

**BRIEFING/MONITORING REPORT TO THE BOARD**

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| **DATE:** | **OCTOBER 30, 2021** |
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| **TO:** | **BOARD OF DIRECTORS, PUGET SOUND EDUCATIONAL SERVICE DISTRICT** |
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| **FROM:** | **JOHN WELCH, SUPERINTENDENT/CEO**  **PUGET SOUND EDUCATIONAL SERVICE DISTRICT** |
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| **TOPIC:** | **EXECUTIVE LIMITATION (EL) 8: FINANCIAL MANAGEMENT** |

**REPORT PURPOSE:**

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| 🞏 | **Policy Development/Review/Enhancement/Approval** | **⌧** | Board Monitoring CEO Report |
|  | 🞏 **Ends Policy and Sub-Ends Policy** |  | 🞏 Ends |
|  | 🞏Executive Limitations Policy |  | **⌧** Executive Limitations |
|  | 🞏 Board-Management Delegation Policy | 🞏 | Board Monitoring Board Report |
|  | 🞏 Governance Process Policy |  | 🞏 Board-Management Delegation Policies |
| 🞏 | Board Implementation of Policy |  | 🞏 Governance Process Policies |
|  | 🞏 Board-Management Delegation Policies | 🞏 | Incidental Report |
|  | 🞏 Governance Process Policies |  | 🞏 Superintendent |
| 🞏 | Ownership Linkage Report |  | 🞏 Board Chair |
| **BACKGROUND:** | |  | 🞏 Other: Briefing Report |

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| **POLICY TITLE:** EL8: Financial Management | **POLICY NO:** 8 |
| **POLICY SECTION:** Policy Governance – Executive Limitation | |
| **DATES REVIEW:**  Adopted – February 2001  Amended November 2015, March 2018, May 2019  Last Monitored and Approved – October 2021 | |
| **BOARD POLICY REVIEW FREQUENCY:**  Every Year in December | |
| **BOARD MONITORING CEO FREQUENCY:** One Time a Year in December | |
| **BOARD CHAIR SIGNATURE:** | |

Current Policy Language

EXECUTIVE LIMITATION POLICY 8: FINANCIAL MANAGEMENT

With respect to the actual, ongoing condition of the organization’s financial health, the Superintendent shall not cause or allow a material deviation from the policies adopted by the Board, cause or allow any fiscal condition that is inconsistent with achieving the Board’s Ends or place the long-term financial health of the organization in jeopardy.

Accordingly, the Superintendent may not:

1. Fail to pursue appropriate revenue growth.
2. Allow expenditures to exceed revenues in the fiscal year to date except for the appropriate use of funds transferred from reserve funds or fund balance.
3. Indebt the organization in excess of 20 percent of the budgeted, unobligated fund balance.
4. Expend funds from Board approved unrestricted fund balance reserve established via Executive Limitations – 7 #11 that falls below the 3% level. The Superintendent will notify the Board in a timely manner if the unrestricted fund balance falls below 3% at the end of the fiscal year and provide a plan on when and how funds will be restored.
5. Permanently transfer unencumbered moneys from one fund to another. Funds of the ESD are the General Fund, Unemployment Fund, Washington Schools Risk Management Pool Fund, Worker’s Compensation Trust Fund, Equipment Financing Pool Fund and Compensated Absences Pool Fund.
6. Fail to settle payroll and debts in a timely manner.
7. Allow reports or filings required by any state or federal agency to be overdue or inaccurately filed.
8. Make any significant purchase:
   1. Without having considered comparative prices based on items of similar quality.
   2. Without considering a balance between long-term quality and cost.
   3. Without having considered a process that results in racially equitable contracting of service providers from communities of color where applicable (sole source).
9. Fail to arrange for the annual external audit of all funds and accounts following the close of the fiscal year.
10. Fail to aggressively pursue receivables after a reasonable grace period.
11. Fail to keep complete and accurate financial records by funds and accounts in accordance with generally recognized principles of accounting.
12. Follow any accounting practices except those prescribed by OSPI and the State Auditor’s Office.
13. Fail to have an adequate conflict of interest policy.

Superintendent Interpretation & Action

Executive Limitation Policy 8: Financial Management was reviewed and discussed by the Superintendent, Executive Leadership Team, and the Transformation Team on\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

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| **RECOMMENED MOTION**  That the Executive Limitation Ends Policy 8: Financial Management be approved as in compliance and that the superintendent has used reasonable interpretation of this policy. |