

**Ministry of Education**

# **Operational Review Report Algoma District School Board**

**December 2008**

## Table of Contents

<b>Executive Summary .....</b>	<b>1</b>
Introduction .....	1
Governance and School Board Administration .....	1
Recommendations: .....	3
Human Resources Management and School Staffing/Allocation.....	3
Recommendations: .....	4
Financial Management .....	5
Recommendations: .....	6
School Operations and Facilities Management .....	7
Recommendations: .....	8
<b>1. Background and Overview .....</b>	<b>9</b>
1.1 School Board Profile and Structure.....	9
1.2 Key Priorities of the School Board .....	10
1.3 Student Achievement.....	11
1.4 Fiscal Overview.....	13
1.5 Key School Board Statistics .....	15
<b>2. Governance and School Board Administration – Findings and Recommendations .....</b>	<b>17</b>
Establishment of an Effective Governance Model .....	19
Development and Reporting of Annual Goals and Priorities .....	20
Decision-Making Process .....	23
Organizational Structure and Accountability .....	24
Stakeholder Engagement .....	25
Recommendations:.....	25
<b>3. Human Resource Management and School Staffing/Allocation – Findings and Recommendations .....</b>	<b>26</b>
3.1 Organization .....	26
Development and Reporting of Annual Goals and Priorities .....	27
Organizational Structure and Accountability .....	28
Monitoring and Communication of Policy .....	28
Recommendation:.....	28
3.2 Human Resource Management .....	28

	Staff Recruitment .....	31
	Labour Relations.....	32
	Employee Performance Evaluation Processes .....	32
	Attendance Management Processes/Programs.....	33
	Management of HR and Payroll Data .....	34
	Management of the Board's Benefit Plans .....	35
	Monitoring Staff Satisfaction .....	35
	Recommendations: .....	36
3.3	School Staffing/Allocation .....	36
	Planning and Processes for Annual Staffing and Allocation .....	37
	Monitoring and Reporting on Staff Allocation .....	39
	Benchmarking Costs with Other Boards and Funding .....	40
<b>4.</b>	<b>Financial Management – Findings and Recommendations.....</b>	<b>41</b>
4.1	Finance Organization.....	41
	Development and Reporting of Annual Goals and Priorities .....	42
	Organizational Structure and Accountability .....	43
	Monitoring and Communication of Policy .....	43
	Recommendations: .....	44
4.2	Budget Planning and Development.....	44
	Annual Budget Development Process .....	45
	Enrolment Forecasting Linked to Budget Development.....	47
	Identification of Risks and Mitigation Strategies.....	48
4.3	Financial Reporting and Analysis.....	48
	Integrated System for Variance Analysis and Financial Reporting .....	49
	Interim Financial Reporting Accountability .....	50
	Audit.....	51
	Recommendations: .....	53
4.4	Treasury Management.....	53
	Cash and Investment Management .....	54
	Management of School-Based Funds.....	56
	Recommendation:.....	56
4.5	Non-Grant Revenue Management.....	56
	Policies, Procedures, and Planning to Support Non-Grant Revenues .....	58

	Procedures for all Non-Grant Revenue .....	58
4.6	Procurement .....	59
	Procurement Policies and Procedures .....	61
	Participation in Buying Consortia .....	62
	Purchasing Levels of Authority .....	62
	Policies and Procedures for Purchase Card/Corporate Card Use .....	63
	Accounting for Completeness of Purchase/Payment Cycle .....	63
	Use of Electronic Funds Transfer for Greater Efficiency .....	65
	Recommendations: .....	65
<b>5.</b>	<b>School Operations and Facilities Management – Findings and Recommendations .....</b>	<b>66</b>
5.1	Operations and Facilities Organization .....	66
	Development and Reporting of Annual Goals and Priorities .....	67
	Organizational Structure and Accountability .....	68
	Monitoring and Communication of Policy .....	68
	Recommendations: .....	69
5.2	Custodial and Maintenance Operations .....	69
	Staffing Model Supports Cleaning and Maintenance Standards .....	70
	Development of Annual and Multi-Year Maintenance Plan .....	72
	Training to Support Skills Development and Safety .....	72
	Standardization of Cleaning and Maintenance Supplies .....	73
	Project Management, Monitoring and Supporting Systems .....	73
5.3	Energy Management .....	74
	Energy Management Plan .....	75
	Tracking and Reporting Energy Conservation .....	75
	Recommendations: .....	76
5.4	Health, Safety and Security .....	76
	Development, Monitoring and Tracking of Policies and Plans for Health, Safety and Security .....	77
5.5	Capital Plans, Policies and Procedures .....	78
	Development of Annual and Multi-Year Capital Plans .....	79
	Ongoing Monitoring and Maintenance of Data to Support Capital Planning .....	81

5.6	Construction Management.....	82
	Cost-Effective Practices in the Design and Construction of Facilities .....	83
	Monitoring and Reporting of Progress on Construction Projects .....	83
	Maintaining Current Approved Professional Service Providers.....	84
	<b>Appendices .....</b>	<b>85</b>
	Appendix A: Overview of the Operational Review .....	85
	Operational Review Objectives .....	85
	Operational Review Summary Scope .....	85
	Operational Review Summary Approach .....	86
	The Operational Review Team .....	89
	Limitations of this Review .....	89
	Appendix B: Summary of Recommendations .....	90

## **Executive Summary**

This report details the findings and recommendations of the Operational Review of the Algoma District School Board (the school board) conducted by the Operational Review Team composed of external consultants from Deloitte & Touche LLP and Ministry of Education staff. The Operational Review was conducted over three days beginning October 20, 2008.

## **Introduction**

The Ministry plans to perform Operational Reviews of the 72 district school boards across the province over the next three years. The initiative supports Ministry goals and will increase confidence in public education. The Ministry's goal is to enhance management capacity within school boards by encouraging good stewardship of public resources and by the leveraging and sharing of best practices. By identifying opportunities for continual improvement, school board administration and operations will be aligned to support the government's highest priority: student achievement.

The Operational Review Team reviewed the school board's operations in four functional areas: Governance and School Board Administration; Human Resource Management and School Staffing/Allocation; Financial Management; and School Operations and Facilities Management. The purpose of this was to assess the extent to which the school board has implemented the leading practices set out in the "Operational Review Guide for Ontario School Boards". The review also provides, where appropriate, recommendations on opportunities for improvement. Appendix A provides an overview summary of the Operational Review scope and methodology.

The review found that the Algoma District School Board (ADSB) is well managed. Noted strengths of the Board include a clearly articulated mandate for student success and a strong and aligned leadership that communicates effectively and shares a common vision.

Management monitors student enrolment and staffing levels, invests in leadership development, and implements effective fiscal policy in an environment of declining environment. A summary of the findings and recommendations identified in each of the functional areas reviewed follows. Details can be found in subsequent sections of the report.

## **Governance and School Board Administration**

The Board has adopted a governance structure that clearly delineates the roles and responsibilities of the board of trustees and the administrative council. The administrative council is composed of the director of education, four superintendents of education and a superintendent of business. The managers of finance, human

resources, information and plant report to the board of trustees through the superintendent of business.

The governance structure is supported by a board of eleven experienced trustees, six of whom have served for three terms or more. The current chair has been a trustee since 1988. The trustees are appointed for a four-year term with annual election of the chair and the vice-chair. In addition, two student trustees are elected to serve on the board of trustees for a one-year term.

The board of trustees sets and maintains policy. The administrative council develops and implements operating plans and procedures consistent with the Board's key goal of improving student success.

An agenda review committee consisting of the chair, vice-chair, director and one additional trustee, chosen in rotation, support the development of an effective agenda for each regular board of trustees meeting. The agenda considers the timeliness and thoroughness of items, action versus information items, open and closed session agendas, and other items as appropriate. Committee of the whole meetings are held prior to every monthly board of trustees meeting.

This regular interaction between trustees and Board management ensures that the trustees are fully informed and have the opportunity to discuss issues before an item is formally tabled for final decision. This approach also helps to ensure that board meetings run efficiently and that the agenda covers the key priorities of the Board. The positive working relationship that exists between the Director and the Board promotes open dialogue, and contributes to an effective decision-making process.

The Director meets frequently with trustees to keep them apprised of key administrative developments. The strong working relationship between the Director (as head of the administrative council) and the board of trustees further contributes to the achievement of the Board's priorities.

The school board is organized around a 'family of schools' structure, where each superintendent of education is responsible for the day-to-day operation of schools within his or her area, along with additional responsibilities. This structure has facilitated the development and implementation of common strategies to improve student achievement and has improved communication with academic staff.

The administration collaboratively identifies annual priorities in a number of strategic planning sessions. These annual priorities are outlined in the strategic plan that is presented to the board of trustees for approval. The four priorities identified for 2008-09 are:

- Raising the bar on student achievement

- Closing the gap on student achievement
- Increasing the retention rate for all students
- Maintaining public confidence in Algoma District School Board (ADSB)

Accompanying strategies supports each priority. Even though the strategic plan is an annual document in its current form, it does have the elements of a multi-year plan. To that end, management should consider expanding the scope of its strategic plan to position it as a multiyear rolling plan. The annual strategic plan is supplemented by a board improvement plan that is developed for both the elementary and the secondary panel. However, the board improvement plan does not include plans for the operational functions such as HR, finance and facilities.

In addition to the system-wide annual strategic plan and the board improvement plan, the Board encourages schools to assume a leadership role in developing and implementing their own improvement plans. Every school develops a school improvement plan that supports the system plan, with input from the staff and the school councils. The superintendents of education responsible for elementary and secondary portfolios share responsibility for monitoring specific school improvement plans and assessing the effectiveness of instructional strategies.

### **Recommendations:**

- The Board should consider establishing a formal refresh policy to ensure periodic review of policies across all functional areas. This could include forming a policy committee to consider policies for review or development.
- The school board should consider consolidating its plans for operational functions (such as HR, finance and facilities) within the board improvement plan. This will enable the departments to track and report progress of their defined priorities and goals throughout the year.

### **Human Resources Management and School Staffing/Allocation**

The Human Resources (HR) department has demonstrated a good level of operational effectiveness overall. It has implemented many of the leading practices:

- Extensive professional development programs are in place for academic staff. These occur throughout the school year, and include various instructional strategies for teachers and workshops on assistive technology.



- The school board uses a leadership program called, 'Learning to Lead' for senior academic staff, which is based on a model by Dr. Bruce Beirsto, Superintendent of Schools, School District No. 38 (Richmond B.C.)
- The school board has well-defined procedures to govern the total staff allocation requirements. These procedures are driven by enrolment projections, student need, class size requirements, preparation time and alignment to collective agreements.
- The school board negotiates seven different collective agreements with its bargaining units. The school board maintains good working relationships with these units. There have been limited grievances since the school board amalgamation in 1998. Regular meetings of the labour/management committee help resolve issues quickly.

### **Recommendations:**

- The HR department should consider developing an annual departmental plan aligned with the overall strategic plan. This will enable the department to track and report the progress of its defined priorities and goals throughout the year.
- The department should develop a comprehensive attendance management program, including policies and procedures to address specific categories of absenteeism. This will provide management with a consistent and structured approach to improve attendance, including positive reinforcement for employees and standardized practices across all employee groups.
- The school board should develop a performance management program and processes for its non-academic staff, including clerical, maintenance and administrative staff. This is a critical component to ensure consistency, integration and transparency of appraisal processes for non-teaching staff. Implementing an effective program with achievable targets requires a methodical and staged approach over the medium-term time horizon.
- Management should document its practice of progressive disciplinary action, to ensure clear communication to all employees.
- Management should develop a formal plan for conducting periodic staff surveys. This will improve communication with staff and provide input for professional development plans and HR policy. The survey audience and how often to survey should be determined by management to maximize input while minimizing the potential for 'survey burnout'.

- Management should develop a formal plan for conducting exit interviews. Like staff surveys, these interviews will provide input for HR policy and process and program improvement.

## Financial Management

The finance department has demonstrated positive results through implementation of many of the leading practices:

- The finance department has developed an effective annual budget planning process that is transparent, clearly communicated and incorporates input from all key stakeholders.
- Superintendents of program use an integrated approach to develop enrolment forecasts. Monthly submission of student enrolment numbers by school principals to the academic superintendents ensures that management has a current view. As the budget development process continues with input from the school level, any significant change in the enrolment forecast is incorporated in the budget.
- The finance department has adopted an integrated financial system, which combines general ledger, accounts payable and purchasing modules. The purchasing module supports the use of commitment accounting for forecasting.
- The school board has established a finance audit committee that is appointed to assist the board of trustees in fulfilling its oversight responsibilities. Among other functions, the committee monitors the integrity of the Board's financial reporting process and system of internal controls for financial reporting and accounting compliance.
- The finance department has a comprehensive process to manage its cash and investments. Staff develop and maintain a daily 'cash position sheet' based on anticipated accounts payable, payroll, cash flow from the Ministry, and tax collections. This cash position sheet is used to determine available funds for short-term investments. The Board also has an investment policy that clearly outlines the criteria to be met by financial institutions to provide quotes on investments.

The school board provides corporate credit cards to selected staff, i.e. assistant supervisor of maintenance/custodial services, operations coordinator, purchasing supervisor and the superintendent of business. Currently, the school board has five credit cards in circulation. A preferred practice is the use of personal credit cards, with reimbursement of business expenses through the regular process.

**Recommendations:**

- The finance department should prepare a more formalized annual plan that demonstrates alignment to the Board's strategic plan and Board Improvement Plan (BIP). A more specific plan will provide greater clarity for departmental and other staff on the department's annual priorities. This will enable the department to track and report progress of its defined priorities and goals throughout the year.
- Finance staff should consider providing an expanded level of interim reporting, as in the format suggested in section 4.3 of this report. This would simplify communication and sharpen focus on key issues during the financial reporting of the year-to-date results.
- Management should consider formalizing an internal audit function. This would include a broader audit of financial and management controls and adherence to board policies as described in section 4.3 of this report. Management could start by identifying options for its mandate and scope and the estimated cost for each option.
- Management and the board of trustees should consider including external advisors to contribute to the finance audit committee's mandate.
- Management should periodically review the Board's banking relationship, and consider tendering these services to ensure competitive rates and key financial terms.
- The department should review its purchasing policy to ensure that approval limit thresholds are commensurate with job title/role. This would ensure alignment with the needs of the school board and consistency with other school boards.
- The school board should review its current policy and procedure for the use and distribution of corporate credit cards.
- Management should evaluate the use of PCards for small dollar purchases, to reduce the volume of supplier invoices processed by accounting. It should perform a transaction/spend analysis of purchase orders (including standing purchase orders) to identify optimum threshold limits that will maintain budgetary control while managing the volume of invoices.
- Management should perform a detailed review of the school board's purchase-topayment cycle, to validate the process's efficiency and effectiveness opportunities identified in section 4.6 of the report

- Finance staff should implement EFT payments to all appropriate suppliers, to gain greater efficiency and minimize the risk of payments being altered prior to clearing the bank. Management may want to consider EFT capability when tendering banking services in the near future.

## **School Operations and Facilities Management**

The plant department has adopted many of the leading practices in its custodial and maintenance operations. The following significant practices are noted:

- The plant department has developed a custodial allocation model for the optimum use of resources to implement the school board's cleaning standards and practices.
- Management conducted a comprehensive site review in 2002 to develop a multi-year maintenance outlook. This data, combined with maintenance work orders and consultations with school principals, maintenance supervisor and custodial staff, is used to develop an annual maintenance plan. The plan is reviewed by the administrative council and finance audit committee before presentation to the Board for approval.
- The school board has a comprehensive training program to orient new hires within the plant department. This is supplemented with bi-annual professional development days for the custodial staff that includes review of the standard operating procedures
- The department uses an electronic work-order system to schedule maintenance tasks across the multiple sites. The work orders are reviewed centrally at the plant office, where they are prioritized and assigned to the various maintenance staff. The completed work orders are entered in to the system by the department secretaries. This ensures a closed-loop system that minimizes outstanding work-orders.
- The school board has completed its capital liquidity template in cooperation with Ministry of Education staff. It has also developed a long-term capital investment plan for 2005-09 that includes new construction, ongoing school renewal and maintenance.
- The school board has sought partnerships with other school boards that have more experience in construction to improve its capability in planning and costing major capital projects.

**Recommendations:**

- The plant department should prepare a more formalized annual departmental plan that demonstrates alignment to the school board's strategic plan and board improvement plan. A more specific plan will provide greater clarity to departmental and other Board staff on the annual priorities. This will enable the department to track and report progress of its defined priorities and goals throughout the year.
- The department should review its current purchasing policy; to ensure that energy efficient goods and services are purchased system-wide, either directly or through subcontractors.

# 1. Background and Overview

## 1.1 School Board Profile and Structure

The Algoma District School Board (ADSB) was formed on January 1, 1998 through the amalgamation of six former school boards: the Sault Ste. Marie Board of Education, the North Shore Board of Education, the Central Algoma Board of Education, the Hornepayne Board of Education, the Chapleau Board of Education, and the Wawa Board of Education.

Geographically, ADSB is one of the largest English public school boards in Ontario, covering an area of approximately 71,000 square kilometres. It is responsible for public education in the rural and urban communities that are bounded by Hornepayne on the north and west to Chapleau on the north and east to Spanish. Headquarters is located in Sault Ste. Marie. ADSB currently serves 7,000 elementary and 4,500 secondary students in 14 communities, with 40 elementary and 11 secondary schools.<sup>1</sup> The geographical scope of the school board results in extensive travel for the superintendents and the trustees.

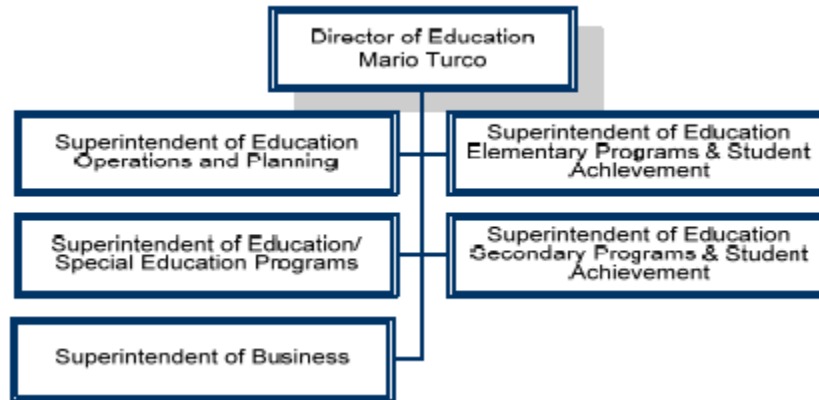
The school board is experiencing declining enrolment, a pattern which is consistent with the majority of Ontario school boards. For the current 2008-09 academic year, approximately 90 per cent of the schools are using less than 80 per cent of their available space, resulting in an overall excess capacity of 50 percent. To address the implications of declining enrolment on its facilities and programs, the school board completed an extensive accommodation review process to consolidate its infrastructure. The school board has developed a new capital plan and has been allocated \$44 million by the Ministry of Education for the construction of a new secondary school and a new elementary French immersion school to replace prohibitive to repair (PTR) schools.

Since aboriginal students form a significant segment of the student population, the school board formed an Aboriginal Focus group in June 2007. The group promotes effective working relationships with the aboriginal community through increased parental involvement. It also heightens awareness of aboriginal history, culture and traditions. The group consists of elementary and secondary school principals, teachers and support staff, superintendents and representation from the aboriginal community.

Figure 1 represents the administrative council at the school board.

---

<sup>1</sup> Source: ADSB website - <http://www.adsb.on.ca/content/about/index.asp?cat=254>, dated November 3, 2008



<sup>1</sup> Figure 1

## 1.2 Key Priorities of the School Board

The school board's mission is "to provide positive learning opportunities of the highest standard for all learners to realize their full potential."<sup>2</sup>

The school board's vision is to provide a welcoming environment where the focus is the wellbeing of each student. Students are encouraged to reach their potential through quality programs delivered by highly trained, caring staff, in an atmosphere of respect for individual needs. To enhance learning experiences, management works collaboratively with the community to ensure the effective use of all available resources.

The school board's strategic plan for 2008-09 lists four key priorities/system goals –

- ***Raising the bar on student achievement***- Increase the number of schools achieving at or above the provincial average on the EQAO Primary and Junior Division Assessments in elementary and on the Grade 9 Assessment of Mathematics and Ontario Secondary School Literacy Test (OSSLT) in secondary for the 2008-2009 school year.
- ***Increasing the retention rate for all students*** - Engage students in each elementary and secondary school who are vulnerable of not being successful by planning focused instruction and facilitating access to programs/pathways.
- ***Closing the gap on student achievement*** -Improve the level of achievement for students who can achieve at a higher level in each elementary and secondary school by planning focused instruction and the monitoring of their progress.

<sup>2</sup> Source: ADSB website - <http://www.adsb.on.ca/content/about/index.asp?cat=223>, dated November 3, 2008

- ***Maintaining public confidence in our system*** - Establish baseline data on the public satisfaction rate by developing a survey to be completed by parents, students and community partners.

Each of these priorities is supplemented by supporting strategies and conditions to ensure success. The Board has identified the following supporting conditions: character development, safe and healthy schools, student engagement, parent engagement, community partnerships, technology enhancements, consolidation, refurbishing and construction of schools, professional learning, communities, new teacher induction program (NTIP), leadership development and mentoring and succession planning.

The school board's strategic plan is supported by board improvement plans, one each for elementary and secondary panel. The goals outlined in the plans are supported by researchbased strategies, designated leads for implementation and monitoring, along with timelines and success indicators. These system-wide goals and priorities for the upcoming academic year are identified and incorporated in the budget process.

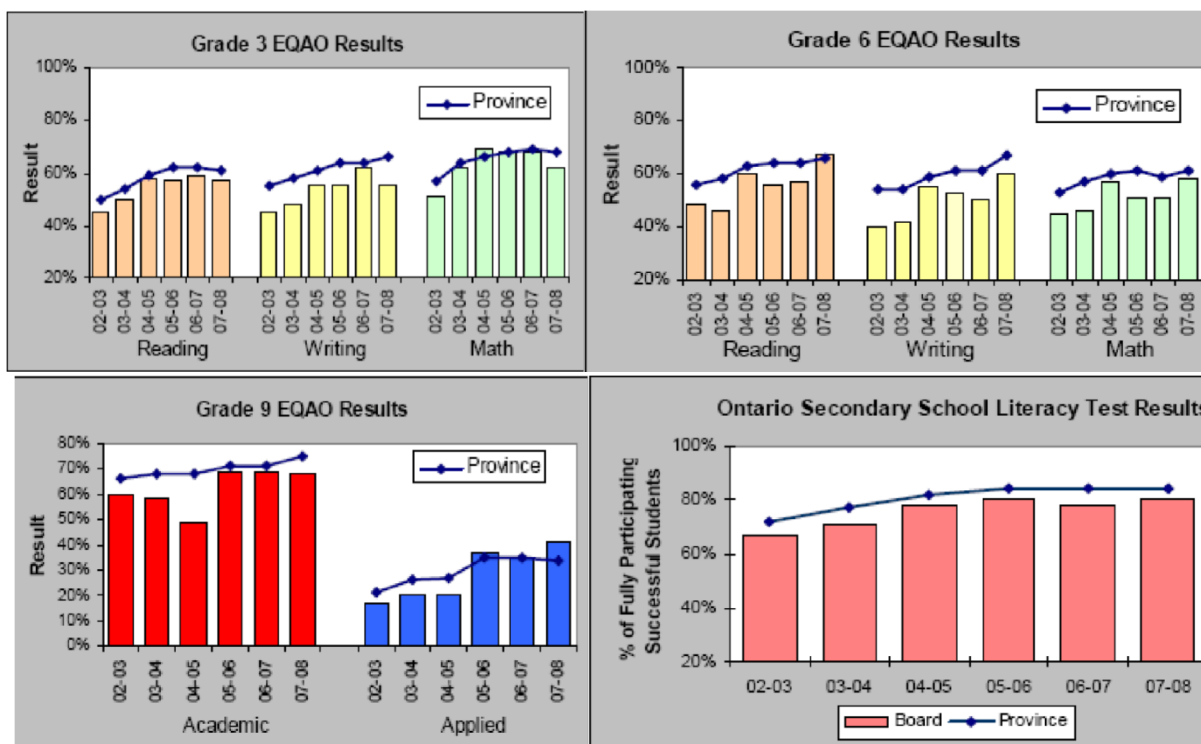
### **1.3 Student Achievement**

The school board has performed below the provincial average in the last few years. However, it is making strides to overcome the gap with the provincial average. In 2005, the school board made the greatest improvement in its student achievement.

Over the past seven years, the percentage of Grade 9 students at or above the provincial standard increased from 49% to 69% in academic mathematics courses and from 12% to 35% in applied mathematics courses. The school board's mathematics results are comparable with the provincial results, which showed that 71% of students in academic courses and 35% of students in applied courses are achieving Level 3 or 4. On the Ontario Secondary School Literacy Test (OSSLT), the school board has maintained its relative position with respect to other school boards in the Province. Overall, the student success rate for fully participating students for the school board is 78%.

The following charts illustrate the school board's EQAO and OSSLT results over the last five years.





Student achievement is promoted by superintendents who support the following initiatives:

- System strategic goals and planning
- Effective program and curriculum implementation
- Staff evaluation
- Professional development
- Integration of information technology
- Resolution of student/parent/staff issues
- Human resources initiatives
- Effective facilities management

Progress is monitored through regular school visits and dialogue with the school principals and academic staff to monitor the level of implementation of system initiatives.

The school board has also established 12 Literacy Success Leader (LSL) positions throughout the district to focus on implementing literacy strategies. This initiative is

intended to improve student achievement; with the leaders working directly with teachers and students and helping teachers develop focus groups for literacy instruction.

The school board has introduced a special assignment music teacher and a special assignment visual arts and drama teacher in the elementary program. These teachers travel to schools throughout the district, to provide curriculum support in the arts, model lessons and activities, produce or recommend curriculum resources, and share best practices.

In an effort to re-engage students who have left school prior to graduating, the school board has introduced the School College Connection program. This allows the students to complete their high school diploma in a college setting, and begin their college education on a pathway to success. The school board has also initiated the Migiziwag Outdoor Educational program that provides an alternative educational experience for at-risk students who are disengaged from their current school setting. Partnerships have been developed with Sault College, the Sault Ste. Marie Conservation Authority, Garden River First Nation, Algoma Family Services, Algoma Public Health, and other outside agencies. Management believes that the program is reducing the achievement gap and improving the retention rate for at-risk students in the school board.

## **1.4 Fiscal Overview**

The school board has consistently presented a balanced budget to the Ministry. This was accomplished in part from the use of some of the working funds reserve in the last few years.

The school board approved a total budget for expenditures and revenue for the 2007/2008 budget year of \$136,464,344. In response to Ministry announcements and further funding of \$1,128,265, management reconsidered budget reductions and deferred enhancements. During the budget process a detailed review of revenues and expenditures is conducted by the trustees, the finance audit committee, principals and the administrative council. A major objective of the 2007-2008 budget process was to balance the budget, since reserves are virtually depleted.

In late 2006, the school board submitted its draft capital plan to the Ministry of Education. This was shared with the public to ensure that all stakeholders had an opportunity to provide feedback. Feedback was specifically sought from all stakeholders, including parents, students, staff, school councils, federations, unions and community members. This draft plan was a forecast, based on the school board's enrolment trends and the age and condition of buildings. The capital plan was approved in 2007, which resulted in the allocation of \$44 million for the construction of a new high school and a new elementary French Immersion School.

The following tables provide a fiscal overview of the school board:

### Summary Financial Data (Revenues)

Revenues	2005-06 Financial Statements	2006-07 Financial Statements	2007-08 Revised Estimates
Legislative Grants	\$97,405,320	\$100,585,711	\$102,848,941
Local taxation	\$21,086,159	\$19,120,908	\$19,794,889
Board Revenues	\$8,304,153	\$9,137,291	\$7,460,694
Other Operating & capital Grants	\$3,694,646	\$2,687,095	\$2,105,841
<b>Total Revenues (Schedule 9)</b>	<b>\$130,490,278</b>	<b>\$131,531,005</b>	<b>\$132,210,365</b>

### Summary Financial Data (Expenditure)

Expenditures:	2005-06 Financial Statements	2006-07 Financial Statements	2007-08 Revised Estimates
Operating expenditures	\$126,513,979	\$127,251,965	\$126,524,001
Capital expenditures – Before transfers from reserves	\$5,492,810	\$7,007,997	\$5,677,529
Transfer to (from) Reserves	-\$1,516,511	-\$2,728,962	\$8,835
<b>Total Expenditures</b>	<b>\$130,490,278</b>	<b>\$131,531,000</b>	<b>\$132,210,365</b>
<b>Surplus (Deficit)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### School Board Reserves and Deferred Revenues

School Board Reserve and Deferred Revenues:	2005-06 Financial Statements	2006-07 Financial Statements	2007-08 Revised Estimates
Retirement Gratuities	\$2,610,014	\$1,970,941	\$2,986,081
Reserve for Working Funds	\$2,073,311	\$217,790	\$152,569
Carryover	\$202,771	\$74,050	\$212,911
Pupil Accommodation Debt Reserve	\$455,680	\$474,135	\$478,469
General Capital	\$284,469	\$174,753	\$298,695
<b>Total Reserve Funds</b>	<b>\$5,626,245</b>	<b>\$2,911,669</b>	<b>\$4,128,725</b>
Pupil Accommodation	\$1,415,017	\$447,262	\$0
Special Education Reserve	\$0	\$0	\$0
Proceeds of Dispositions - School Buildings	\$0	\$0	\$0

School Board Reserve and Deferred Revenues:	2005-06 Financial Statements	2006-07 Financial Statements	2007-08 Revised Estimates
Total Deferred Revenues	\$1,415,017	\$447,262	\$0
Total Board Reserves and Deferred Revenues	\$7,041,262	\$3,358,931	\$4,128,725

## 1.5 Key School Board Statistics

The following table highlights key statistics for the school board. Of note are the decreasing enrolment trend and the large geographic area and dispersion of the school board. These statistics illustrate a unique and challenging operating environment for the school board.

### Day School Enrolment

Day School Enrolment	2002-03 Actual	2007-08 Rev. Estimates
Elementary Day School ADE	7,558	6,105
Secondary Day School ADE	5,066	4,602
<b>Total Day School Enrolment</b>	<b>12,624</b>	<b>10,707</b>

### Primary Class Size

Primary Class Size	2003-04	2007-08
% of Classes Less Than 20	61%	90%
% of Classes Less Than 23	83%	100%
Average Class Size - Jr/Inter	24.6	23.8
% of 3/4 Classes 23 & Under	62%	100%
% of Combined Classes	30%	56%

### Staffing

Staffing	2003-04	2007-08
School Based Teachers	834	812
Teacher Assistants	152	172
Other Student Support	95	107
School Administration	58	59
School Clerical	73	78

<b>Staffing</b>	<b>2003-04</b>	<b>2007-08</b>
School Operations	165	176
Other Non-Classroom	56	60
<b>Total Staffing</b>	<b>1,433</b>	<b>1,464</b>
<b>Teacher - Pupil Ratio</b>	<b>1:09</b>	<b>1:07</b>
<b>FTE Staff per 1,000 Pupils (ADE)<sup>3</sup></b>	<b>114.0</b>	<b>137.0</b>
<b>Total Salary &amp; Benefits as % of Net Operating Expenditures</b>	<b>84.7%</b>	<b>86.6%</b>

## Special Education

<b>Special Education</b>	<b>2003-04</b>	<b>2007-08</b>
Special Education Incremental Expenditures	\$13,030,477	\$16,466,408
Special Education Allocation	\$12,436,823	\$14,289,786
<b>Spending above Allocation (Reserve)</b>	<b>\$593,654</b>	<b>\$2,176,622</b>

## School Utilization

<b>School Utilization</b>	<b>2003-04</b>	<b>2007-08</b>
Total Capacity (Spaces)	21,800	19,328
% of excess capacity (under capacity)	57.90%	55.40%
Number of schools	57	53
<b>Board Area (Km<sup>2</sup>)</b>	<b>9,069</b>	<b>9,069</b>
<b>Number of Trustees</b>	<b>11</b>	<b>11</b>

<sup>3</sup> Note: Impacted by Class Size and Special Education

## 2. Governance and School Board Administration – Findings and Recommendations

The school board's governance model and administrative organizational framework make a significant contribution in helping the board of trustees, director, senior administration and community stakeholders support both student achievement strategies and effective board operations.

Governance and board administration processes are reviewed to:

- Understand how the governance model delineates the division of duties between the board of trustees and the administration and supports operational effectiveness;
- Assess the development of the annual plan (including the goals/priorities) and actions to engage and communicate with key stakeholders and the related reporting against the plan;
- Assess the processes for the generation and maintenance of policies and related procedures;
- Assess whether staffing levels and organization structures provide for clarity of roles and accountability sufficient to carry out the school board's objectives;
- Identify opportunities to support continual improvement in the effectiveness and efficiency of all processes.

This section provides a summary of the findings and recommendations of our assessment of the school board's adoption of the leading practices relating to the governance and board administration. Our findings are a result of our review of the data provided by the school board and our field work, which included interviews with the Chair, the Director and senior staff of the school board.

The following table summarizes the leading practices defined for governance and board administration, and identifies where evidence showed that the practice was adopted in full. Where the evidence was not present or the practice was not completely adopted at the time of the review, a "No" indicates that an improvement opportunity exists.

## Establishment of an Effective Governance Model

Leading Practices – Governance and School Board Administration	Evidence of Adoption?
The school board's governance model clearly delineates the division of duties between the board of trustees and the director of education. The board has established clearly defined duties and responsibilities to support on effective working relationship.	Yes

## Development of the School Board's Strategic Direction and the Annual Board Improvement Plan

Leading Practices – Governance and School Board Administration	Evidence of Adoption?
The board of trustees develops and communicates a multi-year strategic plan that provides a framework for annual planning.	Yes
The director of education and senior management develop an annual board improvement plan of their goals/ priorities, incorporating both academic and non-academic departments. The plan is aligned with the Board's multi-year strategic plan and has goals that are specific, measurable, achievable, relevant and timely.	Yes
Senior management periodically/ annually report to the school board on the status and outcomes of the annual board improvement plan.	Yes

## Decision Making Processes

Leading Practices – Governance and School Board Administration	Evidence of Adoption?
The board of trustees and management have established appropriate processes for decision making to address student achievement targets and operational performance.	Yes
The board of trustees and management have appropriate processes for the establishment and regular maintenance of policies for the efficient and effective operation of the school board. Policies are posted on the school board's web site.	No

## Organizational Structure and Accountability

Leading Practices – Governance and School Board Administration	Evidence of Adoption?
The organizational structure has clearly defined organizational units that delineate roles and responsibilities, minimize administrative costs and ensure effective and efficient operation.	Yes
The director has established a formal succession plan to manage retirements and resignations of key managers/administrators.	Yes
A departmental organization chart (supplemented with a directory of key staff contact information) is publicly available on the school board's web site.	Yes

## Stakeholder Engagement

Leading Practices – Governance and School Board Administration	Evidence of Adoption?
The board of trustees and management proactively engage internal and external stakeholders on a regular basis and through a variety of communications vehicles (e.g., websites, email, memos, town halls, etc.).	Yes
Key senior staffs from all functional areas are members and participants in sector committees of provincial associations and Ministry workgroups.	Yes

## Establishment of an Effective Governance Model

The Board has adopted a governance structure that clearly delineates the roles and responsibilities of the board of trustees and the administrative council. The administrative council is composed of the director of education, four superintendents of education and a superintendent of business. The governance structure is supported by a board of eleven experienced trustees, six of whom have served for three terms or more. The current Chair has been a trustee since 1988. The trustees are appointed for a four-year term with annual election of the chair and the vice-chair. In addition, two student trustees are elected to serve on the board of trustees for a one-year term.

The board of trustees sets and maintains policy. The administrative council develops and implements operating plans and procedures consistent with the school board's key goal of improving student success.

In addition to the training sessions provided by the Ontario Public School Boards Association (OPSBA), management organizes seminars and workshops to introduce the trustees to school administration, operational issues, and roles and responsibilities. In addition, management has prepared a training manual that includes the by-laws, Education Act and selected components from the OPSBA manual. The more



experienced trustees spend time training, mentoring and supporting new trustees, while sharing their individual interpretation of the Education Act. Annual planning retreats are held for the trustees and administration, with focus on specific topics such as student achievement, strategic planning and funding.

The governance model is supported by procedural by-laws that govern the business of the school board and its committees. A by-law may be amended by a two-thirds majority vote of those members voting in any regular meeting of the board of trustees, provided that notice of intention to introduce such amendment(s) and the specific amendment to be introduced have been given, in writing, at the previous board of trustees meeting.

The Board recognizes that the committee structure is an effective process for the identification and close study of issues for the Board's consideration. The board of trustees has four legislated committees, namely, Special Education Advisory Committee (SEAC), Supervised Alternative Learning for Excused pupils (SALEP), District Recreation Committee and the Safe School Committee. In addition, the board of trustees has four standing committees - Committee of the Whole, Agenda Review Committee, Finance Audit Committee and the Transportation Governance Committee. As conditions warrant, the board of trustees establishes additional ad hoc committees to address a specific issue or task.

## **Development and Reporting of Annual Goals and Priorities**

The school board is dedicated to providing extensive programs and services to support student success. Management works collaboratively to identify annual priorities. This includes multiple planning sessions with the trustees, the administrative council and school principals to identify and prioritize system goals. The strategic plan is presented to the Board for approval in September.

The school board's numeracy and literacy focus provides the context for the annual priorities outlined in the Strategic Plan. The four student achievement-focused priorities identified for 2008-2009 are:

- Raising the bar on student achievement
- Closing the gap on student achievement
- Increasing the retention rate for all students
- Maintaining public confidence in ADSB

Each of these system goals is supplemented by supporting conditions to ensure success. Despite the fact that the Board describes the strategic plan as an annual plan, it essentially has the elements of a multi-year plan, and can be applied over multiple

terms. Management and the board of trustees should consider expanding the scope of the current annual strategic plan to a multi-year (three to five year) strategic plan that sets the direction for the school board and establishes the goals and priorities for the annual board improvement plan.

While the school board remains sharply focused on key priorities, it has also been progressive in ensuring that many supporting conditions are in place. The supporting conditions identified by the Board include: character development, safe and healthy schools, student engagement, parent engagement, community partnerships, technology enhancements, consolidation, refurbishing and construction of schools, professional learning, communities, new teacher induction program (NTIP), leadership development and mentoring and succession planning.

The Board's strategic plan is supplemented by the annual board improvement plan for each of the elementary and secondary school panels. The board improvement plans are developed by the superintendents in consultation with the school principals and program leads. For the 200809 academic year, the following goals have been outlined in the plans:

- Raising the bar
  - Focus on supporting a minimum of four additional elementary schools to the provincial average on the grade 3 and grade 6 EQAO test for the 2008-09 school year.
  - Through the school improvement plan, work with all elementary schools to identify, target and plan for an achievable percentage improvement on the EQAO grade 3 and grade 6 tests in reading, writing and mathematics for the 2008-09 school year.
  - Focus on supporting a minimum of 4 additional secondary schools to achieve at or above the provincial average on the EQAO grade 9 Mathematics and the OSSLT for the 2008-09 academic year.

Through the school improvement plan, work with all secondary schools to identify, target and plan for an achievable percentage improvement on the EQAO test for grade 9 Mathematics and the OSSLT for the 2008-09 school year.

- Closing the gap
  - Work with each elementary school to identify, target and plan for a minimum of two students in each grade that are capable of achieving at a higher level with additional support and instruction.

- Work with each secondary school to identify, target and plan for a minimum of two students in each grade that are capable of achieving at a higher level with additional support and instruction.
- Improving the retention rate
  - Work with each elementary and secondary school to identify at risk students who are vulnerable of not being successful and to plan for supports and instruction.
- Maintaining public confidence
  - Work with all schools to establish baseline data during 2008-09 on public satisfaction rate by developing a survey to be completed by parents, students and community partners.

The goals outlined in the board improvement plan are supported by research-based strategies, designated leads for implementation and monitoring, along with timelines and success metrics. However, the board improvement plan does not include plans for the operational functions such as HR, finance and facilities. As a next step, the school board should consider consolidating the plan for operational functions within the board improvement plan.

In addition to the system-wide strategic plan and the board improvement plans; the school board also encourages schools to assume a leadership role to develop and implement their own improvement plans. Every school develops a school improvement plan with input from the school improvement team. The plans include school-specific goals, accompanied with researchbased strategies, supports and resources, designated leads, timelines and in-process measures.

The establishment of performance targets, timelines and the assignment of responsibilities is a good practice at all levels of planning, since it enables the director, the superintendent and the school principal to align the annual report to the expected outcomes. The director publishes an annual report, which outlines activities and initiatives undertaken by the school board over the preceding year. Management updates the trustees with progress made against the board improvement plan during regular Board meetings, while the school improvement plans are monitored by the superintendents to track each school's progress against the annual plan.

While the Board has aligned the board improvement and school improvement plans with the strategic plan, management has not developed departmental annual plans that demonstrate specific alignment between business functions (e.g. human resources, facilities management) with the overall strategic plan. An opportunity exists at the

central Board office to ensure annual plans for the functions of HR, finance and plant operations that are aligned with the overall Board strategic plan.

## **Decision-Making Process**

The primary responsibility of the board of trustees are to determine policy for the school board, to communicate with parents, students and all community stakeholders, and to advocate on behalf of their communities. The administrative team develops and implements plans and procedures to ensure adherence to Board policies and the accomplishment of key priorities.

The Board's governance model is supported by a collegial, transparent and cooperative relationship between the Director and the board of trustees. This positive relationship promotes open communication and contributes to an effective process for agenda-setting and decisionmaking.

The board of trustees meet monthly for regular board meetings. In addition, a committee of the whole, comprising the trustees and the director, meets between regular board of trustees' meetings. The committee of the whole meetings are primarily information and planning sessions that include discussions on academic and operational issues that do not require formal approval from the board of trustees. The school administration has prepared a calendar of events specifically for the trustees to ensure engagement at all levels. Supplementary board of trustees meetings are called at the discretion of the chair.

The Board has also established an agenda review committee to support the development of an effective agenda for each board of trustees meeting, by advising on such issues as timeliness and thoroughness of items, action versus information items, open and closed session agendas and other items. All matters to be placed on the agenda of a board of trustees meeting and committee of the whole meeting are subject to the approval of this committee. The committee comprises the chair, vice-chair, director and one additional trustee who is chosen in rotation. The agenda preparation meetings are held bi-weekly and chaired by trustees on a rotating basis.

Trustees wishing to have a matter included on the agenda of a board of trustees meeting typically submit a request to the chair or director in advance of the agenda review committee meeting. The committee releases the agenda of the board of trustees meeting to the public a week in advance on its website.

This bi-weekly interaction of the trustees and the administrative council ensures that all parties are fully informed and there are no surprises. This approach also helps to ensure that board of trustees meetings run efficiently and that the agenda covers the key priorities of the school board. In addition, the administrative council meets with the

elementary and secondary principals monthly to discuss operational and academic issues.

The Board has established a set of policies (available on the school board website) that provide a framework for decision-making and guidelines for the effective operation of the school board. However, some of the policies were last revised in 1998 during the school board amalgamation process, and are not current. The Board has designated a lead superintendent to initiate the policy refresh process. Management is encouraged to continue with the initiative to ensure that policies are reviewed and updated periodically.

## **Organizational Structure and Accountability**

The Board is governed by a group of 11 experienced trustees, representing communities from across the Algoma district. In addition, two student trustees are selected from the student body to serve on the board of trustees for a one-year term.

The organization of the school board's administrative team is well founded and operating effectively. Board operations are managed by the director along with four superintendents of education and a superintendent of business. The portfolio of the superintendent of business includes human resources, information technology and facilities operations and management, in addition to the finance functions.

Each superintendent has been assigned a distinct portfolio: operations and planning, elementary programs and student achievement, special education programs, and secondary programs and student achievement. In addition, the four superintendents have responsibility for a family of schools that involves overseeing the operations of each school within the family of schools. This oversight results in frequent travel across the Algoma district. This structure also facilitates the development of common education strategies to improve student achievement. The roles and responsibilities of the superintendents have been clearly defined and documented.

The administrative council manages retirements and resignations of key managers and/or administrators on an as-needed basis. The board of trustees typically engages third-party consultants to seek candidates for senior positions. A formal succession plan may not be required, since succession planning is performed on an as-needed basis given the small management complement of the school board.

Management has established a 'Learning to Lead' program for its academic staff that includes teachers, department heads and vice-principals. The program is led by the superintendent of education and is an excellent way to build organic leaders. The Management has also instituted a mentorship program for teachers and principals to facilitate their transition into new roles. The non-academic staff at the school board are encouraged to attend workshops and provincial forums to develop additional skills.

## Stakeholder Engagement

Management actively seeks stakeholder consultation, and has a dedicated communications officer to support effective two-way communication between all stakeholders. Various communication channels such as school newsletters, press releases, website postings, and public consultations keep key stakeholders engaged through the year. Management also relies on local media (radio and newspaper) to disseminate information to the community.

The school board uses its public website to disseminate information relating to its policies, the director's report, Board meeting agendas and minutes, and financial reports to external constituent groups. The director also distributes periodic news bulletins to the principals, managers, staff and union and federation presidents. Management and the Board solicit stakeholder input during the budget development process, accommodation reviews and the building of new schools.

Members of the administrative council are actively involved at various provincial and national forums including OASBO (Ontario Association of School Business Officials), COSBO (Council of Senior Business Officials), CODE (Council of Ontario Directors of Education) and actively collaborate with peers in similar Northern school boards. This ensures that the school board learns and shares best practices from across the sector.

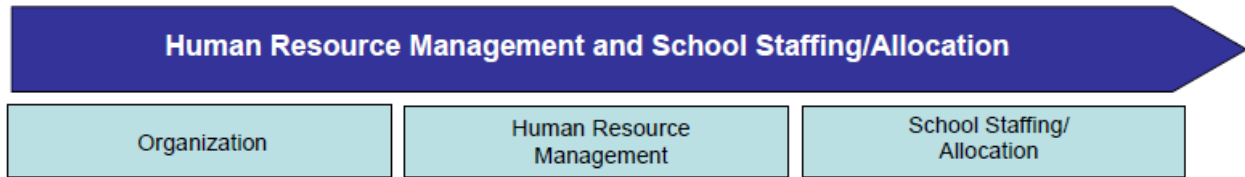
The school board maintains a positive relationship with its coterminous board and shares best practices at an informal level. In addition, the coterminous boards have recently participated in consortia purchasing for transportation contracts and WAN (wide area network) installation to gain efficiencies and buying power.

To promote student achievement and avoid alienation of students, the school board has partnered with various agencies, such as the Children's Aid Society, the YMCA, and Algoma Family Services, to develop a preventative model that provides earlier support to students with mental health challenges.

## Recommendations:

- The school board should consider establishing a formal refresh cycle of its policies to ensure periodic review of all policies across functional areas. This could include forming a policy committee to consider policies for review or development.
- The school board should consider consolidating its plans for operational functions (such as HR, finance and facilities) within the board improvement plan. This will enable the departments to track and report progress of their defined priorities and goals throughout the year.

### 3. Human Resource Management and School Staffing/Allocation – Findings and Recommendations



Effective management of human resources ensures an adequate number of qualified staff throughout the organization can perform their prescribed duties, Policies and procedures to develop staff are in place, through performance appraisals, professional development and support services. Staff allocations to schools and classrooms meet the Ministry's class size requirements, and are congruent with the school board's collective agreements and allocation models. The allocation models adopted by the school board ensure the most effective teaching and learning practices.

The following is a summary of our assessment of the school board's adoption of the leading practices under the processes identified above. All findings are a result of a review of the data provided by the school board and on-site field work, which included interviews with all key HR staff, as well as follow-up and confirmation of information.

#### 3.1 Organization

The review of the organization of the HR department assesses:

- Whether appropriate policies and procedures have been established and maintained to support the HR functions and required priorities, and whether they are aligned with the Board's directions;
- Whether an annual plan setting out the goals and priorities and their alignment to the school board's strategic directions has been established;
- Whether the roles and responsibilities of staff support the key functions, activities and practices of HR;
- Opportunities to support continual improvement in the effectiveness and efficiency of all processes.

The following table summarizes the leading practices defined for HR organizations, and identifies where evidence was found to indicate that the practice was adopted in full.

Where the evidence was not present or the practice was not completely adopted at the time of the review, a “No” indicates that an improvement opportunity exists.

## Development and Reporting of Annual Goals and Priorities

Leading Practices – Human Resource Organization	Evidence of Adoption?
The HR department’s goals and priorities are documented in an annual department plan. They are aligned to the annual board improvement plan, accessible by key stakeholders. The plan incorporates measurable targets, specific timelines and identified responsibilities.	No

## Organizational Structure and Accountability

Leading Practices – Human Resource Organization	Evidence of Adoption?
The HR department has clearly defined organizational units and delineates the respective roles and responsibilities. A current organizational chart is available	Yes
Senior HR staff have appropriate designations (e.g., Certified Human resource Professional).	Yes

## Monitoring and Communication of Policies

Leading Practices – Human Resource Organization	Evidence of Adoption?
HR management has processes in place to monitor H R policy compliance.	Yes
HR Management provides regularly scheduled H R policy awareness, training, and education sessions.	Yes

## Development and Reporting of Annual Goals and Priorities

The HR function currently does not develop its own annual departmental plan. The school board creates a single macro list of issues and priorities to be addressed within the academic year. This includes HR issues, in addition to finance issues and other operational goals for the year.

Management should consider developing an annual departmental plan, complete with designated accountabilities and target timelines that are aligned with the overall strategic plan. This would link department priorities with performance measures and accountabilities, facilitate clear definition of roles, enable collaboration among the team members, and provide a roadmap of the department.



## **Organizational Structure and Accountability**

The HR department performs all standard functions, including maintaining employee profiles, and administering employee benefits and health and safety programs. The HR functions report to the superintendent of business through the HR manager. The HR manager is responsible for functions such as criminal background checks, benefits management and file management for academic and non-academic staff, such as education assistants, lunch-hour assistants and clerical staff.

Other roles, such as staff allocation and performance appraisals for the academic staff, are conducted by the academic superintendent specific to the family of school, while the payroll function reports to the finance manager.

Department staff have appropriate professional designations. They regularly attend HR conferences and provincial committees that focus on HR management issues such as negotiations.

## **Monitoring and Communication of Policy**

The HR department is the lead on monitoring and communicating policies, including standard policies to ensure reference checks, background checks for new hires, recruitment, hiring and promotion, and teacher performance appraisals. HR policies are disseminated during orientation of new employees. They are available to the employees through the intranet and are also posted on the school board's website.

The department monitors compliance with its recruitment policies by actively participating in the recruiting of education assistants, clerical staff and staff in the plant department. For the academic staff, consistency and policy compliance is maintained by developing standard evaluation criteria and evaluating the candidate by at least two independent members of the interview panel.

### **Recommendation:**

- The HR department should consider developing an annual departmental plan aligned with the overall strategic plan. This will enable the department to track and report the progress of its defined priorities and goals throughout the year.

## **3.2 Human Resource Management**

The purpose of reviewing the HR management processes is to assess whether:

- Planning and processes are in place for the recruitment of the appropriate number of qualified staff to support the student achievement targets;

- Appropriate processes are in place to promote the personal and professional growth of all staff;
- There are adequate systems and procedures in place to manage employee compensation plans, labour relations, employee performance and attendance and other support services to foster employee satisfaction;
- Opportunities to support continual improvement in the effectiveness and efficiency of all processes can be identified.

The following table summarizes the leading practices defined for HR Management, and identifies where evidence was found to indicate that the practice was adopted in full. Where the evidence was not present or the practice was not completely adopted at the time of the review, a “No” indicates that an improvement opportunity exists.

### Staff Recruitment

Leading Practices – Human Resource Management	Evidence of Adoption?
Recruitment policies and procedures are reviewed annually, and are aligned with staff planning in support of student achievement.	Yes
New hire policies and procedures for the respective staff groups are harmonized.	Yes

### Labour Relations

Leading Practices – Human Resource Management	Evidence of Adoption?
HR management and the board of trustees have established labour/management committees.	Yes
HR management has established policies and procedures to minimize grievances.	Yes

### Employee Performance Evaluation Processes

Leading Practices – Human Resource Management	Evidence of Adoption?
HR management has policies and procedures for an employee evaluation/performance system for all staff.	No
HR Management maintains and communicates formal disciplinary policies and procedures for all staff.	No

## Attendance Management Processes/Programs

Leading Practices – Human Resource Management	Evidence of Adoption?
Attendance management process/programs exist that include employee supportive policies and procedures to minimize the cost of absenteeism.	No
Management periodically reports on the effectiveness of the attendance management process/programs to senior management and the Board.	No

## Management of HR and Payroll Data

Leading Practices – Human Resource Management	Evidence of Adoption?
Payroll processing is segregated from employee data records, and changes to data are adequately controlled.	Yes
HR records are current, including the formal tracking of teacher qualifications and experience.	Yes
HR management has implemented an approved pay equity plan, which is reviewed periodically and amended as necessary.	Yes

## Management of board's Benefit Plans

Leading Practices – Human Resource Management	Evidence of Adoption?
HR Management periodically conducts independent compliance audits of the school board's insurance carrier to ensure adherence to the benefit plans terms and conditions.	Yes
Employee data is automatically synchronized among the school board and external carriers such as TPP, OMERS and the school board's benefit provider(s).	Yes
Policies and procedures ensure the school board's benefit plans are managed appropriately.	Yes

## Monitoring Staff Satisfaction

Leading Practices – Human Resource Management	Evidence of Adoption?
Management has established policies and procedures for staff/professional development and monitors staff take-up, budget, and outcomes.	Yes
Confidential staff satisfaction surveys are performed periodically.	No
Confidential exit interviews are performed for all staff.	No

## Staff Recruitment

All employees are hired directly through the school board office. Management accepts unsolicited applications and considers drop-in applicants as required.

The school board has a recruitment, hiring and promotion policy that was last reviewed in 2004. The determination of vacancies and redundancies for the academic staff is a collaborative process among the school administrators, superintendent of operations and the academic superintendents, based on enrolment data and available funding for positions. This information is reviewed along with anticipated succession and retirements to arrive at the net number of available positions.

System-wide available academic positions are then posted on the 'Apply to Education' website and local publications. The superintendents and principals review candidates online and manage three distinct candidate pools for occasional, long-term occasional (LTO) and contract positions directly in the online database. This initial review is used to develop a list of potential candidates to be considered for interviews. After this list is reviewed by the administrative council, candidates are invited for interviews.

The recruiting team comprises of superintendents and principals. Management maintains consistency in its staff recruitment and selection process by developing standard evaluation criteria that are used by the team. In the current academic year, the school board's strategic plan was used as candidate-selection criteria to guide the academic recruitment process.

Teaching candidates are ranked after interviews, and separated into three groups:

1. Contract eligible candidates
2. Long-Term occasional (LTO) candidates
3. Short-Term occasional (STO) candidates

Based on the interviews, a master list is created and used to fill contracts during summer and LTO positions in early fall. Candidates are selected based on qualifications, school requirements and geographical constraints. When needed, LTO candidates are drawn from the STO pool.

The resumes for education assistants are reviewed by HR, Superintendent of Education for special education and the administrative council. All education assistants are first placed in a casual pool and subsequently considered for permanent staff when vacancies arise.

Management organizes orientation sessions for new hires in its academic and non-academic departments to cover issues such as health and safety. The new hires are

required to submit a criminal background check before the orientation session. Appropriate records are created in the Integrated Payroll and Personnel System and a hard copy is filed.

## **Labour Relations**

The school board maintains seven different collective agreements with its employee groups, which consist of regular and occasional secondary teachers, regular and occasional elementary teachers, custodial maintenance group, office/clerical/technical group and educational assistants. These collective agreements are managed by the HR staff. Board administration has indicated that they maintain collegial relationships with bargaining agents. During this current (2008-2009) academic year, management is pursuing contract negotiations with some of its bargaining units.

The grievance procedure at the school board is documented in the collective agreements. Major grievance issues may be tabled with the board of trustees. Management has not experienced a major influx of grievances since the school board amalgamation in 1998. The collective agreements are administered via labour-management committees, comprising the HR manager, two management representatives and three labour representatives. Labour-management committees meetings are used to discuss grievances and resolve emerging issues before they evolve into formal grievances. The committee meetings are also used to discuss the interpretation of the collective agreements and to review adherence to the conditions they set out.

In addition, workshops are delivered to principals and school administrators, to educate them on grievances. The HR department has been tracking grievances since 2006, but does not typically present an annual report to the trustees. Presently, ADSB is responding to seven active grievances.

Management prepares well for negotiations on collective agreements. The HR manager reviews the issues and grievances that arose since the last agreement, and discusses issues with the managers and administrators. An environmental scan gathers information from coterminous boards and provincial forums. Combined with information from the finance department, the information is used for a briefing note to prepare the administrative council for negotiations.

## **Employee Performance Evaluation Processes**

In line with the Ministry of Education's 'Supporting Teaching Excellence' document, the school board evaluates its experienced teachers on a five-year cycle. New teachers are reviewed during the first and second year as part of the new teacher induction program (NTIP). The teacher performance appraisal (TPA) is executed by principals and channeled to the respective superintendent of education and subsequently filed at the

central board office. In addition to the five-year cycle, a principal or superintendent may trigger a supplemental TPA as required. It was noted that the HR employee performance evaluation files are not centralized. However, management is currently streamlining the process to manage performance evaluation files consistently.

The school board is developing a performance appraisal system for the principal group, along the same lines as the TPA. The school board does not have a policy or a formal process governing the performance appraisal of non-academic staff (i.e. administrative staff and clerical staff) except for education assistants who are hired on a casual basis. Typically, performance appraisal of the non-academic staff is triggered by incidents. The trustees and management should consider developing a formal performance appraisal policy, especially for its nonacademic staff, to ensure consistency and transparency.

The school board practices a progressive disciplinary process that includes dialogue with the employee and with union representation. Any disciplinary issue related to the absenteeism of teachers is managed by the responsible superintendent of education and delivered at an individual level. In cases of non-satisfactory performance of academic staff, the principal discusses the matter with the superintendent of education responsible. Subsequent dialogue may occur with the teacher, in the presence of a union representative. The superintendent tracks progress, produces appropriate documentation and tracks correspondence to ensure a proper paper trail. The school board also delivers workshops to principals and school administrators, to educate them on the disciplinary process.

The human resources manager provides support to managers and supervisors on matters of discipline, in the form of counseling, guidelines and form letters to facilitate the employee disciplinary process. A second unsatisfactory review may get escalated to the administrative council for further review. Management noted that all terminations for permanent staff are approved by the board of trustees.

The progressive disciplinary process seems to be working well for the school board. However, the school board is encouraged to formally document the process for its staff to ensure consistent communication to all employee groups. A formal policy will further strengthen the process and form a baseline when issues are escalated for arbitration.

### **Attendance Management Processes/Programs**

An effective attendance management system includes policies and procedures, information systems to record and analyze trends in absenteeism, and dedicated resources to develop a cohesive and consistent strategy. These elements combined with employee wellness programs and return to work initiatives, reinforce each other and form the basis of a comprehensive attendance management program.

The school board has not developed a formal attendance management program and policy. Absenteeism data is captured manually for the elementary teachers, EAs and clerical staff at the school board office by the HR department. This triggers daily call-outs for substitute teachers by administrative staff at the school board. The absenteeism data is reviewed weekly by the HR department for any exceptions. Secondary teachers report their absence directly to the school. This then triggers call-outs for substitute teachers. The HR department and superintendents of education support principals and supervisors to manage absenteeism among employee groups.

The department should develop a comprehensive attendance management program to address specific absenteeism. This important initiative will provide management with a consistent and structured approach to improve attendance, by engaging in positive reinforcement to employees and adopting standardized practices across all employee groups.

### **Management of HR and Payroll Data**

The department has implemented the Integrated Payroll and Personnel System (IPPS) to manage employee records. Every employee hired by the school board is set up in the system and information is validated by the employee pre and post orientation.

The payroll functions reside within the business department and report to the superintendent of business through the manager of finance. This ensures segregation of duties between the HR and payroll functions. Furthermore, separate system modules for HR and payroll within IPPS ensures segregation of data at the system level. Updates to personnel records for pay and benefit changes or other compensation adjustments are performed by authorized staff only. Payroll deposits are directed to employee bank accounts through electronic funds transfer (EFT).

Management has developed effective processes to ensure that teacher qualifications and experience are formally tracked and updated. The academic positions are re-classified with input from the Ontario Secondary Schools Teachers Federation (OSSTF) and the Qualification Evaluation Council of Ontario (QECO). Category changes for academic staff are initiated by the employee and validated by the HR department and the superintendent. A category change that has been validated is reflected in the online IPPS personnel file along with the hard copy file. The qualifications and experience scatter grams for teachers are managed by the payroll supervisor and are updated as required throughout the year.

Promotions and updates for non-union employees are also managed by the HR department. The pay equity plan was last updated in 2006 for the CUPE staff and in 2008 for the support staff. The school board does not have any outstanding pay equity issues.

## **Management of the Board's Benefit Plans**

The school board offers benefit plans to all permanent employees that are 100 per cent self funded and managed by a third-party insurance carrier. The benefits plans are administered by a dedicated benefits supervisor. Management also engages external consultants to annually review the benefit plan provided by the insurance carrier, and to assist with collective bargaining.

The external consultants also helps management to benchmark its benefits cost against other boards. HR staff undertakes a monthly verification of benefits claims served by the external carrier. The external consultant provides management with annual reports that outline benefits usage and demographic statistics. However, no formal in-year reports are produced to track benefits cost. Management should consider in-year reporting on benefit claims. HR has engaged the services of another consultant to process WSIB claims.

The school board has been working with the same insurance carrier since amalgamation, and has not gone out to tender for these services. It was noted that the school board employees are satisfied with the current levels of service. Additionally, HR management conducts independent compliance audits of the school board's insurance carrier, to ensure adherence to the benefit plans terms and conditions.

The supervisor of benefits transmits electronic data file to the Ontario Teachers' Pension Plan (OTTP) periodically to ensure accurate and timely enrollment of all eligible employees. In addition, both OTTP and the Ontario Municipal Employees Retirement System (OMERS) are notified of new employees as required.

## **Monitoring Staff Satisfaction**

Management periodically surveys school principals for their professional development needs. This survey is used to develop a customized professional development plan for the principals. In addition, principals are encouraged to put forth issues through the Algoma District Principal's Association. However, this practice is limited to the principal group and does not include other staff groups to gauge their satisfaction levels. Furthermore, management does not conduct formal exit interviews. While it is noted that the school board operates within a small community and is viewed as a local 'employer of choice', practices such as staff surveys and exit interviews can provide management with valuable input, for staff professional development and policies impacting future employee relations.

Even though the school board has not developed specific policies for staff/professional development, extensive professional development programs are in place for the academic staff. These sessions occur throughout the school year, and focus on various instructional strategies, character development and workshops on using assistive



technology. In addition, the school board has set-up a 'Learning to Lead' program to facilitate leadership development for academic staff.

### **Recommendations:**

- The department should develop a comprehensive attendance management program, including policies and procedures to address specific categories of absenteeism. This will provide management with a consistent and structured approach to improve attendance, including positive reinforcement for employees and standardized practices across all employee groups.
- The school board should develop a performance management program and processes for its non-academic staff, including clerical, maintenance and administrative staff. This is a critical component to ensure consistency, integration and transparency of appraisal processes for non-teaching staff. Implementing an effective program with achievable targets requires a methodical and staged approach over the medium-term time horizon.
- Management should document its practice of progressive disciplinary action, to ensure clear communication to all employees.
- Management should develop a formal plan for conducting periodic staff surveys. This will improve communication with staff and provide input for professional development plans and HR policy.
- Management should develop a formal plan for conducting exit interviews. Like staff surveys, these interviews will provide input for HR policy and process and program improvement.

### **3.3 School Staffing/Allocation**

The purpose of reviewing school staffing/allocation processes is to:

- Assess whether accurate and efficient processes are in place to forecast and plan for staffing needs to support student achievement target strategies;
- Ensure that staff optimization allocation processes are in place, supported by an effective attendance management system;
- Identify opportunities to support continual improvement in the effectiveness and efficiency of all processes.

The following table summarizes the leading practices defined for School Staffing/Allocation, and identifies where evidence was found to indicate that the practice

was adopted in full. Where the evidence was not present or the practice was not completely adopted at the time of the review, a “No” indicates that an improvement opportunity exists.

### Planning and Processes for Annual Staff Allocation

Leading Practices – School Staffing/Allocation	Evidence of Adoption?
Policies and procedures govern the annual staff allocation process.	Yes

### Monitoring and Reporting on Staff Allocation

Leading Practices – School Staffing/Allocation	Evidence of Adoption?
Systems are in place and accessible by both HR and Finance staff to establish and track an approved level of staff.	Yes
Systems and processes monitor adherence to key Ministry and board policy parameters, such as: class size, prep time, collective agreement requirements and other board directions.	Yes
Management periodically reports on the actual allocation of staff, compared to the original approved allocation plan and budget (FTE's by function, department and program, actual versus budget).	Yes
Procedures are in place to enable adjustment of staff allocations for school-based staff, if estimates for enrolment and funding change after budget approval.	Yes
Plan for student support services and staffing are based on student-needs analysis.	Yes

### Benchmarking Costs with Other Boards and Funding

Leading Practices – School Staffing/Allocation	Evidence of Adoption?
Staff costs are compared with similar school boards and the funding model to ensure efficient use of resources.	Yes

### Planning and Processes for Annual Staffing and Allocation

The school board has well-defined procedures that govern the determination and allocation of total staff requirements. These procedures are driven by enrolment projections, student need, class size requirements, preparation time and alignment to collective agreements. After consideration of the factors that impact the school board's total anticipated enrolment for the following year, a school-by-school staffing projection is prepared and reviewed by the superintendents. Principals meet with their

superintendent of education, and school-by-school allocation is analyzed considering demographics and EQAO results.

For the elementary schools, principals are required to enter estimated enrolment numbers for the next academic year, and submit the online template to the central board office by midMarch. The online template allows the principals to enter projected class-by-class allocation. This information is then reviewed by the superintendent of education for operations and planning for primary class size (PCS) parameters, preparation time and Board policies. From this data, detailed class counts are prepared, to serve as the basis for the number of elementary teachers required at each school.

The proposed staff allocation for secondary schools is developed in consultation with principals and is based on the following information:

- a) the projected enrolment for each school
- b) the number of option sheets received from each school
- c) the course selection made by students (i.e. credit counts)

The option sheets and course selection are completed by students in January. This information is compiled at the school level and submitted to the school board office in March. The superintendent of education for operations and planning reviews the number of students and required sections, and validates this data against the Trillium reports. The information is also reviewed by the administrative council. In addition, consideration is given to specialized alternative programs, such as Native language, Native studies, special education, student services, library, student success and alternative (out of school) programs. The projected enrolment for secondary schools is compared with prior year projections and actual enrolments, to ensure minimal variance between current year's projections and actual enrolment.

Once the sections have been determined at the secondary level, staff allocation is developed using a standard formula of six sections per teacher. Management has recently introduced flexibility in its secondary staffing model, by hiring some new contract teaching staff for the first semester only, with permanent status becoming effective in the second semester based on actual student enrolment. This approach allows the school board to manage expectations and simultaneously extend contracts in accordance with student enrolment numbers.

The school board has managed its teaching staff allocation process appropriately and has not had surplus staff in the 10 years since amalgamation.

The HR department is the lead on recruiting for the education assistants, clerical staff and the employees in the plant department. The allocation of education assistants is

based on a detailed student needs assessment by the schools. The funding envelope is taken into account to ensure that the spending is aligned with allocation. However, ADSB has spent over its allocated special education budget in the last few years.

The proposed staff allocation for both elementary and secondary teachers is presented to the board of trustees for approval in April by the director. The report is distributed ahead of time to ensure that the trustees have enough time for review. The report is approved by the board of trustees with an understanding that appropriate updates will be made in September. Based on these numbers, management posts available vacancies on the 'Apply to Education' website.

In September, at the start of the academic year, principals complete an online update form with the actual enrolment numbers. The updated data is reviewed by the administrative council. The teaching staff is added or transferred at this time, in accordance with specific enrolment numbers at each school. The updates are typically presented to the board of trustees as information items. If there is a large discrepancy from the original estimates, the item will be formally tabled with the board of trustees.

Overall, the school board pursues conservative staffing allocation to hedge against significant variances between forecasts and actual enrolment. The accuracy of forecasting has allowed it to make effective staffing decisions, even in an environment of declining enrolment.

### **Monitoring and Reporting on Staff Allocation**

Staffing levels are consistently monitored by the central board office in collaboration with school administrators. In November, actual enrolment numbers are reviewed against estimates. If additional teaching staff is required, vacancies are posted and candidates are hired from existing pools.

According to established procedures, every LTO has to re-apply for the winter semester and go through the interview process. Management refreshes the supply list every year by implementing an opt-in process during the summer.

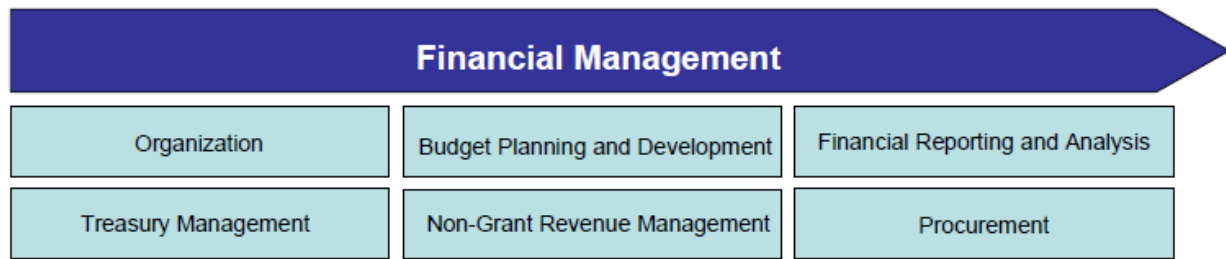
The superintendents of education for elementary and secondary schools receive a monthly report from school principals that allows them to monitor monthly enrolment fluctuations in the schools. The superintendent of education responsible for secondary schools also tracks the exits of each student – specifically, the destinations or reasons of transfer out of the ADSB. In-year monthly reporting and tracking of actual enrolment against original estimates allows management to align in-year staffing in accordance with student enrolment.

### **Benchmarking Costs with Other Boards and Funding**

The school board compares its staffing costs with similar-sized boards through the negotiation process of collective agreements. The HR manager attends provincial negotiation forums and stays updated with the negotiation trends at other boards through shared online resources, such as the OPSBA portal. The school board also reviews and analyzes compensation and staff cost data supplied by the Ministry of Education.

Furthermore, the school board maintains a good relationship with its coterminous board. Professional development costs are reduced by sharing in-class sessions.

## 4. Financial Management – Findings and Recommendations



The financial management of the school board contributes to the efficient and effective use of fiscal resources. Financial management ensures that the annual budget is developed within the Ministry's allocation and is aligned with student achievement targets, and that appropriate financial policies and procedures are in place to manage resources.

Financial and related business processes contribute to an appropriate level of transparency in the allocation and use of the budget by the various departments. They also ensure that the reporting of results to the board of trustees and other board stakeholders reflects the approved goals/priorities relating to student achievement.

The following is a summary of our assessment of the school board's adoption of the leading practices under the processes identified above. All findings are a result of a review of the data provided by the school board and on-site field work, which included interviews with all key finance management staff, as well as follow-up and confirmation of information.

### 4.1 Finance Organization

The purpose of reviewing the organization of the finance department is to assess:

- The establishment of policies and procedures to support the key Finance functions, activities and required business priorities and their alignment with student achievement targets;
- Finance department support of the overall goals/priorities and accountability measures established by the Board;
- The efficiency and effectiveness of the departmental structure and support of the roles and responsibilities for the key functions, activities and practices;
- Opportunities to support continual improvement in the effectiveness and efficiency of all processes.

The following table summarizes the leading practices defined for the Finance organization, and identifies where evidence was found to indicate that the practice was adopted in full. Where the evidence was not present or the practice was not completely adopted at the time of the review, a “No” indicates that an improvement opportunity exists.

### Development and Reporting of Annual Goals and Priorities

Leading Practices – Finance Organization	Evidence of Adoption?
The finance department's goals and priorities are documented in an annual department plan that is aligned to the annual board improvement plan accessible by key stakeholders. The plan incorporates measurable targets, specific timelines, and identified accountability.	No

### Organization Structure and Accountability

Leading Practices – Finance Organization	Evidence of Adoption?
The finance department has clearly defined organizational units and delineates the respective roles and responsibilities. A current organization chart is available.	Yes
Finance Department staff have the appropriate finance/accounting designations and experience.	Yes

### Monitoring and Communication of Policy

Leading Practices – Finance Organization	Evidence of Adoption?
Management has processes in place to monitor finance policy compliance.	Yes
Management provides scheduled finance policy and procedures awareness, training and skills development educational sessions.	Yes

### Development and Reporting of Annual Goals and Priorities

The broad goal of the finance department is to ensure it meets the school board's and the Ministry's reporting requirements through relevant, accurate and timely financial information. The finance department meets annually as a team to review accomplishments and plan ahead.

It has produced a planning document that details a series of departmental short term and long term issues. The document also includes tables that address the issues by detailing the action required and the designated lead along with timelines. This plan is categorized by department (i.e. purchasing, payroll, tax and financial services) and is developed jointly by the finance manager and supervisors.

While the department should be recognized for adopting some level of annual planning, there are opportunities to improve the rigor and alignment of this process. Specifically, the plan can be strengthened by aligning it directly to the overall strategic plan of the school board and the annual Board Improvement Plan. It would also be useful to provide more detail on a reduced number of activities so that departmental and other Board staff can better understand the annual priorities. The planning document should also be approved by the administrative council along with periodic progress reports.

### **Organizational Structure and Accountability**

The finance department reports to the superintendent of business through the finance manager. The manager of finance oversees the following four functions – financial services, purchasing and payables, payroll and tax collection. Each of these functions is led by a supervisor, who reports to the manager. This structure ensures clear segregation of duties between management reporting and expenditure authorization.

The roles and responsibilities of the department staff are clearly outlined in a business organization chart that is current as of October 2007. Department staff have appropriate financial designations or relevant experience to perform their roles.

### **Monitoring and Communication of Policy**

The department maintains a set of policies covering certain aspects of financial management, including purchasing, tax collection, investment and credit card use. These policies are available on the school board's website. In addition, the department also retains an updated copy of the Ontario Teachers' Pension Plan handbook, Ontario Municipal Employees Retirement System policy and procedure manual and the Canadian Payroll Association manual. Management oversight ensures that policy is being followed.

Management also provides orientation sessions for new principals on policies governing purchasing, finance and banking. At monthly meetings with the principals, issues such as policy non-compliance are discussed.

However, it was noted that management does not have specific processes in place to update and refresh policies. Several policies have not been refreshed since amalgamation. This is an opportunity area for the school board.



## Recommendations:

- The finance department plan should prepare a more formalized annual plan that demonstrates alignment to the Board's strategic plan and board improvement plan. A more specific plan will provide greater clarity to departmental and other Board staff on the annual priorities. This will enable the department to track and report progress of its defined priorities and goals throughout the year.

## 4.2 Budget Planning and Development

The purpose of reviewing budget planning and development processes is to:

- Understand the linkages between the board of trustees' goals and priorities and the operational budgeting process;
- Assess whether sufficient transparency and controls exist in the budget planning and development process;
- Identify opportunities to support continual improvement in the effectiveness and efficiency of all processes.

The following table summarizes the leading practices defined for budget planning and development, and identifies where evidence was found to indicate that the practice was adopted in full. Where the evidence was not present or the practice was not completely adopted at the time of the review, a "No" indicates that an improvement opportunity exists.

### Annual Budget Development Process

Leading Practices – Budget Planning and Development	Evidence of Adoption?
The annual budget development process is transparent, clearly communicated, and incorporates input from all key stakeholders including management (with principals), board of trustees and the community.	Yes
The annual budget presented for approval demonstrates that it is linked to the Board-approved goals and priorities including student achievement targets. It provides useful and understandable information for all stakeholders.	Yes
Budget planning processes account for all required cost and revenue changes.	Yes

## Enrolment Forecasting Linked to Budget Development

Leading Practices – Budget Planning and Development	Evidence of Adoption?
Management has adopted an integrated (at school board and school levels) approach to enrolment forecasting. This supports development of the staffing plan and the annual budget.	Yes

## Identification of Risks and Mitigation Strategies

Leading Practices – Budget Planning and Development	Evidence of Adoption?
Management identifies and documents all significant risks during the budget planning process, and develops strategies to mitigate the risks of spending beyond authorized/budgeted levels.	Yes

## Annual Budget Development Process

The annual budget process at the school board is transparent, clearly communicated, well documented and incorporates input from all key stakeholders.

The budget process extends from March to June every year. A budget package with three years of history accompanied by a letter from the superintendent of business is sent to the managers. Input is solicited from all departments to update various sections of the budget package. The completed budget package is received from the managers at the end of March and allows the finance department to:

- Input the budgeted expenditures from each area into the budget package to establish a first pass at the budget.
- Analyze any new or discontinued initiatives.
- Analyze any increases or decreases in costs.

The budget package specifically asks for explanations in cases when the budget request is greater than the prior year's approved budget limit in a separate 'Form for Enhancements'. The finance department then enters the data into the financial management application and runs draft figures, which recognize:

- Current level of programs and services
- Current version of the general legislative grants(GLG's)
- Projected enrolment

- Other known cost increases
- Possible areas of efficiencies to reduce costs or eliminate duplication of budgeted items.

Specifically, the budget considers estimated enrolment, staffing allocations, employee benefits, funding request for Good Places to Learn (GPL), prohibitive to repair schools eligible for provincial long term financing, trends in energy costs, and language allocations, such as French and Native language enrolments, pupil credits, etc.

The administrative council reviews the budget in order to discuss and recommend various alternatives for balancing the budget for the Board's consideration. Once the staffing allocation for the elementary and secondary panels is finalized in April, the staffing and known contracts are built into the budgeted expenditures.

The school board then receives the grant regulations and web-based package from the Ministry of Education, to revise the revenue calculations utilizing the new general legislative grants (GLG's). Once the school board's revenue is confirmed against the proposed Grants for Student Needs (GSN), planned budget expenditures are reviewed and rationalized. The administrative council meets extensively to review budget submissions and balance the existing pressures against enhancements, to meet academic and operational objectives. The finance department runs different scenarios and includes any updates to retirement information.

The finance audit committee reviews administrative council's proposed actions or alternatives to respond to any proposed operating deficit, reviews the outstanding enhancements list, and requests changes from administration if necessary. The committee meets two to three times in preparation for the board of trustee's presentation. Budget updates are also provided at the committee of the whole and Board of Trustee meetings which may include the public and the media.

The board of trustees provides direction, and the finance audit committee reviews final recommendations from administrative council to balance the budget. The finance audit committee then brings forth the proposed budget to the board of trustees for discussion, review and further direction. The budget document presented to the board of trustees contains detailed information that includes key highlights along with original and revised budget estimates from prior years. This document includes new expenditures and enhancements, analysis of reserve fund balances, grant comparison by year, and a comparison of costs versus revenue for special education. Once the budget is approved by the board of trustees, it is submitted to the Ministry of Education.

Management also builds contingency into its annual budget, primarily for salaries and wages which account for more than 80 per cent of the school board's expenditures. This

information is shared with the finance audit committee. The use of this fund is approved by senior management and is reported to the board of trustees.

Budget revisions, if any, are presented to the Board in September as information items. The revisions are generally in response to changes in the staffing model or funding changes announced by the Ministry. Significant variances in the budget estimates (for example, variance in staffing allocation >10) are presented to the Board as action items.

### **Enrolment Forecasting Linked to Budget Development**

The enrolment projections are prepared by two superintendents responsible for elementary schools and the superintendents of education, operations and planning, respectively. This process is relatively new for the school board.

System-wide enrolment projections are produced annually for both elementary and secondary schools, and are aggregated by grade, program, residency and age. These projections are used for budget forecasts and reporting.

For elementary panel forecasting, the superintendent relies on GIS (geographic information system) data from the Sault Ste. Marie Innovation Centre, birth rate data, and housing development reports from the city officials. This information is combined with the school level projections provided by the principals.

For secondary projections, a grade-to-grade enrolment retention model is developed from historical data and in-year tracking of students who registered or transferred out the system. This is adjusted to average retention rates, and is based on current population trends, program changes and accommodation changes. Student enrolment numbers are submitted by school principals to the academic superintendents on a monthly basis. This ensures that the school board office is informed of the flux in student enrolment numbers on a continuous basis. As the budget development proceeds with input from the school level, any significant change in the enrolment forecast is incorporated in the budget.

Staff planning is started early in the budget development process. A formal staffing plan is developed as part of the expenditure forecast by the superintendents of education responsible for elementary and secondary schools. The supervisor of payroll combines staff allocation with the qualifications and experience scattergrams and anticipated changes to salaries, and reflects this in the budget document. This enables finance staff to develop preliminary high-level expectations of the anticipated change in revenue/cost compared to the previous year.

## Identification of Risks and Mitigation Strategies

The key risk faced by the school board is the relationship between enrolment and grant revenue. The department mitigates the risk of spending beyond authorized/budgeted levels by closely monitoring enrolment forecasts versus actual enrolment. It also ensures that the final expenditure budget incorporates all known cost changes, and that it is balanced against the Ministry grants. Administration manages enrolment risk by developing conservative staffing estimates, to gain flexibility if there is significant variance between forecasts and actual enrolment data.

The risks of spending beyond authorized or budgeted levels are mitigated through the procurement and budgeting controls of the current financial system, which has commitment accounting. A purchase requisition that results in over-budget is flagged by the system. The requisition is forwarded to the purchasing supervisor who investigates the request further with the requisitioner. In addition, management also defers maintenance activities towards the end of the year to accommodate unforeseen maintenance emergencies that might occur during the school year.

Management noted that risks identified during the budget development process are orally communicated to the finance audit committee. As a next step, management is encouraged to document and share budget risks to ensure that committee members/trustees unable to attend meetings are also aware of the potential risk, the status of the risk and proposed mitigation strategies. This becomes even more critical given the declining trend in the school board's reserves over the last few years.

### 4.3 Financial Reporting and Analysis

The purpose of reviewing Financial Reporting and Analysis processes is to:

- Assess whether procedures are in place to ensure that management, the board of trustees and the Ministry receives timely, accurate and complete financial information of all board activities;
- Identify opportunities to support continual improvement in the effectiveness and efficiencies of all processes.

The following table summarizes the leading practices defined for Financial Reporting and Analysis, and identifies where evidence was found to indicate that the practice was adopted in full. Where the evidence was not present or the practice was not completely adopted at the time of the review, a "No" indicates that an improvement opportunity exists.

## Integrated System for Variance Analysis and Financial Reporting

Leading Practices – Financial Reporting and Analysis	Evidence of Adoption?
The school board's integrated financial information system provides useful, timely and accurate information for management and stakeholders.	Yes

## Interim and Annual Financial Reporting

Leading Practices – Financial Reporting and Analysis	Evidence of Adoption?
Interim financial reports provide sufficient detail (including a comparison of actual to budget and to appropriate benchmarks and with appropriate variance explanations) for a clear understanding of the status of the current year's budget and the outlook for the year.	No
Senior management is held accountable for the integrity of financial reporting through formal sign-off and approval procedures.	Yes
Management completes and files all financial reports in accordance with established timelines.	Yes

## Audit

Leading Practices – Financial Reporting and Analysis	Evidence of Adoption?
Management maintains an independent internal audit function.	No
Internal and external audit plans are clearly documented. Internal audit report recommendations are followed up and acted upon by management.	Yes
The board has an audit committee with external members as advisors.	No
The external auditor's planning and annual reports are presented to the Board's audit committee, and any recommendations are acted upon by management.	Yes

## Integrated System for Variance Analysis and Financial Reporting

The school board uses an integrated financial system (BAS 2000) to record, track and report financial data. The system integrates general ledger, accounts payable, accounts receivable, budget and purchasing modules. The financial system facilitates variance analysis and management reporting.

The supervisor of financial services sets up the chart of accounts in the financial system maintains aliases and manages access rights to the system. New vendors are set up in

the financial system by the purchasing department and reviewed monthly by the finance manager. The financial system allows the budget holders (i.e. principals, managers and superintendents) to print their own budget tracking reports directly.

### **Interim Financial Reporting Accountability**

It is recognized that variance in actual enrolment versus projections, combined with contract negotiations, macro-economic trends, Ministry directives and other circumstances, can produce in-year variances between budget estimates and actual costs. Interim financial reporting allows management to track these variances and communicate them to the trustees and other stakeholders. To that end, the finance staff prepares financial reports for review by the administrative council and submission to the board of trustees as information items.

Quarterly summary reports are prepared for the finance audit committee for classroom and non-classroom expenditure accounts. The report includes budget versus actual for expenses and revenues along with percentage expended up to that point in the year. This report is also presented to the school board for information. However, the report does not provide variances against previous year spending trends. Management stated that they are prepared to respond to questions, should they arise. The report does not include a narrative on the reasons for variances, if any.

In addition, in-year monthly budget summary reports are presented to the administrative council. These include the budget versus actual expenditure for the current year along with the previous two years. Though this report presents historical information, it does not include the percentage expended on a year-to-date basis or prior year comparative percentages.

The format of monthly or quarterly financial reporting varies significantly among school boards. As with other school boards in the province, Algoma District School Board's interim financial reporting can be enhanced to provide additional information to support informed decision making. A more informative format would include:

1. Comparison of the annual approved budget with the actual spending to date, expressed as a percentage of the budget.
2. A comparative percentage for each expenditure/revenue category. This would reflect what the "expected spending to date" should be, relative to either historical averages, prior year's experience or, in the case of salaries and benefits, the number of staff and pays processed to date.
3. Written explanations of any significant variations from the normally expected percentage spent to date. Management would need to define what is "significant" for the reporting of variances.

4. Confirmation that the projected fiscal outlook is a balanced position for the year, or explanation of an anticipated variance.

The level of detailed expenditure and revenue presented will depend on the preferences of management and the board of trustees. At the least, it would include a summary of the major expenditure and revenue categories similar to that reported in Ministry financial reports. Senior management signs off on annual financial statements presented to the Ministry and follows up on the management letter provided by external auditors.

Management completes and files all financial reports in accordance with established timelines. This was also noted in conversations with Ministry officials.

### **Audit**

The primary function of the internal auditor is to provide added assurance that internal controls established by management are operating effectively and in compliance with policies and procedures. The school board currently does not have an internal auditor. Management noted the lack of available funds to sustain such a position.

The external auditors audit four schools each year, as part of their annual audit of the school board's financial statements. This is in addition to informal school reviews conducted by the finance manager through the year.

Developing a mandate for the internal audit function would assist the administrative council and the board of trustees in their overall governance and accountability roles. The internal audit function can also help develop performance measures and indicators for programs and services. The function should report to the finance audit committee of the Board. The annual audit plans would be presented and approved by the committee, and all reports would be presented to the committee.

The school board has established a finance audit committee that is appointed by the board of trustees to assist it in fulfilling its oversight responsibilities. The finance audit committee's primary duties and responsibilities are to:

- Identify and monitor the management of the principal risks that could impact the financial reporting of the school board.
- Monitor the integrity of the school board's financial reporting process and system of internal controls regarding financial reporting and accounting compliance.
- Monitor the independence and performance of the school board's external auditors



- Provide an avenue of communication between the external auditors and the school board which may include reporting to the Board.

The finance audit committee comprises a minimum of four trustees as appointed by the Board. A chair is elected by majority vote of the committee members. The committee meets at least three times annually, or more frequently as circumstances dictate.

The committee chair prepares or approves the agenda in advance of each meeting, in consultation with the school board staff, other committee members and external auditors. The committee relies on the superintendent of business and the manager of finance or their designate as resources.

The committee is governed by terms of reference that are reviewed annually and submitted to the Board for approval if there are changes. The committee reviews the school board's annual audited financial statements and related documents. This includes discussion with management and external auditors of significant issues regarding accounting principles, practices, and significant estimates and judgments.

The committee also consults with senior administration and the external auditors to review the integrity of the school board's financial reporting processes and controls, discuss significant financial risk exposures and the steps management has taken to monitor, control, and report such exposures. In addition, the committee reviews significant findings prepared by the external auditors together with management's responses.

The finance audit committee is mandated to review the independence and performance of the auditors, recommend to the Board the appointment of the external auditors, and recommend any discharge of auditors when circumstances warrant. The committee also recommends the budget for fees and other significant compensation to be paid to the external auditors. It reviews the external auditors' audit plan and considers the external auditors' judgments about the quality and appropriateness of the school board's accounting principles, as applied in the financial reporting.

On at least an annual basis, the committee also reviews any legal matters that could have a significant impact on the organization's financial statements, the school board's compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies.

Along with significant changes in accounting in recent years, the complexity of the annual financial statements is increasing. Audit committee members must understand what constitutes sound internal accounting and operational control processes. Consideration should be given to adding external members to the finance committee who can act as advisors. The advisors would not be voting members, since current legislation only recognizes trustees as voting members on Board's standing

committees. The professional backgrounds of the external members could include accountants, lawyers or other professionals, depending on the needs of the committee and its mandate. This will ensure that an objective third-party view is applied to the review of financial statements, the auditor's report and in-year reports produced by the management.

### **Recommendations:**

- Finance staff should consider providing an expanded level of interim reporting, as in the format suggested in section 4.3 of this report. This would simplify communication and sharpen focus on key issues during the financial reporting of the year-to-date results.
- Management should consider formalizing an internal audit function. This would include a broader audit of financial and management controls and adherence to board policies as described in section 4.3 of this report. Management could start by identifying options for its mandate and scope and the estimated cost for each option.
- Management and the board of trustees should consider including external advisors to contribute to the finance audit committee's effectiveness.

## **4.4 Treasury Management**

The purpose of reviewing treasury management processes is to assess:

- Whether processes are in place to ensure the optimal use of cash, investments and borrowings within school boards;
- Whether sufficient internal controls exist to support cash management, investments and borrowings;
- Opportunities to support continual improvement in the effectiveness and efficiency of all processes.

The following table summarizes the leading practices defined for treasury management, and identifies where evidence was found to indicate that the practice was adopted in full. Where the evidence was not present or the practice was not completely adopted at the time of the review, a "No" indicates that an improvement opportunity exists.

## Cash and Investment Management

Leading Practices – Treasury Management	Evidence of Adoption?
There is an efficient cash management process to maximize interest income, using short-term investments where appropriate.	Yes
Cash management activities are consolidated with a single institution.	Yes
Management periodically reports to the Board on the performance of the investment activity, in accordance with the approved investment policy in accordance with the Education Act.	Yes
Management periodically compares the school board's banking terms and conditions to those of similar school boards.	No
Management monitors financial risk related to cash/investment management, and has a plan to mitigate associated risks. Management performs regular cash/funding forecasting to ensure that the school board's debt service costs can be met to maturity.	Yes

## Management of School-Based Funds

Leading Practices – Treasury Management	Evidence of Adoption?
Management ensures adequate controls are in place to safeguard non-school board funds and coordinate the annual reporting of revenues and expenditures from schools and school councils.	Yes

## Cash and Investment Management

The finance department has consolidated the school board's cash management activities with a single institution, and has maintained this relationship over 10 years. Management has not tendered the school board's banking services in the last 10 years. Despite this, the school board has been approached informally with offers from other banking institutions to discuss their arrangement, allowing ADSB to understand the extent to which its current terms are competitive. Furthermore, the Board had previously compared its banking terms and conditions against other Boards via the OASBO banking survey.

The school board maintains two accounts, one for regular transactions and a separate account for payroll remittances. The school board maintains an annual line of credit and has negotiated an interest rate of (prime - 1.85%) for balance greater than \$2 million and a rate of (prime - 2%) for balance less than \$2 million.

Cash balances are monitored daily and daily bank reconciliations are performed by the finance clerk. The clerk also develops and maintains an updated 'cash position sheet' based on anticipated accounts payable (A/P), payroll, cash flow from the Ministry and

tax collections. This cash position sheet is used to identify surplus funds for short-term investment positions (4-7 days or 21 days instruments). The school board has an investment policy that refers to the stipulations in the Education Act.

According to the investment policy, investments of less than one week are placed in overnight investments at the school board's home bank, providing that the interest earned (less investment charges) exceeds the amount of interest that would be generated by leaving the funds in the school board's bank account. If not, the funds are left in the school board's bank account to earn the premium interest rates negotiated by management. When a temporary surplus occurs, the finance manager makes formal investments by calling for quotations from financial service providers. The school board has established criteria to be met by a financial institution to provide quotes on investments.

The institution must:

- maintain a sound financial status so that the school board can be reasonably assured of reimbursement upon maturation of the investment
- quote only on financial instruments approved under Ontario regulation 471/97 "Eligible Investments" prescribed under S.241 of the Education Act
- respond very quickly to the school board's calls for quotations so that the school board does not lose higher quotes from other institutions because the allowable response time for confirming acceptance has elapsed.
- continue to quote on all or the majority of the investment calls
- continue to demonstrate an ability to remain competitive through being successful in obtaining some investments on an ongoing basis.

The investment decisions are signed off by the finance manager before execution.

Management reports revenue generated from the investments as a line item in the quarterly reports presented to the trustees. Consideration should be given to developing and circulating an annual investment report to the trustees, detailing the school board's investment activities.

The school board also maintains reserve funds to attend to unforeseen circumstances. Specifically, the school board holds reserves in the following categories – capital, carry-over funds, working funds and service and retirement gratuity. Management requires board of trustees' approval to move funds from the working funds to operating funds. The school board's working funds have been drawn upon in the last few years to pay for special education expenses, supply teachers and other unforeseen circumstances. The

board of trustees and management should establish a guideline on a healthy reserve level specific to ADSB, and consider developing a plan to replenish the working fund reserve, as required.

### **Management of School-Based Funds**

Schools maintain their own bank accounts. The schools have the option to use the same banking institution as the school board. This is not mandated by the central Board office due to the remote locations of certain schools. The school board has adopted the 'Guidelines for School Generated Funds' as developed by the Ontario Association of School Business Officials Finance Committee. These guidelines have been distributed to the schools.

*School Cash.Net* software is used to track the financial records of school-specific fundraising activities and to ensure integrity of accounting for school-based funds. The principals and secretaries were trained on the system as it was rolled out, and new secretaries are trained on the system as required. Schools are required to complete monthly bank reconciliations. Annually schools submit a set of approved reports for in-year transactions and year-end bank reconciliation. The finance manager conducts informal reviews of schools, along with schoolbased audits conducted every year by external auditors.

The school secretaries are responsible for collecting funds at the school level. Even though the school board office provides standard forms for receiving cash at the school, the process is neither formalized nor applied consistently across all schools. The cash receipting process at the schools is an opportunity area for the school board. Management should consider developing a cash receipting procedure to ensure consistency and to strengthen the process.

### **Recommendation:**

- Management should periodically review the school board's banking relationship, and consider tendering these services to ensure competitive rates and key financial terms.

## **4.5 Non-Grant Revenue Management**

The purpose of reviewing non-grant revenue management processes is to:

- Assess whether procedures are in place to ensure the timely, complete and accurate recording of the different types of non-grant revenue;
- Assess whether internal controls exist to support appropriate cash handling and cash management;

- Identify opportunities to support continual improvement in the effectiveness and efficiency of all processes.

Non-grant revenue management is a smaller functional area for the school board as revenue generated outside of grants makes up approximately 5%<sup>4</sup> of the school board's overall budget, excluding interest income and "other grants". This percentage is higher than what is typically observed in other school boards, due to the relatively large population of aboriginal students that results in collection of tuition fees from First Nation band councils. The school board receives Education Programs –Other (EPO) funding from the Ministry for specific initiatives, which requires the school board to focus on the non-grant revenue line.

The following table summarizes the leading practices defined for non-grant revenue management, and identifies where evidence was found to indicate that the practice was adopted in full. Where the evidence was not present or the practice was not completely adopted at the time of the review, a "No" indicates that an improvement opportunity exists.

### Policies, Procedures, and Planning to Support Non Grant Revenues

Leading Practices – Non-Grant Revenue Management	Evidence of Adoption?
The board has established policies and/or procedures for the application of its fee structures.	Yes

### Procedures for all Non-Grant Revenues

Leading Practices – Non-Grant Revenue Management	Evidence of Adoption?
Electronic registration and payment systems are used where appropriate (e.g., continuing education, permitting of facilities and leasing).	Yes
Staff monitor all sources of revenue to ensure completeness and compliance with policies. Action plans and processes maximize collections including obtaining credit/risk assessments.	Yes
Board budget identifies revenue and expenditure for each EPO program. Management monitors activity to ensure compliance with terms and conditions.	Yes

<sup>4</sup> Based on 2006-2007 Financial Statements. Includes \$4.7 M in First Nation Fees, 0.7M in Other Revenues – School Boards, and \$1.4 M in Other Fees and Revenues on a total revenue of ~\$131M.

## **Policies, Procedures, and Planning to Support Non-Grant Revenues**

The school board has the following potential sources of non-grant revenue:

- Adult and continuing education
- Community use of schools
- Tuition agreements with band councils
- Visa students
- Cafeteria operations
- Daycare operations
- Shared transportation and shared schools/facilities

The school board has established a policy on the community use of schools that is available on the school board's website and used as a guideline for renting facilities and levying of permits and the application of the fee structure.

The school board has good working relations with the regional Native bands. Management has noted that they are quickly moving towards 100 per cent recovery of tuition fees. This is a result of ongoing negotiations with selected band councils over payment of interest in arrears on outstanding tuition. Furthermore, at the time of the review, the school board was also negotiating new tuition agreements with the First Nations that would leverage a cost-recovery based pricing model.

In addition, the school board is also responsible for tax collection for unorganized townships north of Sault Ste. Marie. To that end, the school board has a tax collection policy that was last updated in 1998.

### **Procedures for all Non-Grant Revenue**

The school board currently does not use automated systems to collect non-grant revenue. However, management is transitioning towards an online permitting system for community use of schools, and is currently developing a business application in-house. Such a system would also support periodic management reporting and enhance the overall client experience.

The school board has a dedicated administrator responsible for the overall supervision and administration of its adult and continuing education programs. The daycares pay incremental cost to the school board for original construction, and then any incremental ongoing building expenses, which have been minimal, if any.

As noted above, the school board is also responsible for collecting the property tax, recreation levies and interim provincial land tax in the unorganized townships north of Sault Ste. Marie. As a result, management has formally established the property tax requirements in accordance with Ministry of Finance legislation. It was noted that the management has implemented successful progressive actions to reduce the number of delinquent accounts.

The finance department has set up discrete accounts receivable to manage revenue from the band councils, as determined by the tuition agreements. The band councils are invoiced twice a year on 30 day payment terms. The recoveries made on this account are reported as a separate line item to the trustees in the quarterly financial reports.

EPO grants received by the school board are designated to appropriate superintendents and/or project leads. A new project code is created for each EPO grant in the financial system and assigned a G/L code with revenue and expense lines. The project leader assigned to these projects closely monitors the account and tracks in-year expenses.

Any carry-over of funds to the next academic year is reviewed by the administrative council and approved by the director and the superintendent of business.

## 4.6 Procurement

The purpose of reviewing procurement processes is to assess:

- Whether procurement policies and practices are in place to ensure that the school board acquires goods and services through an open, fair and transparent process;
- Whether appropriate internal controls exist to support the procurement and related payment process;
- Whether Board processes ensure the receipt of value for money from all acquired goods and services;
- Opportunities to support continual improvement in the effectiveness and efficiency of all processes.

The following table summarizes the leading practices defined for Procurement, and identifies where evidence was found to indicate that the practice was adopted in full. Where the evidence was not present or the practice was not completely adopted at the time of the review, a “No” indicates that an improvement opportunity exists.



## Procurement Policies and Procedures

Leading Practices – Procurement	Evidence of Adoption?
Approved procurement policies and procedures are clearly communicated to staff with purchasing authority, and are periodically reviewed and updated.	No
Vendor selection criteria include elements other than the lowest cost, such as total cost of ownership, value, quality and competitive procurement (including the use of public advertising for FRPs and tenders over a defined level).	Yes
Purchasing managers monitor and ensure compliance with the school board's procurement policies and procedures.	Yes

## Participation in Buying Consortia

Leading Practices – Procurement	Evidence of Adoption?
The procurement strategy includes the participation in consortia/cooperatives for cost savings.	Yes
Management evaluate and develop strategies to increase purchasing power and minimize the cost of goods and services procured.	Yes

## Purchasing Levels of Authority

Leading Practices – Procurement	Evidence of Adoption?
Purchasing authorization levels are commensurate to job title/role, and are monitored for compliance by a supervisor or department head.	No

## Policies and Procedures for PCard/Corporate Card Use

Leading Practices – Procurement	Evidence of Adoption?
Policies and procedures for the use of PCards and corporate credit cards are documented and communicated to users through regular training and monitoring.	Yes

## Accounting for Completeness of Purchase/Payment Cycle

Leading Practices – Procurement	Evidence of Adoption?
Automated three-way matching (purchase order, receipt/invoice and inspection) is used.	No
Commitment accounting is in place to monitor budget utilization.	Yes
Management has implemented electronic supplier interface for ordering, processing and payment, including the use of supplier portals.	Yes

## Use of Electronic Funds Transfer

Leading Practices – Procurement	Evidence of Adoption?
Management maximizes its use of electronic funds transfer (EFT) for payments.	No

## Procurement Policies and Procedures

The school board has an approved purchasing policy for acquisition of quality goods and services, for all of its schools and departments. The policy is available on the school board's website and was last revised in 1998 upon amalgamation.

The superintendent of business assumes the overall responsibility for establishing and maintaining appropriate purchasing practices. The purchasing policy has been developed to:–

- Ensure that good standards are maintained in the purchase of all goods and services;
- Ensure economical and efficient expenditure of tax dollars, by purchasing all goods and services on a competitive basis at the lowest cost consistent with the quality required;
- Provide a level of service to ensure goods and services are obtained within the time frame requirements of the schools and departments;
- Avoid duplication, waste, and obsolescence through standardization where applicable with respect to all purchases;
- Monitor all purchases and maintain consistency;
- Provide controls that will ensure all policies and procedures are followed by all personnel.

As stated in the policy, the school board endorses the procurement of Canadian-manufactured supplies and equipment, and does not support the acquisition of equivalent, foreign manufactured supplies and equipment unless the price of the foreign goods is less than 90 per cent of the price of the Canadian goods. Management noted that purchasing decisions are made with a focus on the total cost of the ownership through the life cycle of the product, rather than just the initial cost of acquisition.

Management ensures that new principals and trustees are oriented with purchasing policies during initial orientation. Policies are further reinforced at monthly meetings with the principals where non-compliance issues are highlighted.

The school board has approved policies in accordance with the direction given by the Ministry in the spring of 2007. The following have been adopted and posted on the school board's website:

- Use of Board credit cards (April 2007)
- Travel, Meals and Hospitality (April 2007)
- Advertising (April 2007)
- Purchasing (June 1998)

### **Participation in Buying Consortia**

The school board is a member of the Ontario Public Buyers Association and has collaborated with the Catholic School Boards Services Association (CSBSA) for the acquisition of electricity.

Management has been successful in securing contracts for photocopiers, natural gas, insurance and wide area network (WAN) through various partnerships and consortium memberships. The school board also has entered into a shared services contract through the Ontario Shared Services (OSS) which has been leveraged to procure courier services.

The school board also maintains an online catalogue for use by the staff at the school board office and at schools.

### **Purchasing Levels of Authority**

The purchasing policy outlines the following dollar thresholds / requirements for purchasing:

- For purchasing orders between \$5,000 and \$10,000, written quotations are requested from several known possible suppliers. The school board maintains a master list of approved vendors/suppliers for respective quotations.
- For purchases over \$10,000, public advertisements are placed calling for tenders, provided the items lend themselves to competitive bidding.

The above policy requirements are monitored for compliance by the purchasing department officials and through the financial system. However, the policy does not outline specific purchasing authorization levels. Management should consider revising the policy to include approval levels that are commensurate to job title/role.

It was noted that the purchasing policy has not been reviewed or refreshed in the last 10 years. The school board should review its purchasing policy and communicate changes to staff across the system.

### **Policies and Procedures for Purchase Card/Corporate Card Use**

The school board has clearly communicated a policy for the use of corporate credit cards, which is current, as of April 2007.

All requests for corporate credit cards must be approved by the director or designate and a copy of the policy is reviewed with the employee upon approval. Appropriate approvals for the credit card expenses are obtained from a superintendent or director. Expense receipts are submitted to the superintendent of business's secretary, or designate, and statements with attached receipts are approved by the director and superintendent of business or designates.

Similar to other school boards in northern Ontario, some staff incur significant travel expenditures. There are a total of five credit cards in use by the administration - three credit cards held by the facilities staff (to purchase fuel, services for the plant department vehicles and commercial purchases at specific retail stores) and a joint credit card with the purchasing supervisor and the superintendent of business, with a limit of \$50,000.

A preferred practice is to use of personal credit cards, with reimbursement of business expenses through the regular expense reimbursement process. The school board should review its current policy and procedure, to ensure financial control and the validity of corporate credit card expenditures.

The school board currently does not issue PCards. Instead it relies on standing purchase orders with selected retailers for consumables such as office supplies that capture small dollar value purchases. This is an opportunity area for the school board, because not all purchases have standing purchase orders, and not all vendors are willing to accommodate standing purchase orders.

Consideration should be given to consolidate procurement and payment activities of frequent small dollar purchases. As a next step, the school board should perform an analysis of purchase orders by user, by department, by transaction value and by purchasing category. This would allow the school board to develop an optimal PCard program that maximizes purchasing efficiency while ensuring budgetary control.

### **Accounting for Completeness of Purchase/Payment Cycle**

The school board predominantly relies on the procurement module integrated in its finance system to process its purchase-to-payment cycle. A hard copy requisition is

created at the schools on a standard template form. The requisition is approved by the manager/principal and subsequently an electronic requisition is created by the school secretary. Management should investigate whether there are opportunities to automate the front end of this process, which involves the generation of paper requisitions at the schools for approval by the manager/principal. (For procurement of IT goods and services, the IT department directly creates the e-requisition in the system.)

The electronic requisition is then reviewed by the central purchasing department for policy compliance, to ensure proper taxes are applied and to isolate requisitions that exceed available budget. The creation of an electronic requisition in the system creates an accounting commitment. Once the requisition has been approved and submitted online, it automatically encumbers those funds against the budget. A system-generated warning appears if the purchase order exceeds the budget. Requisitions that result in over-budget are forwarded to the purchasing supervisor for further approval. All other requisitions are saved, approved and consequently a purchase order (PO) is created.

A preliminary register of POs is printed and reviewed by the purchasing supervisor before a final register is printed. After a final review of the register by the purchasing supervisor, the POs are printed and forwarded to the vendors via email, fax or mail. Management should consider whether the creation and review of the PO register is necessary, given the previous requisition approval and budget check processes.

The goods are shipped directly to the site except when bulk purchases are made by the central Board office, in which case the goods are received at the school board office. At the receiving location, two-way matching is done between the packing slip and the PO. The school board office receives the invoice from the vendor and matches it against the PO. For invoices over \$1000, a copy of the invoice is sent to the schools to confirm receipt. These invoices are entered in the system with a hold that is released only after confirmation is received from the schools. The invoices for goods procured by the maintenance department are matched by the staff in the plant department against the purchase order and parts receipt. Management should leverage the automated three-way matching capability that exists in the BAS 2000 system to automate the matching process for all invoices.

To complete the purchase-to-payment cycle, a preliminary invoice batch listing is reviewed for accuracy against actual POs. Following a review of the final invoice listing, cheques are issued to the vendors. Invoices received by the purchasing department without a matching PO are sent to the schools for approval and account details.

Management should review its purchase-to-payment cycle to maximize efficiency and process effectiveness. As an example, management should consider automating the front end of the process that involves paper requisitions to be generated at the schools for approval by the manager/principal. Furthermore, there are opportunities to

consolidate the two-way matching process that is fragmented between the departments of information, accounts payable and plant.

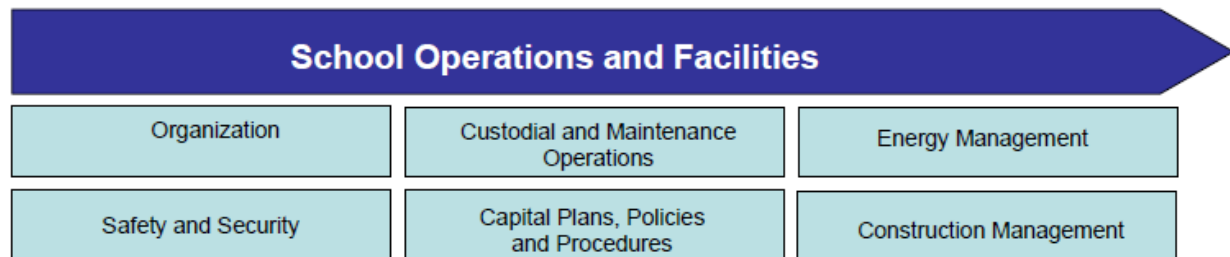
### **Use of Electronic Funds Transfer for Greater Efficiency**

The school board currently uses electronic funds transfer (EFT) to process payroll remittances, while other payments are made by cheque. This is an opportunity for the school board that can potentially result in increased process efficiencies.

### **Recommendations:**

- The department should review its purchasing policy to ensure that approval limit thresholds are commensurate with job title/role. This would ensure alignment with the needs of the school board and consistency with other school boards.
- The school board should review its current policy and procedure for the use and distribution of corporate credit cards.
- Management should evaluate the use of PCards for small dollar purchases, to reduce the volume of supplier invoices processed by accounting. It should perform a transaction/spend analysis of purchase orders (including standing purchase orders) to identify optimum threshold limits that will maintain budgetary control while managing the volume of invoices.
- Management should perform a detailed review of the school board's purchase-topayment cycle, to validate the process's efficiency and effectiveness opportunities identified in section 4.6 of the report
- Finance staff should implement EFT payments to all appropriate suppliers, to gain greater efficiency and minimize the risk of payments being altered prior to clearing the bank. Management may want to consider EFT capability when tendering banking services in the near future.

## 5. School Operations and Facilities Management – Findings and Recommendations



Efficient and effective management of the school board's facilities (particularly schools) is an important factor in student achievement. Along with providing a positive learning environment for students, this function sets and meets standards of cleanliness and maintenance, examines opportunities to increase energy efficiency, and addresses the health, safety, and security requirements of the school board. Management uses cost efficient and effective processes in the design and construction of new facilities.

The following is a summary of our assessment of the school board's adoption of the leading practices under the processes identified above. All findings are a result of the review of data provided by the school board and on-site field work, which included interviews with all key school operations and facilities management staff, as well as follow-up and confirmation of information.

### 5.1 Operations and Facilities Organization

The purpose of reviewing the organization of operations and facilities is to assess:

- Whether the board of trustees and management have established policies and procedures that support the key departmental functions and activities, strong internal controls and financial management;
- Whether the department supports the overall goals, priorities, and accountability established by the school board in support of student achievement targets and strategies;
- The efficiency and effectiveness of the departmental structure and whether roles and responsibilities support the key functions/activities and the required business practices;
- Opportunities to support continual improvement in the effectiveness and efficiency of all processes.

The following table summarizes the leading practices defined for the operations and facilities organization, and identifies where evidence was found to indicate that the practice was adopted in full. Where the evidence was not present or the practice was not completely adopted at the time of the review, a “No” indicates that an improvement opportunity exists.

### Development and Reporting of Annual goals and Priorities

Leading Practices – Operations and Facilities Organization	Evidence of Adoption?
The operations and facilities department’s goals and priorities are documented in an annual department plan that is aligned to the annual board improvement plan and is accessible by key stakeholders. The plan incorporates measurable targets, specific timelines, and identified accountability.	No

### Organizational Structure and Accountability

Leading Practices – Operations and Facilities Organization	Evidence of Adoption?
The operations and facilities department has clearly defined organizational units and delineates respective roles and responsibilities. A current organizational chart is available.	Yes
Senior operations and facilities staff have appropriate designations (e.g. P.Eng.) and relevant field experience.	Yes

### Monitoring and Communication of Policies

Leading Practices – Operations and Facilities Organization	Evidence of Adoption?
Management has processes in place to monitor departmental policy compliance.	Yes
Processes exist to monitor new legislation and regulations and implement necessary changes.	Yes
Management provides scheduled policy awareness, and training to address ongoing skill development and emerging regulatory issues.	Yes

### Development and Reporting of Annual Goals and Priorities

The plant department develops a brief annual operating plan that includes objectives with a priority rating. Each objective has been assigned a lead department and allocated



budget, along with proposed timelines. Some of the highlights from the department's 2008-09 operating plan include implementation of standard operating procedures, updating the 10-year capital plan, upgrade of equipment and tendering for 2008-09 facility renewal projects.

While the department should be recognized for adopting some level of annual planning, there are opportunities to improve the rigor and alignment of this process. Specifically, the plan can be strengthened by aligning it directly to the overall strategic plan of the Board and the annual board improvement plan. It would also be useful to provide more detail on a reduced number of activities so that departmental and other Board staff can better understand the annual priorities. The planning document should also be approved by the administrative council along with periodic progress reports.

### **Organizational Structure and Accountability**

The plant department reports to the superintendent of business through the plant manager. The plant manager oversees the functions of renewal and capital planning, maintenance, custodial services, transportation services, office and community use. Each of these functions is led by a supervisor who reports to the plant manager. The plant manager is also assisted by two area coordinators to manage the geographical spread of the school board. The school board has approximately 11 maintenance employees and 165 custodial staff to manage sites across the system.

The roles and responsibilities for these positions are clearly outlined in the organization chart, and are well understood within the organization. Key department staff have appropriate professional designations and/or related field experience, and are involved in various provincial committees to keep abreast with best practices and new directives.

### **Monitoring and Communication of Policy**

The school board has various policies and related operating procedures to manage its facilities and operations. Policies cover areas such as asbestos management, external use of closed board facilities, pupil accommodation review and tendering capital construction projects. Management oversight ensures that policy is being followed.

The department also coordinates the following periodic initiatives: monthly fire alarm testing, annual fire alarm verification, monthly fire extinguisher monitoring, annual fire extinguisher verification, annual boiler cleaning and maintenance, daily water flushing and recording, annual lead testing in water systems and annual comprehensive hazardous waste management program.

## Recommendations:

- The plant department plan should prepare a more formalized annual plan that demonstrates alignment to the Board's strategic plan and board improvement plan. A more specific plan will provide greater clarity to departmental and other Board staff on the annual priorities. This will enable the department to track and report progress of its defined priorities and goals throughout the year.

## 5.2 Custodial and Maintenance Operations

The purpose of reviewing all processes relating to custodial and maintenance operations is to assess:

- Whether custodial and maintenance services are responding effectively and efficiently to maintaining an optimized learning environment for students;
- Whether the department has the appropriate organizational structure to effectively manage service delivery;
- Whether appropriate internal controls exist to effectively manage custodial and maintenance operations and expenditures;
- Opportunities to support continual improvement in the effectiveness and efficiency of all processes.

The following table summarizes the leading practices defined for custodial and maintenance operations, and identifies where evidence was found to indicate that the practice was adopted in full. Where the evidence was not present or the practice was not completely adopted at the time of the review, a "No" indicates that an improvement opportunity exists.

### Staffing Model/Allocation Supports the Cleaning Standards and Maintenance Requirements.

Leading Practices – Custodial and Maintenance Operations	Evidence of Adoption?
The board has adopted cleaning standards and has developed a standard set of processes and tools to monitor, manage, and report on results.	Yes
Management's custodial/maintenance allocation model optimizes the use of staff.	Yes

## Development of Annual/Multi-Year Maintenance Plan

Leading Practices – Custodial and Maintenance Operations	Evidence of Adoption?
Using stakeholder input, management develops an annual and multi-year (three to five years) maintenance plan that addresses preventative and deferred maintenance priorities. Outcomes improve the learning environment for students. The plan optimizes the use of available funding (Annual Renewal Grant and Good Places to Learn funding) and is approved by the school board.	Yes

## Training to Support Skills Development and Safety

Leading Practices – Custodial and Maintenance Operations	Evidence of Adoption?
A monitored annual training plan for staff addresses ongoing skill development and emerging regulatory issues.	Yes

## Standardization of Cleaning and Maintenance Supplies

Leading Practices – Custodial and Maintenance Operations	Evidence of Adoption?
An inventory system tracks and controls major cleaning and maintenance equipment.	Yes
Common standards ensure efficient procurement of supplies to minimize costs and promote energy and operating efficiency.	Yes

## Project Management, Monitoring and Support Systems

Leading Practices – Custodial and Maintenance Operations	Evidence of Adoption?
A work-order system and process records, monitors, and evaluates projects ensuring the effective use of resources.	Yes
Management regularly evaluates the overall effectiveness and efficiency of its maintenance and custodial service practices.	Yes

## Staffing Model Supports Cleaning and Maintenance Standards

The plant department has developed a custodial allocation model for the optimum use of resources to implement the school board's cleaning standards and practices. A committee using management and union representatives allots the required staffing per school, as directed by the cleaning model. The cleaning model is based on the following core principles –

1. A consistent standard schedule of cleaning to provide every operational classroom with some cleaning attention every school day.
2. The standard of cleaning described in #1, will result in a higher standard than the 'Alternate Day' cleaning model.
3. Time for 'minor maintenance functions' (such as but not limited to light fixture repairs, door hinge repairs, washroom stall repairs, tightening and cleaning of machines, fixtures, brackets etc.) will be incorporated.
4. The purchase and use of automated cleaning equipment to increase cleaning efficiencies and improve cleaning effectiveness while reducing the risk of injury which would lead to a reduced number of WSIB claims
5. Extenuating circumstances might require minor deviation from this model to achieve effectiveness and/or meet operational needs.
6. Establish standard operating procedures for all custodial and maintenance personnel.

The model was developed after amalgamation and was reviewed again by the supervisor of custodial services, union representatives and school principals in 2006.

At present, the Board has 158 full and part time employees and 18 casual employees in the custodial department. On average, three classrooms require one custodial employee. The school board's layoff of three employees was triggered by school closures in 2007 and 2008.

The department has developed standard operating procedures to maintain consistent cleanliness standards across the multiple sites. A custodial manual has been developed to:

- Provide instructions and guidelines to promote uniform and safe standards across the district
- Improve interaction between custodial staff to discuss and problem solve aspects of location operation and cleanliness
- Provide a comprehensive document to assist all custodial staff in accomplishing daily tasks
- Improve standards and work practices
- Ensure compliance with the occupational health and safety act

The maintenance staff at the Board includes a boiler technician, a carpenter, an electrician, a plumber and a HVAC technician. The school board also relies on external contractors to perform work not usually done by internal maintenance staff, including large work orders and emergency projects.

### **Development of Annual and Multi-Year Maintenance Plan**

The school board has aging infrastructure, given that 75 per cent of the schools are over forty years old. Management conducted a comprehensive site review in 2002 to develop a multi-year maintenance outlook. This data is combined with the maintenance work orders. Based on this and consultations with the school principals, maintenance supervisor and custodial staff, an annual maintenance plan is developed. The plan is reviewed by the administrative council and finance audit committee before being presented to the board of trustees for approval. The approved plan is then presented back to the principals. The plan outlines the projects with associated labour and material costs along with estimated labour hours. These projects are used to generate in-year work-orders.

The department solicits annual input from principals that lets each school community identify its desired requirements for its learning environment. The template allows the Board to receive feedback and helps identify capital budget needs and develop annual maintenance programs.

### **Training to Support Skills Development and Safety**

Management supports the skills development of its facilities staff. The department has developed an orientation package for new hires that includes information on protocols, collective agreements and administrative requirements. This is supplemented with bi-annual professional development days that include review of the standard operating procedures. Training consists of diverse topics such as working alone procedures, ladder safety, general health and safety, code of conduct, absence notification, fire alarm and fire extinguisher safety issues, safe lifting and carrying furniture, roof top access, heat stress and safe removal of garbage. Training sessions in the fall cover topics such as snow blowing safety, snow shovelling and salting procedures, sanding and salting procedures, school check procedures, and boiler procedures.

The maintenance staff has scheduled monthly staff meetings for updates. These meetings are also leveraged to train the maintenance staff on various matters including CPR. Training sessions for the maintenance personnel cover topics such as code of conduct, absence notification, roof top access, ladder safety, working alone, safe lifting and carrying techniques. In addition, the Board also organizes defensive driving courses taught by the Transportation Health and Safety Association of Ontario.

## **Standardization of Cleaning and Maintenance Supplies**

Custodial supplies are managed centrally through the Board office. The contract for cleaning supplies is refreshed every two years. The supplies are bought annually and delivered to the sites bi-annually. The plant department tracks its cost of cleaning supplies per square foot as a key metric.

Management maintains a list of preferred vendors for the purchase of materials for work orders. It also has standing orders with selected vendors for small consumables like maintenance supplies. For maintenance supplies under \$500, the maintenance staff complete a paper copy of a three-part purchase order with details such as part name, dollar value, work order number and the school name where the maintenance supply will be used. A copy of the PO is given to the vendor and a second copy is given to the plant office along with the parts order. The plant office receives the invoice that is matched against the part order, the completed work order and the purchase order.

The maintenance supervisor validates the purchases, assigns a G/L code and the invoice is entered into the integrated financial system by the A/P clerk for payment. As noted in section 4.6, management should consider consolidating the matching process in the A/P department to ensure consistent process control.

A central inventory of custodial equipment is maintained at the Board office. Minor maintenance of equipment is performed in-house by the department staff.

## **Project Management, Monitoring and Supporting Systems**

The school board has developed a custodial/maintenance procedures manual with standard operating procedures and guidelines to promote consistent and safe standards. Custodial supervisors conduct quality assurance audits every two months. These audits are reviewed by the manager, and a copy is maintained both at the Board office and at the schools.

The department uses an electronic work-order system (Heat) to schedule maintenance tasks across the multiple sites. The custodial staff or principal identify a maintenance issue, which is entered into the work-order system by the school secretary. The work orders are reviewed centrally at the plant office where they are prioritized and assigned to the various maintenance staff. Work orders are distributed to maintenance staff every two days by management. The completed work orders are returned by maintenance staff and are entered into Heat by the department secretaries. This ensures a closed-loop system that minimizes outstanding workorders.

### 5.3 Energy Management

The purpose of reviewing all related energy management processes is to assess:

- Whether adequate planning and communication exist to support the reduction of energy consumption;
- Whether school board structure and processes are in place to ensure that energy is procured for the lowest cost;
- Identify opportunities to support continual improvement in the effectiveness and efficiency of all processes.

The following table summarizes the leading practices defined for energy management, and identifies where evidence was found to indicate that the practice was adopted in full. Where the evidence was not present or the practice was not completely adopted at the time of the review, a “No” indicates that an improvement opportunity exists.

#### Energy Management Plan

Leading Practices – Energy Management	Evidence of Adoption?
Management has established a multi-year energy management plan that incorporates measures to be implemented and the tools to monitor and manage the plan.	Yes
Purchasing practices support energy conservation objectives (e.g., Energy Star products, leveraging consortia membership).	No
Successful conservation initiatives are shared across all schools and with other school boards.	Yes

#### Tracking and Reporting Energy Conservation

Leading Practices – Energy Management	Evidence of Adoption?
Management provides formal annual reporting on the conservation savings achieved against plan.	Yes
A comprehensive system exists to budget expenditures, track consumption, and identify opportunities for further savings.	Yes
Billing for all board facilities is consolidated from each utility.	No
Centralized technology that automates energy regulation and conservation (e.g., light control, desktop power) is used wherever practical.	Yes

## **Energy Management Plan**

Management has a multi-year energy management strategy that focuses on replacing aging building components (boilers, windows and roofs) that can yield the most significant energy savings. A GPL project summary report 2004-09 was prepared and presented to the trustees along with a summary report to the finance audit committee.

The energy management initiatives are led by the supervisor of facility renewal and capital planning. The projects are prioritized based on the estimated payback period. Energy conservation projects are typically financed by GPL funding.

Management has implemented automated building management systems at all secondary schools to regulate heating. It is recognized that an automated system cannot be implemented at all facilities given the age of the buildings. Furthermore, management noted that a more effective building automation system was being considered for the new schools that will be built by the Board.

In the last five years, the Board has also transitioned to T8 light bulbs and motion triggered lights to conserve energy. The school board has also incorporated energy management in its school curriculum, and has recently installed a windmill in one of its facilities as a pilot to demonstrate the green route to electricity generation. Furthermore, the Board participates in a recycling program across all its sites. The school board engages in informal discussions with its coterminous school boards to share conservation initiatives and review new technology.

The school board should continue to expand its existing energy management initiatives. Furthermore, management should develop a system-wide, multi-year energy management plan, with appropriate consumption reduction targets.

The school board's purchasing policy does not require the purchase of energy efficient new equipment, such as Energy Star products. Since equipment for new school sites is specified by the architects, management has minimal influence over its energy efficiency. The purchasing policy should be reviewed to ensure that energy efficient goods are purchased system-wide.

## **Tracking and Reporting Energy Conservation**

Management prepares reports to track the average annual savings achieved by implementing energy conservation initiatives. These include reports that track annual costs of utilities, including electricity, heating and water/sewage, for all sites, along with the cost per square foot. Management is also encouraged to track the consumption of energy and water to effectively monitor the results of conservation initiatives.

The school board does not have consolidated billing across its multiple sites. Given the geographical diversity of the Board, school sites are attached to different utility



companies. As a result, the Board will likely not be able to consolidate utilities billing across all sites. However, management is encouraged to explore opportunities to consolidate utility billing in urban centres such as Sault Saint Marie to achieve operational efficiency.

### Recommendations:

- The department should review its current purchasing policy, to ensure that energy efficient goods and services are purchased system-wide, either directly or through subcontractors.

## 5.4 Health, Safety and Security

The purpose of reviewing all the Health, Safety and Security processes is to assess:

- Whether adequate planning and communication exist to support the provision of a safe teaching and learning environment;
- Whether school board structure and processes are in place to implement safety precautions;
- Opportunities to support continual improvement in the effectiveness and efficiency of all processes.

The following table summarizes the leading practices defined for health, safety and security, and identifies where evidence was found to indicate that the practice was adopted in full. Where the evidence was not present or the practice was not completely adopted at the time of the review, a “No” indicates that an improvement opportunity exists.

### Development, Monitoring, and Tracking of Policies and Plans for Health, Safety and Security

Leading Practices – Health, Safety and Security	Evidence of Adoption?
The maintenance of health, safety and security policies and the development of appropriate plans ensure compliance with statutory health, safety and security requirements.	Yes
The security code policy includes alert codes that reflect the situation and threat level, and identify departmental responsibilities.	Yes
Security incidents are tracked by type of incident (e.g., property damage, intrusion, etc.).	Yes
Operations management follow Ministry guidelines, policy and legislation on healthy schools.	Yes

Leading Practices – Health, Safety and Security	Evidence of Adoption?
Safe school teams responsible for school safety (e.g., PPM 144) are implemented in every school.	Yes
Water and air quality standards are monitored and issues are reported for corrective action.	Yes

## Development, Monitoring and Tracking of Policies and Plans for Health, Safety and Security

The health and safety portfolio is led by the health and safety officer, who reports to the manager of human resources.

The school board has an approved health and safety policy that is current as of February 2007. Management and employees are jointly responsible to implement and maintain a joint health and safety committee to promote health and safety and preventing incidents involving occupational injuries and illnesses. Management prepares an annual health and safety plan that is approved by the trustees.

According to the policy, the trustees, director and superintendents are responsible to provide the information, education and training, equipment and resources to support the internal responsibility system. The managers, principals and supervisors are accountable for the safety of workers within their area of jurisdiction, and are responsible for compliance with statutory and Board requirements.

A central joint health and safety committee of 11 staff representatives and seven management representatives meets six times a year to discuss system-wide issues. The health and safety officer along with the plant manager and superintendent of business are available as resources for the committee. The joint health and safety committee issues an annual report to the Board that includes accident statistics for all employee groups during the year, and an update on recent initiatives to ensure compliance with various acts and regulations.

Every school has a health and safety committee composed of the school principal, teachers and non-academic representatives. The committee prepares an annual plan that includes prevention and instructional strategies and an annual monitoring process. The central joint health and safety committee liaises with the school-based committees at least once per year when performing their annual inspections of their assigned family of workplaces. The joint health and safety committee also liaises in writing when providing written responses to the monthly workplace inspections submitted by the school-based health and safety committees.

Health and Safety initiatives as recommended from either the joint health and safety committee or the health and safety officer are submitted for feedback and approval to

senior administrators. Approved initiatives are communicated to principals and managers, and they are provided with the necessary resource to implement them.

Health and safety training is provided to all new Board employees. In addition, annual training is provided to the school principals, as site managers, on laws and regulations related to legal liability and health and safety issues. The department has developed a health and safety manual that outlines information pertaining to health and safety responsibilities, legislative requirements and procedures around workplace accidents, health and safety concerns, fire safety, lock-out procedures, WHMIS information, chemical safety, asbestos management program, potential hazards and protective equipment. Specific sections of the manual are updated regularly, and multiple copies are placed at every site across the system.

Vandalism is an ongoing issue at the Board and is tracked on an incident basis. Management noted that the strategic use of security cameras and security screens has been successful in discouraging this activity.

The priority of healthy schools for students is the responsibility of all staff. 'Safe and healthy schools' is one of the supporting conditions reflected in the strategic plan. The school board has engaged its local public health unit to support these initiatives. At the plant department level, commitment to healthy schools can be found in the annual school renewal and refurbishment activities performed each spring and summer. Current projects include well water upgrades and baseball diamond improvements.

The accountability for implementing safe school teams lies with the superintendent of education for operations and planning. Each school has a safe school team that is also responsible for promoting an anti-bullying environment. The school board has developed an emergency booklet (with its coterminous board) that includes alert codes to reflect the situation and threat level, and identifies specific departmental responsibilities.

Air quality testing is conducted periodically, or as requested by the school principal, by external consultants with appropriate certification. The school board also has an active asbestos management program across all its sites.

## **5.5 Capital Plans, Policies and Procedures**

The purpose of reviewing capital plans, policies and procedures is to:

- Assess whether school capital assets are being utilized effectively and efficiently;
- Assess how well management is planning for future capital requirements, based on enrolment forecasts and the capacity/maintenance issues of the existing asset base, relative to the funding available from the Ministry (i.e. NPP funding);

- Assess whether management is appropriately prioritizing the maintenance and renewal expenditures in light of the available Ministry funding and multi-year capital programs;
- Identify appropriate controls and transparency within the current planning process;
- Identify opportunities to support continual improvement in the effectiveness and efficiency of all processes.

The following table summarizes the leading practices defined for capital plans, policies and procedures, and identifies where evidence was found to indicate that the practice was adopted in full. Where the evidence was not present or the practice was not completely adopted at the time of the review, a “No” indicates that an improvement opportunity exists.

### Development of Annual and Multi-Year Capital Plans

Leading Practices – Capital Plans, Policies and Procedures	Evidence of Adoption?
The school board has an approved annual and multi-year capital program that includes the related funding plan.	Yes
The school board has an approved pupil accommodation review policy.	Yes

### On-going Monitoring and Maintenance of Data to Support Capital Planning

Leading Practices – Capital Plans, Policies and Procedures	Evidence of Adoption?
The school board maintains accurate and up-to-date inventories of school capacity and utilization.	Yes
Capital forecasts and related funding plans are assessed annually and adjusted to meet current needs and changes to original assumptions such as enrolment projections and capital grants.	Yes
An accurate and current assessment of facility conditions is maintained, based on industry standards (using RECAPP methodology).	Yes

### Development of Annual and Multi-Year Capital Plans

In January 2005, after extensive rationalization and renewal planning, the board of trustees approved a long-term capital investment plan for 2005-09. In compliance with

Ministry requirements, the Board has completed its capital liquidity template, which was approved by the Ministry in October 2008.

The Ministry provides Good Places to Learn (GPL) to deal with high and urgent needs identified in the Renewal Capital Asset Planning Process (ReCAPP). The department prepares an annual list of capital projects (including facility renewal projects and good places to learn (GPL) projects) that will be undertaken in the academic year complete with budget estimate, funding sources, designated lead, total costs and status update. This is supplemented by periodic reports that track the completion status of these projects. Annual renewal projects are primarily selected from the RECAP database combined with consultations with the school principals and maintenance and caretaking departments. Projects are short-listed based on historic maintenance costs, potential energy savings, payback period and potential implication on other components. Projects are also chosen based on specific needs of a school (i.e. extending a bus zone) if not identified in RECAP.

The school board focus to date with GPL funding has been on roofs, boilers and windows in the schools. The school board was assigned \$8.6 million and \$5.0 million for GPL Phase 1 and Phase 2 respectively, for a total of \$13.6 million. The school board is currently in the third phase of GPL funding, and has been allocated \$7.4 million.

The plant department staff conducts annual site visits to assess and monitor the facility conditions. The plant manager reviews the proposed capital projects with the administrative council and following approval by the finance audit committee, arrives at the final list. The area coordinator incorporates the utility and operating costs trends from the last five years in the capital planning process. For the current academic year, the Board has identified projects totaling \$6.9 million. The projects include roof replacements, exterior facility upgrades, flooring replacements, public address system upgrades, heating/ventilation/electrical upgrades and site upgrades/paving.

The school board has an approved policy on pupil/school accommodation review that was last updated in June 2007. The process of student accommodation review at the Board consists of five stages:

- Preliminary analysis of pupil accommodation data
- Commencing pupil accommodation review
- Community consultation and public meetings
- Local accommodation review report, board decision(s) and implementation
- Administrative review of accommodation review process

The school board recently completed a pupil accommodation review process. As a result, the Ministry conditionally approved \$44.8 million in Prohibitive-to-Repair (PTR) funding to build a French immersion elementary school and a new secondary school, while closing four PTR schools.

The decision was preceded by public consultation meetings, and local accommodation review committees (ARCs) were appointed by the Board for each of the four schools. Their mandate was to:

- review the capital planning process and the Ministry prohibitive to repair funding and accommodation review policy;
- finalize the valuation framework;
- develop a final report to the senior administration based on public input

Senior board management prepared administrative recommendations after assessing the deliberations of the ARC public meetings and the recommendations in the ARC final reports.

The school board is committed to dealing with the many challenges presented by the extreme weather, lack of public transportation, narrow rural roads and aging facilities in its jurisdiction. To that end, the Board has an accessibility steering committee, and accessibility improvement is part of the annual plan. The annual accessibility plan was last updated in 2007. Management acknowledges that some schools are not compliant with the Ontario Disability Act because of their age and the cost to retrofit. The school board has identified numerous barriers (physical, architectural, attitudinal, information or communication-based, technological and policy based) and is making efforts to remove them through various initiatives.

### **Ongoing Monitoring and Maintenance of Data to Support Capital Planning**

The department follows a specific process to update the ReCAPP database. The plant manager, supervisor of facility renewal and capital planning, supervisor of plant maintenance and area coordinators meet to discuss priorities for the coming year with regards to facility upgrades. The team identifies problem areas and items of concern for possible upgrade or replacement. A ReCAPP report is printed out to determine the identified events from the database and a comparison is made to prioritize projects. The information is used to determine the projects that will proceed to the planning stage.

Subsequently, further investigation of the project is conducted to determine the exact condition of the components, resulting in further updates to the ReCAPP database. The project is then budgeted and tendered. Completed projects are entered into the ReCAPP database annually as two projects – one project includes all GPL projects and

the other includes all facility renewal projects (FRP) completed for that year. The database is then archived.

The school board is actively engaged in a dialogue with the Ministry and participates in shaping Ministry policies. As an example, management had requested that the GPL funding recognize the realignment of schools with PTR status, which was recognized retroactively in the Phase 3 funding. Furthermore, the Board staff continues to advise the Ministry that the 10-year rule is restrictive for Boards with a high proportion of aged facilities.<sup>5</sup> This has been recognized by treating only PTR schools under “active consideration” as ineligible for GPL funding generation.

## 5.6 Construction Management

The purpose of reviewing all related construction management processes is to assess and identify:

- Whether processes are in place to ensure that school boards complete construction projects on-time, on-budget and with due regard to economy;
- Opportunities to support continual improvement in the effectiveness and efficiency of all processes.

The following table summarizes the leading practices defined for construction management, and identifies where evidence was found to indicate that the practice was adopted in full. Where the evidence was not present or the practice was not completely adopted at the time of the review, a “No” indicates that an improvement opportunity exists.

### Cost Effective Practices in the Design and Construction of Facilities

Leading Practices – Construction Management	Evidence of Adoption?
Management uses cost-effective designs, standard footprints, energy conservation and economical construction practices to minimize construction, maintenance and operation costs.	Yes
Management maintains standard policy and procedures to rationalize construction projects, including benchmarking against other school board construction costs and design standards (including coterminous boards).	Yes

<sup>5</sup>Capital improvements in schools that are expected to close within ten years are not eligible for GPL funding per Ministry guidelines.

## Monitoring and Reporting on Progress of Construction Projects

Leading Practices – Construction Management	Evidence of Adoption?
An effective management process monitors and controls construction projects and their costs. This includes periodic project status updates and post-construction project evaluation.	Yes

## Maintaining Current Approved Professional Service Providers

Leading Practices – Construction Management	Evidence of Adoption?
Management evaluates and updates the approved list of contractors, architects, and related professionals periodically, ideally in 5-year cycles).	Yes

## Cost-Effective Practices in the Design and Construction of Facilities

The school board is in the midst of planning for new elementary and secondary schools in Sault Ste. Marie and an addition to a secondary school in Hornepayne. Management acknowledges its lack of experience in building new schools, since a new school has not been built in the district in the last 30 years. With that in mind, the Board is actively collaborating with Infrastructure Ontario, the Ministry of Education and other district school boards.

Project teams undertaking this responsibility include Board administrators, trustees, superintendents, program team members, parent school council members, managers and recently hired architects. The group has researched and conducted site visits of new schools in Ontario to review school designs, layouts and programs that can be incorporated into the proposed new schools in the next few years.

Management notes that the Board's construction costs are higher than the provincial average because of its location. The school board's objective is to build a school similar in design and capabilities to those built today in southern Ontario, despite the price disparity. This supports the principle that students should be given the same opportunities as their counterparts in other districts. To that end, the Board is participating in a pilot project with the Ministry to gain from the experience with other school boards and validate cost estimates. Management is actively collaborating with other school boards and reviewing the Ministry's standard footprint to design the new schools.

## Monitoring and Reporting of Progress on Construction Projects

Management acknowledges the need for a project manager to manage the construction of the proposed new schools. At this point, all capital projects are managed by the



supervisor of facility renewal and capital planning, with periodic updates to the trustees. It is recognized that this will not be sustainable once the new school constructions begin.

### **Maintaining Current Approved Professional Service Providers**

In the face of declining enrolment, the Board does not expect to construct many schools. As a result, it does not maintain a list of approved architects and related service providers. For the construction of proposed new schools, an RFP was issued to engage architectural services. A committee, consisting of the administrative council, two trustees and two principals, short-listed four architectural firms. Two firms were chosen to design the two schools.

Contractors are selected for all capital projects through a tendering process. Contractors are reviewed after every project by management for future projects. The infrequency of major capital projects means that the Board does not need to maintain lists of approved contractors.

The school board has a policy on tendering for capital construction projects which was last revised in 1998. With the current construction projects, management should consider reviewing the policy.

## Appendices

### Appendix A: Overview of the Operational Review

#### Operational Review Objectives

In order to perform an effective and consistent operational review the Ministry has worked with independent consultants to develop a Sector Guide that defines consistent standards and leading practices against which the operational reviews and analysis will be based.

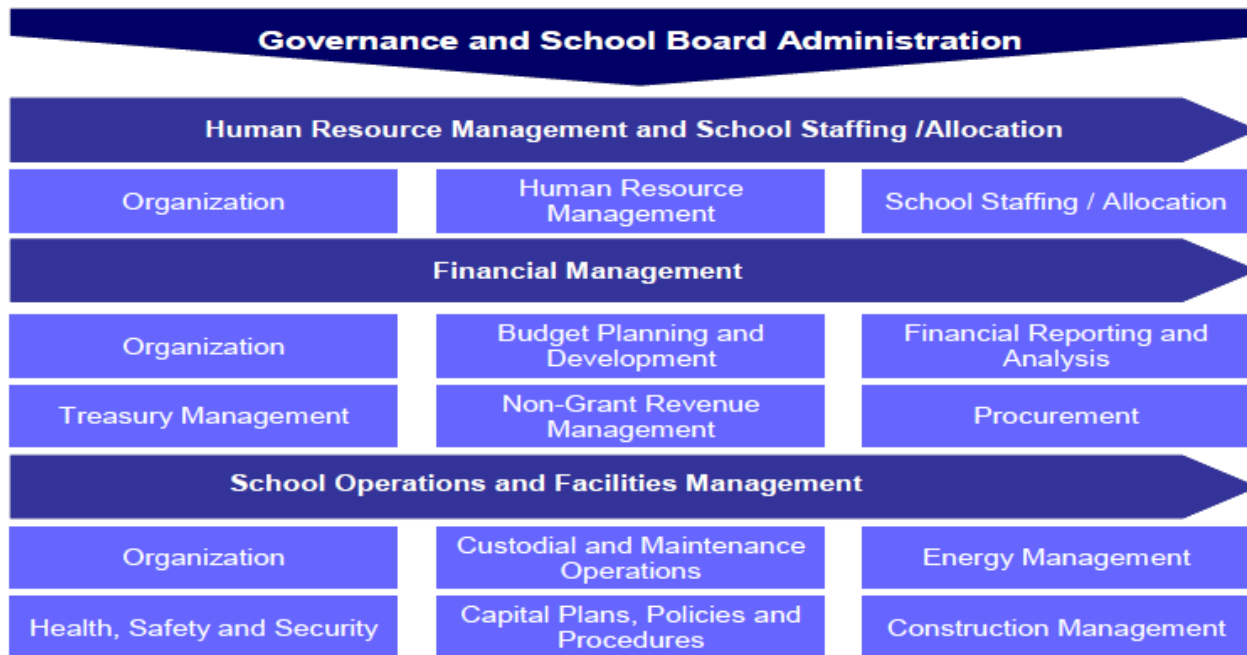
Recognizing the unique characteristics of each DSB, the specific purpose of the Operational Reviews is to:

- Strengthen management capacity in school boards by developing recommendations that support improvement in non-academic operations;
- Highlight existing successful business practices used by school boards, to the sector and to school board communities;
- Leverage “Best Practices” across the education sector;
- Provide support and assistance to ensure that school boards are financially healthy, well managed, and positioned to direct optimum levels of resources to support student achievement;
- Provide the Ministry with important input on DSB capacity/capabilities for consideration in the ongoing development of policy and funding mechanisms.

#### Operational Review Summary Scope

The scope of the Operational Review consists of the following functional areas which have been divided into key processes as shown below. The processes represent the end-to-end lifecycle of activities performed by school boards under each functional area.

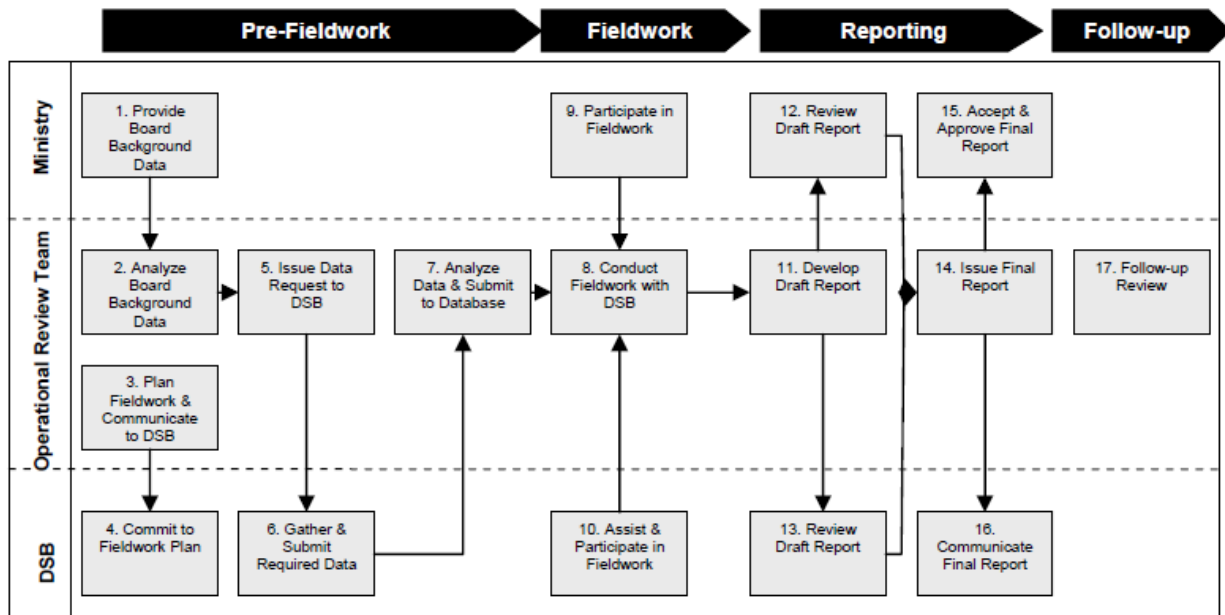
Each of the processes was examined based on its activities and its adoption of sector agreed leading practices, including alignment and support of student achievement strategies.



### Operational Review Summary Approach

The high level Operational Review approach is shown below. The timing for the end-to-end process will vary depending on school board size and complexity.

Observations and assessments are made by the Operational Review Team based on a set of agreed upon leading practices designed for each functional area. The onsite reviews allow the team to validate ministry and board data; provide a better understanding of the environmental conditions and allow the team to review materials that support the existence leading practices.



The Table below defines the key phases and activities which comprise the Operational review Methodology.

### Phase: Pre-Field Work

Key Activity	Description
Provide Board Background Data	The Ministry collects and maintains significant quantities of board data. The Operational Review team has developed a standardized data request from the Ministry to provide background data for each board.
Analyze Board Background Data	Before the start of the fieldwork, the Operational Review team reviews board background data to understand the financial and operating characteristics. This review identifies specific issues and focus areas.
Plan Fieldwork and Communicate to Board	The Ministry and the Operational Review team develop a review schedule that is communicated to boards before the start of the next review cycle.
Commit to Fieldwork Plan	Boards are required to commit to the Operational Review schedule. The Ministry and the review team will attempt to accommodate scheduling conflicts.
Issue Documentation Request to Board	Before the start of fieldwork, a request for supporting documentation is generated to gather operating and other information for each focus area. The review team uses this information to enhance its understanding of the school board before the start of field work.
Gather and Submit Required Documentation	Upon receipt of the request for supporting documentation, each board compiles the requested data. Boards have at least three weeks to complete this process prior to the start of the fieldwork.

Key Activity	Description
Analyze Data and Submit to Database	The review team analyzes the data provided by each board and adds the results to a sector-wide database to compare the results for each board.

## Phase: Field Work

Key Activity	Description
Conduct Fieldwork with board	The fieldwork is conducted for each board according to the previously agreed upon review cycle. The time required for fieldwork ranges between five and 10 days, based on the size of the school board.
Participate in Fieldwork	Ministry staff support the review team in the performance of fieldwork, to ensure continuity and knowledge transfer of board operations.
Assist and Participate in Fieldwork	Board staff participate in the fieldwork. The number of participants involved will vary depending on the size of the school board.

## Phase: Reporting

Key Activity	Description
Develop Draft Report	Based on the results of the fieldwork and data analysis, the operational review team writes a draft report. The draft report contains a synopsis of findings and, where appropriate, recommendations for improvement.
Review Draft Report (Ministry)	The Ministry reviews the draft report and provides feedback to the review team.
Review Draft Report (school board)	The review team meets with board senior staff to review and obtain feedback.
Prepare Final Report	The review team incorporates the feedback from the both the Ministry and the school board and prepares a final report.
Accept and Approve Final Report	The final report is issued to the Ministry for approval and release.
Communicate Final Report	The Ministry issues a final report to the school board.

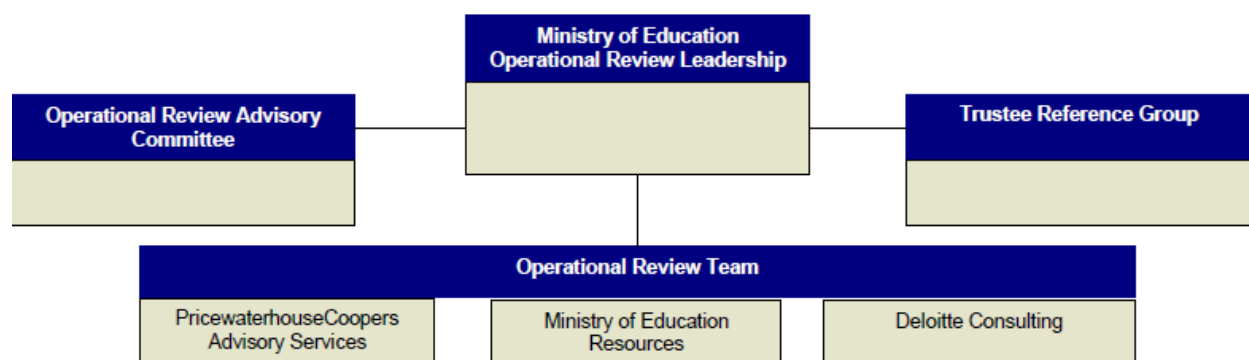
## Phase: Follow up

Key Activity	Description
Follow-up Review	Eight to 12 months after the release of the final report, the review team conducts a follow-up review to determine the extent the school board's adoption and implementation of the recommendations.

## The Operational Review Team

The Ministry has assembled an Operational Review Team to ensure that these reviews are conducted in an objective manner. The Operational Review Team is designed to leverage the expertise of industry professionals and consulting firms to review specific aspects of each school board.

Management consultants from PricewaterhouseCoopers and Deloitte were hired to complete the Operational Reviews. The Ministry assigned an internal consultant with school board experience to provide the Review Team with valuable insight into school board operations in Ontario. The team has also received guidance and feedback from an Advisory Committee and a Trustee Reference Group convened by the Ministry of Education.



## Limitations of this Review

The purpose of this Report is to document the results of the Operational Review of Algoma District School Board. The review has been conducted using the methodology as previously described. The review is not of the nature or scope that constitutes an audit made in accordance with generally accepted auditing standards.

## Appendix B: Summary of Recommendations

### Governance and School Board Administration

No.	Recommendation
1.	The Board should consider establishing a formal refresh policy to ensure periodic review of policies across all functional areas. This could include forming a policy committee to consider policies for review or development.
2.	The school board should consider consolidating its plans for operational functions (such as HR, finance and facilities) within the board improvement plan. This will enable the departments to track and report progress of their defined priorities and goals throughout the year.

### HR Management and School Staffing/Allocation

No.	Recommendation
3.	The HR department should consider developing an annual departmental plan aligned with the overall strategic plan. This will enable the department to track and report the progress of its defined priorities and goals throughout the year.
4.	The department should develop a comprehensive attendance management program, including policies and procedures to address specific categories of absenteeism. This will provide management with a consistent and structured approach to improve attendance, including positive reinforcement for employees and standardized practices across all employee groups.
5.	The School board should develop a performance management program and processes for its non-academic staff, including clerical, maintenance and administrative staff. This is a critical component to ensure consistency, integration and transparency of appraisal processes for non-teaching staff. Implementing an effective program with achievable targets requires a methodical and staged approach over the medium-term time horizon.
6.	Management should document its practice of progressive disciplinary action, to ensure clear communication to all employees.
7.	Management should develop a formal plan for conducting periodic staff surveys. This will improve communication with staff and provide input for professional development plans and HR policy. The frequency and audience of survey distribution should be selected by management to maximize input while minimizing the potential for 'survey burnout'.
8.	Management should develop a formal plan for conducting exit interviews. Like staff surveys, these interviews will provide input for HR policy and process and program improvement.

## Financial Management

No.	Recommendation
9.	The finance department plan should prepare a more formalized annual plan that demonstrates alignment to the Board's strategic plan and board improvement plan. A more specific plan will provide greater clarity to departmental and other Board staff on the annual priorities. This will enable the department to track and report progress of its defined priorities and goals throughout the year.
10.	Finance staff should consider providing an expanded level of interim reporting, as in the format suggested in section 4.3 of this report. This would simplify communication and sharpen focus on key issues during the financial reporting of the year-to-date results.
11.	Management should consider formalizing an internal audit function. This would include a broader audit of financial and management controls and adherence to board policies as described in section 4.3 of this report. Management could start by identifying options for its mandate and scope and the estimated cost for each option.
12.	Management and the board of trustees should consider including external advisors to contribute to the finance audit committee's effectiveness.
13.	Management should periodically review the Board's banking relationship, and consider tendering these services to ensure competitive rates and key financial terms.
14.	The department should review its purchasing policy to ensure that approval limit thresholds are commensurate with job title/role. This would ensure alignment with the needs of the school board and consistency with other school boards.
15.	The school board should review its current policy and procedure for the use and distribution of corporate credit cards.
16.	Management should evaluate the use of PCards for small dollar purchases, to reduce the volume of supplier invoices processed by accounting. It should perform a transaction/spend analysis of purchase orders (including standing purchase orders) to identify optimum threshold limits that will maintain budgetary control while managing the volume of invoices.
17.	Management should perform a detailed review of the school board's purchase-to-payment cycle, to validate the process's efficiency and effectiveness opportunities identified in section 4.6 of the report
18.	Finance staff should implement EFT payments to all appropriate suppliers, to gain greater efficiency and minimize the risk of payments being altered prior to clearing the bank. Management may want to consider EFT capability when tendering banking services in the near future.

## School Operations and Facilities Management

No.	Recommendation
19.	The plant department plan should prepare a more formalized annual plan that demonstrates alignment to the school board's strategic plan and board improvement plan. A more specific plan will provide greater clarity to departmental and other Board staff on the annual priorities.



No.	Recommendation
	This will enable the department to track and report progress of its defined priorities and goals throughout the year.
20.	The department should review its current purchasing policy; to ensure that energy efficient goods and services are purchased system-wide, either directly or through subcontractors.