



SACRAMENTO CITY UNIFIED SCHOOL DISTRICT BOARD OF EDUCATION

Agenda Item# 9.6

Meeting Date: July 21, 2011

Subject: Coherent Governance Operational Expectations (OE) Policy 7 –
Asset Protection

- Information Item Only
- Approval on Consent Agenda
- Conference (for discussion only)
- Conference/First Reading (Action Anticipated: _____)
- Conference/Action
- Action
- Public Hearing

Segment/Department: Office of the Superintendent

Recommendation:

Approve reasonable interpretation of Operational Expectations 7.

Background/Rationale:

On May 20, 2010, the Board passed coherent governance, Board Governing Policies that establish and govern the Board's culture and its relationship with the Superintendent. As part of this model, the Superintendent and staff will make regular presentations regarding predetermined desired Results of various aspects of district administration. A work plan/schedule for these presentations has been developed by staff to ensure a thorough and detailed process. This presentation is regarding "Asset Protection."

Financial Considerations: None

Documents Attached:

1. Operational Expectations 7 – Asset Protection

<p>Estimated Time of Presentation: 5 minutes Submitted by: Jonathan P. Raymond, Superintendent Approved by: N/A</p>
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Sacramento City Unified School District

OE-7: Asset Protection

July 21, 2011

I certify that the information in this report is true.

Signed: _____ Date: _____
Jonathan P. Raymond, Superintendent

Disposition of the Board

Date for Monitoring: August, 2012

- Compliance
- Not in compliance
- Compliance with Exception

Signed: _____ Date: _____
Gustavo Arroyo, Board President

Comments:

OE-7: Asset Protection	Superintendent		Board of Education	
	In Compliance	Not in Compliance	In Compliance	Not in Compliance
<i>The Superintendent will assure that all organizational assets are adequately protected, properly maintained, appropriately used and not placed at undue risk.</i>				

- BP and AR 3514: Environmental Safety**
- BP and AR 3514.1: Hazardous Substances**
- AR 3515: Campus Security**
- BP and AR 3515.3: District Safety and Security**
- BP and AR 3530: Risk Management - Insurance**
- BP 7111: Evaluating Existing Buildings**

Interpretation:

I interpret this to mean that assets – physical, intellectual and financial – shall be protected from loss or damage through adequate security, controls and preventive maintenance. Additionally, sufficient indemnity protection will be maintained so that assets are protected in such a manner that the district’s financial position, legal position and public image are not susceptible to damage.

OE-7.1	Superintendent		Board of Education	
<i>The Superintendent will: Maintain adequate property and casualty insurance coverage on district property consistent with industry standards.</i>	In Compliance	Not in Compliance	In Compliance	Not in Compliance

BP 3530: Risk Management -- Insurance

Interpretation:

I interpret this to mean that the district will purchase insurance, or will have adequate resources and legal mechanisms in place to self-insure, to replace or repair insured buildings and their contents in the event they are damaged or destroyed. The coverage will provide for 100 percent of current replacement values, less deductibles, to minimize the financial impact to the district's operating budget

Indicators for Compliance:

- Indemnity protection policies in place providing all-risk property coverage equal to 100 percent replacement value subject to a basic deductible of \$25,000 per covered occurrence; other deductibles apply to the specific perils and losses
- Boiler and machinery coverage is included to a \$25,000 per occurrence deductible except for designated losses and perils

OE-7.2	Superintendent		Board of Education	
<i>The Superintendent will: Maintain both Errors and Omissions and Comprehensive General Liability insurance coverage protecting Board members, staff and the district itself in an amount that is reasonable for school districts of comparable size and character.</i>	In Compliance	Not in Compliance	In Compliance	Not in Compliance

BP 3530: Risk Management -- Insurance

Interpretation:

I interpret this to mean that the district will purchase and maintain adequate indemnity protection coverage that will defend and indemnify all Board members, staff and the district itself against the risk of financial loss resulting from third-party legal action or challenge. Additionally, the district will maintain indemnity protection to protect the district from claims from employees. The district will also maintain appropriate Workers' Compensation coverage to satisfy state statutory requirements and address the fiscal liabilities arising from workplace injuries and illness. The amounts of coverage under these indemnity agreements will be consistent with and benchmarked against the limits of coverage held by similarly sized school districts located in California and other states throughout the nation. The limit of liability, and the extent of coverage, will also be compliant with California laws and regulations.

Indicators for Compliance:

- Liability and Workers' Compensation Indemnity protection in place which meets or exceeds California law and regulations
- Participation in Schools Insurance Authority Board to monitor loss control and rates

OE-7.3	Superintendent		Board of Education	
<i>The Superintendent will: Assure that all personnel who have access to material amounts of district and school funds are bonded.</i>	In Compliance	Not in Compliance	In Compliance	Not in Compliance

BP 3530: Risk Management -- Insurance

Interpretation:

I interpret this to mean that district will protect itself by providing fidelity and crime coverage applicable to circumstances in which district employees or their agents handle cash or certain types of asset transactions in the performance of the district's operations.

Indicators for Compliance:

- Fidelity bond coverage in place with sufficient limits, subject to a \$5,000 deductible per covered loss

OE-7.4	Superintendent		Board of Education	
<i>The Superintendent will: Protect District owned intellectual property, information, files, records and fixed assets from sale for personal profit, loss or significant damage.</i>	In Compliance	Not in Compliance	In Compliance	Not in Compliance

- BP 0250: Asset Development Policy**
- BP, AR and E 1340: Access to District Records**
- AR 3440: Inventories**
- BP 3530: Risk Management – Insurance**
- BP and AR 3580: District Records**
- BP and AR 4040: Employee Use of Technology**
- E 4119.21: Code of Ethics**
- E 4219.21: Code of Ethics**
- E 4319.21: Code of Ethics**
- BB 9270: Conflict of Interest**

Interpretation:

I interpret this to mean that data and all fixed assets owned by the district will be protected from loss or damage. This responsibility includes the security of personal information and data, and work product. The cost to provide this protection shall be reasonable in accordance with the risk. Intellectual property is defined as property rights created through intellectual and/or discovery efforts of a creator that is generally protectable under patent, trademark or copyright. Fixed assets are tangible property used for the operation of business, such as buildings, machinery, fixtures, furniture and equipment.

Indicators for Compliance:

- Procedures in place to protect paper files
 - All sites that hold employee and student data have card or key access limited to authorized employees.
 - A vault in Administrative Services holds all permanent property records.
 - Paper records are being replaced with electronic records as much as possible.
 - Contract for confidential document destruction is in place and utilized.
- Procedures are in place to protect fixed assets
 - Fire and security alarms are in place for all district buildings and are monitored at all times.
 - Inventory of capital assets is conducted once every two years.
- Procedures are in place to back up and protect electronic files
 - Conduct Information Technology Audits to verify that the security is being strictly followed per district policies and procedures.
 - Security certificates for district applications guarantee a secure computing environment.
 - All electronic intellectual property, information, files and records are stored on a secure internal network. Security to the network is through individual login and password. Any information accessed through our district web portal is accessed via a secure socket layer (encrypted) connection. Internal security levels within all of our systems screen

access on a need-to-know basis. All staff who have access to private and confidential data are fully trained on the data practice laws.

- All electronic records and data are backed up on a nightly basis.
- Reported losses through Information Technology, Police and Risk Management are evaluated and corrective actions taken.

OE-7.5	Superintendent		Board of Education	
<i>The Superintendent may not: Allow facilities and equipment to be subjected to improper use or insufficient maintenance.</i>	In Compliance	Not in Compliance	In Compliance	Not in Compliance

- BP, AR and E 1330: Use of School Facilities***
- AR and E 3512: Equipment***
- BP and AR 7110: Facilities Master Plan***
- BP 7111: Evaluating Existing Buildings***

Interpretation:

I interpret this to mean that the district must ensure that all facilities and equipment of the district (such as buildings, computers, vehicles, boilers and air handling units) are used in a manner for which they were intended by the district and maintained with an appropriate service cycle so that their full life and value are optimized. The district will ensure that sufficient protection and supervision of all facilities and equipment is in place.

Indicators for Compliance:

- Facilities and equipment such as computers, vehicles, boilers, air handling units and portable buildings routinely exceed their expected useful life.
- Maintenance staff, technology staff, Nutrition Services staff and school bus mechanics keep detailed records for maintenance schedules for all equipment.
- Safety and Facilities inspections are completed; deficiencies are identified and corrected.
- Annual Williams Settlement and School Accountability Report Card (SARC) facility inspections reflect “good” or higher ratings.
- Preventative maintenance programs are in place and executed.

OE-7.6	Superintendent		Board of Education	
<i>The Superintendent will not: Recklessly expose the district, the Board or staff to legal liability.</i>	In Compliance	Not in Compliance	In Compliance	Not in Compliance

BP 2000: Concepts and Roles

BP 2120: Superintendent of Schools

Interpretation:

I interpret this to mean that the Superintendent will not knowingly take actions or require others to take actions that are “reckless,” or careless to the point of being heedless of the consequences, and would expose the district, Board members or staff to legal liability. Appropriate steps will be taken to pre-empt unnecessary exposure or liability on behalf of the district, Board members and staff. The district will maintain a system of guidance and processes to protect against legal missteps.

This provision does not mean that when legal challenges arise during the normal course of business that the district is necessarily out of compliance.

Indicators for Compliance:

- Contracts are in place with outside law firms which specialize in particular areas of education law. Firms are consulted as necessary.
- The Superintendent routinely seeks advice from legal counsel in a proactive and intentional manner in order to pre-empt unnecessary legal exposure. In the event of a legal challenge or exposure, the Superintendent seeks advice from legal counsel to appropriately bring resolution to the challenge.
- Any significant legal challenges are discussed with all Cabinet and Board members.
- District procedures such as criminal background checks, harassment training, Right-to-Know training (infectious disease, hazardous wastes and products), Fair Labor Standards Act Training, and Fair and Respectful hiring practices are in place to protect employees, students and the district from harm and legal liability.
- Support staff is in place and routinely consulted (Legal, Risk Management and Human Resources).

OE-7.7	Superintendent		Board of Education	
<i>The Superintendent will not: Invest funds in investments that are not secured or that are not authorized by law.</i>	In Compliance	Not in Compliance	In Compliance	Not in Compliance

BP 3430: Investing

Interpretation:

I interpret this to mean that the Superintendent will not invest district funds into investment vehicles that are deemed to be risky or illegal.

Indicators for Compliance:

- Compliance with Annual Statement of Investment Policy
- Quarterly Report to the Board regarding disclosure of district investments

OE-7.8	Superintendent		Board of Education	
<i>The Superintendent will not: Purchase or sell real estate, including land and buildings.</i>	In Compliance	Not in Compliance	In Compliance	Not in Compliance

**BP and AR 3280: Sale, Lease, Rental of District-Owned Real Property
BP and AR 7150: Site Selections and Development**

Interpretation:

I interpret this to mean that all real estate transactions must have Board approval before being executed.

Indicators for Compliance:

- Approved Board actions are provided to support all real estate transactions

OE-7.9	Superintendent		Board of Education	
<i>The Superintendent will not: Take any action that damages the district's public image or credibility.</i>	In Compliance	Not in Compliance	In Compliance	Not in Compliance

BP 2120: Superintendent of Schools

BP 2122: Superintendent of Schools: Responsibilities and Duties

Interpretation:

I interpret this to mean that the Superintendent will not conduct business in a manner that jeopardizes the district's public image through dishonest, illegal, unethical or imprudent practices.

This provision does not mean that in the normal course of doing business, when employees or community members are in disagreement with district actions or decisions that the district is necessarily out of compliance with this provision.

Indicators for Compliance:

- Implementation of timely and honest communications through recurring communications with parent and community stakeholder groups
- Annual external audit; staff complies with any findings