2023 and 2024, Poudre School District participated in a grant program that provided indoor air quality monitoring equipment for 25% of classrooms at all school sites. These monitors track carbon dioxide, volatile organic compounds, temperature, humidity, and particulates. The data from these monitors assists the District in identifying current and future HVAC system needs and building envelope improvements.

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 many liability lawsuits are filed against the District. There are no external benchmarks for comparison, therefore, the District utilizes internal trend data for comparison purposes. Between July 1, 2023, and June 30, 2024, four liability lawsuits were filed against the District. Two of the Complaints were combined into one along with a third Complaint filed in the current fiscal year.

In the preceding five years, a total of four liability lawsuits were filed against the District, all in the 2022-2023 fiscal year. Therefore, four in one year is above average, and equal to the previous fiscal year.

During 2023-2024 fiscal year, the District received one complaint filed with the Equal Employment Opportunity Commission (EEOC) and one filed with the Colorado Civil Right Division (CCRD). The EEOC Complaint alleged that the District discriminated against an employee based on their age in violation of the Age Discrimination in Employment Act (ADEA). The Complaint filed with the CCRD alleged that the District discriminated against a student based on their race, color, and sex and for retaliation for engaging in a protected activity. Both matters were resolved without a finding of discrimination on the part of the District.

In addition, the District received a Notice of Right to Sue on August 19, 2024, regarding a Complaint filed with the EEOC on December 10, 2023. The District never received the original Complaint as it was directed to a former employee's email account. The Complaint alleged that the District discriminated against a former coach based on their age in violation of the Age Discrimination in Employment Act (ADEA). The Complainant's deadline to file a lawsuit was November 17, 2024. Therefore, this matter is resolved.

**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 both on and off District property. Between July 1, 2023, and June 30, 2024, 457 student injuries/incidents were reported by schools to the risk management department. With 29,914 enrolled students (pre-K through 12th grade), there was approximately one accident per every 65.5 students.



There are no external benchmarks for comparison, therefore, the District utilizes internal trend data for comparison purposes. The 2020-2021 and 2019-2020 school years are not indicative of trends because, due to remote learning, students were not in District buildings and participating in in-person activities. In 2021-2022, the first full year students were back to in-person learning, there was approximately one incident per every 83 students and in 2022-2023 there was approximately one accident per every 66 students. Therefore, the number of incidents in the 2023-2024 year is approximately 27% higher compared to the 2021-2022 school year and flat compared to the 2022-2023 school year.

Of the 457 reported accidents/incidents in 2023-2024, four resulted in claims filed with the District's insurance provider. The insurance provider denied three of the claims and paid \$5,500 for the fourth. The District has received Notices of Claim for two of the claims that were denied. A Notice of Claim is not a lawsuit itself, but rather is a notice that must be given under the Colorado Governmental Immunity Act before a lawsuit alleging state law tort claims can be filed.

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:**

District Policy GBEA – Staff Ethics/Conflict addresses rules and responsibilities for all employees related to conflict of interest. The District utilizes a third-party vendor management platform to streamline and secure the vendor onboarding process. As part of the onboarding screening, all vendors are asked to disclose any relationships that may represent a potential conflict of interest. Prior to establishment as a vendor in the financial system, potential conflict of interest situations are vetted by Finance Department staff and/or Legal Counsel. If a conflict of interest is identified, the vendor will not be approved.

For competitive purchasing, District policy DJB – Purchasing Procedures mandates competition for all purchases of \$5,000 or more, unless specifically exempted by the policy. Final vendor selection is made in consideration of ability to meet the established specifications, cost, quality, and overall best value to the District. Written documentation is maintained to support the decision.

In addition to the procurement thresholds for vendor selection, anytime a contract or terms or conditions are associated with a purchase, the contract or terms and conditions are reviewed, prior to the purchase, to ensure the District is adequately protected from risk regardless of price.

The Strategic Sourcing and Contracting team in the Finance Department continues to educate and collaborate with schools and departments to ensure purchases are made in alignment with policy and applicable guidelines. The number of after-the-fact purchase orders and contracts (i.e. unauthorized purchases) continues to improve year over year. As purchasing compliance improves, staff can focus on proactive work to create efficiencies and leverage purchasing power to create cost savings. Specifically, there is an opportunity to maximize value and create efficiencies related to evaluating purchases from a larger, District-wide lens, or cumulative perspective.

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 sufficient 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 internal controls established by the Finance Department align with the standards set by GASB, which require transparency, accuracy, and accountability in financial reporting. GAAP principles emphasize the importance of reliable internal controls to ensure the integrity of financial data. By adhering to these principles, the District ensures that its financial statements accurately reflect its financial position, fostering compliance and stakeholder trust. At the core of the internal control process over receiving, processing, and disbursing funds is the segregation of duties which ensures that no single individual has control over all aspects of a single transaction.

*Receiving and Processing Funds* - The District receives funding from a variety of Federal, state, and local sources. These funds are collected through multiple channels including electronic funds transfers, checks, credit cards, and cash. Bank account reconciliations are performed monthly by an accountant and reviewed by a manager.

Electronic funds transfers are posted directly to a District bank account. The District's most significant revenue sources, such as state equalization, property taxes, and most grants are received through electronic funds transfers. Daily, an accountant records the revenue received through electronic funds transfers as a cash receipt in the District's financial system, ensuring funds received were appropriate and accurate. All cash receipt transactions are accompanied by necessary source documentation and sent to a second individual for review and approval prior to posting to the accounting records.

The District utilizes an online payment platform that allows users to pay for various school-related goods and activities using their checking account or credit card. Funds processed online are deposited directly into a District bank account. The platform also serves as a cash register for school-based cash and check transactions. Individuals processing cash and check transactions are trained to restrictively endorse checks immediately upon receipt to prevent unauthorized use. Cash and check totals are reconciled to platform reports. Cash is then placed in a secure safe to be picked up by an armored transport service for

delivery to the bank. All schools have been supplied with a check capture machine, allowing them to scan the checks and directly transmit them to the bank. The platform is integrated with the financial system to ensure the transactions are properly recorded.

Checks received by the Finance department in the mail are processed as a cash receipt directly in the financial system and the corresponding check is transmitted to the bank using a check capture machine. Minimal cash is received by the Finance department, however, in the event a cash payment is made, the customer is issued a receipt, and a cash receipt is processed directly in the financial system. All cash receipt transactions are accompanied by necessary source documentation and send to a second individual for review and approval prior to posting to the accounting records.

*Disbursing Funds* – Funds are disbursed for various expenditures, such as salaries and wages, supplies, and services. Authorized methods of disbursing funds include District purchasing cards, checks, and electronic funds transfers.

Disbursements of salaries and related benefits are processed by the Payroll team within the Finance Department. Access to payroll records and systems are limited to authorized staff members. All payroll transactions must be authorized by Human Resources or the appropriate manager or supervisor before payment. Prior to processing, an independent individual reviews reports to identify anomalies or errors in payroll transactions. A dedicated payroll bank account is used and reconciled monthly by an accountant who is not involved in the day-to-day payroll process. Generally, net pay is distributed through an electronic funds transfer directly to the employee's bank account based on banking information received directly from the employee through a secure, self-service portal. Related benefits are processed by the Payroll team based on the established election and deduction criteria and transmitted in the financial system to the Accounts Payable team in the Finance Department for final processing and payment.

For all other disbursements, District policy DJA – Purchasing Authority establishes who can authorize disbursements. All disbursements of \$5,000 or more require additional approvals ranging from Strategic Sourcing and Contracting to the Board of Education, depending on the dollar amount.

P-cards can be utilized by authorized individuals for purchases under \$5,000. Transaction limits and monthly spending limits are set on p-cards to control the amount spent and prevent excessive or unauthorized purchases. In addition, cards are set to decline if used at merchants that fall under specific high-risk merchant categories. Prior to issuance all p-card users are trained on proper usage and procedures to help ensure that employees understand their responsibilities and the importance of adhering to internal controls. Regular reconciliations or p-card transactions is required to ensure all transactions are properly documented and accurately recorded and discrepancies are promptly investigated.

All disbursements of \$5,000 or more require additional approvals ranging from Strategic Sourcing and Contracting team in the Finance Department, to the Board of Education, depending on the dollar amount. Payments for these transactions are processed by the

Accounts Payable team. A three-way match, which involves verifying that the details on the purchase order, receiving report, and invoice all align is required prior to payment. This process helps prevent errors, fraud, and overpayments, ensuring the District only pays for goods and services that were actually ordered and received. The District utilizes a third-party vendor management platform to collect and verify vendor remittance information. Additionally, the platform provides continuous monitoring, provides sanctions checks and facilitates secure, indemnified payment processing for electronic funds transfers.

The District's Board-appointed external audit firm, CliftonLarsonAllen LLP, conducted their audit for the 2024 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 most recent audit were published in the District's 2024 fiscal year Annual Comprehensive Financial Report (ACFR) and Single Audit Report. These documents were provided to the Board for approval at the December 10, 2024 meeting. Included in the ACFR and Single Audit Report were the external auditors' required communications and reports based on the standards followed. No findings were reported in either internal control over financial reporting or internal control and compliance for major federal grant programs. Accordingly, the District received unmodified (clean) opinions related to the financial statements and compliance for major federal grant 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.

To maximize investment earnings, cash of eligible funds are pooled and transferred, or swept, into an interest-bearing money market account at the end of each day. Accountability for each fund's equity in pooled cash is maintained in the general ledger. Cash in all funds, except the Bond Redemption Fund, is eligible to be pooled. Cash in the Bond Redemption Fund is maintained separately for the annual payment of principal and interest payments on general obligation bonds.

In addition to the use of an interest-bearing money market account, proceeds from the issuance of bonds, reported in the Capital Projects Fund, that are not needed to liquidate current obligations are invested in two separate local government investment pools.

The District's Annual Comprehensive Financial Report includes required disclosures for cash and investments.

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:**

During the 2022–23 school year, PSD contracted with McKinstry Essention LLC, an independent third party, to conduct a thorough analysis of the district's buildings and systems. This analysis included the creation of a comprehensive Facility Condition Assessment (FCA), a feasibility study on the potential installation of solar energy options in schools, a feasibility study on the potential installation of air conditioning in schools, and a retro-commissioning study.

The findings from these studies were shared publicly on the district's website, at community events, and during PSD Board of Education meetings throughout the 2023–24 school year. This information was critical to the success of the November 2024 Debt-Free Mill Levy Override (MLO), which was supported by 57% of voters. The Debt-Free MLO is being used to fund and guide long-term planning related to the maintenance of our facilities. Having a dedicated revenue source for maintenance and operations helps ensure we provide the facilities our students, staff, and community expect.

The district is also implementing a ticketing and asset management system, where the FCA asset information will be housed and maintained.

The district is launching two new committees to support transparency and strategic planning for District assets:

- 2024 Debt-Free Mill Levy Oversight Committee – This committee is responsible for becoming familiar with the 2024 Debt-Free Mill Levy program and for monitoring its implementation, including ensuring that expenditures align with the ballot language approved by voters.
- PSD Comprehensive Planning Committee – This standing committee has been established to support the district's long-range facilities planning efforts. It will



continually monitor and evaluate facility utilization, boundaries, and the potential need for new school facilities or large-scale renovations in the future.

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 the Colorado School Districts Self Insurance Pool (CSDSIP) for property, school entity liability, and automobile liability. CSDSIP's Book of Business covered approximately 75% of Colorado school districts in 2023- 2024 (135 school districts, 11 charter schools, and 18 BOCES). Membership included the following school districts: Boulder Valley, Cherry Creek, Thompson, St. Vrain Valley, Pueblo, 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 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 2023-2024 property policy was the maximum limit of \$1,000,000,000. The District carries a \$150,000 deductible per occurrence on the property policy.

### 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 from July 1, 2023, through June 30, 2024, were \$424,000 per individual with a cap of \$1,195,000 per occurrence.

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 this reason, the District carried a per occurrence limit of \$10,000,000 on the 2023-2024 school entity liability (SEL) policy, a combined form that provides general liability, employment practices liability, and errors & omissions coverage. CSDSIP provides all members with a \$15,000,000 aggregate limit under its SEL coverage. The District's deductible on this policy is \$150,000 per occurrence. The deductible applies to liability coverage only as the policy provides first dollar coverage for defense.

In 2023-2024, 15 other CSDSIP member school districts carried the same per occurrence limit of \$10,000,000 and 18 districts carried a per occurrence limit of \$5,000,000. All other CSDSIP members carried per occurrence limits between \$2,000,000 and \$4,000,000.

### Automobile Liability Insurance

Many District groups travel in vehicles owned or leased by the District in states other than Colorado, where it is uncertain whether governmental immunity would apply. Therefore,

the District carried a limit of \$5,000,000 per accident on its automobile liability policy. This policy has a \$10,000 deductible. In 2023-2024, twelve other CSDSIP members carried a limit of \$5,000,000, while three members carried a limit of \$10,000,000. All other members carried limits between \$2,000,000 and \$4,000,000.

#### Network Security & Privacy Liability Insurance

The market for Network Security & Privacy Liability Insurance loosened a bit, and the District was able to maintain its aggregate limit of \$5,000,000 in 2023-2024. The rate per \$1,000 of revenue decreased by 16% with an overall premium increase of 10% due to the 30% reported increase in total revenue. 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

In addition to the Crime coverage described in response to EL2.6.1 and the coverages described in this section, 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 2023-2024, the limit on the District's fiduciary liability policy was \$3,000,000. 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.

Since the District insures against theft and casualty losses at 100%, and along with thirteen other districts in 2023-2024, general liability losses in amounts greater than or equal to 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 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, but is not limited to, 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 and scheduled basis via combined automated and manual processes as part of a series of standard district IT operational functions. Systems are routinely checked and actively scanned for security vulnerabilities and configuration adjustments and are monitored for malicious attacks around-the-clock.

The IT team works to continually improve the device management environment, which includes security and software updates of 49,000+ desktop and laptop devices distributed across the district, so that each device receives the highest level security components, appropriate access rights, and secure software in an efficient and timely manner. All

technology assets are inventoried and tracked to minimize 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 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.

There were 100 purchase orders issued for \$250,000 or more during the period monitored; all purchases were authorized by the Board.

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.

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 based on current best practices, 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 District- owned facility, following well-defined daily, weekly, and annual backup routines. 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, laptop and desktop computers, and software applications. The district security efforts also include ongoing firewall protection, web filtering, and security systems, which focus on 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 district's online records request system includes a nine-question identity verification check. If an individual fails to complete the check or misses more than three questions, a government-issued photo ID is required before any records are released. Upon receiving a Release of Information, staff verify that the parent or eligible student provided the approval. The IT administrative team and Records Manager, 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. Procedures are followed in determining specific access needed for specific roles, documenting approvals, and a periodic audit of those permissions (annual for most).

The IT Department regularly performs external and internal security and vulnerability assessments. 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.