

**Ministry of Education**

# **Operational Review Report Durham Catholic District School Board**

**June 2008**

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## Executive Summary

This report details the findings and recommendations of the Operational Review of the Durham Catholic District School Board (the 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 four days beginning January 21, 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 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 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 Board is well-managed, based on the fact that it has adopted a significant number of the leading practices in all of the functional areas reviewed. 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's governance structure is supported by a group of long-tenured and experienced trustees who are committed to the efficient running of the Board. Trustees share a positive relationship with the Director of Education and senior management. The Board of Trustees establishes and maintains policy, while the management team develops and implements plans and procedures to ensure adherence to Board policies and implementation of the Board's strategic directions.

The Board's strategic directions document is critical and provides the basis for management to set and align individual departmental priorities and action plans and report against them. The Board developed *Road to Student Success* (RTS) – a multi

year strategic document (2006-09) that places significant emphasis on student learning and pedagogy. The RTS document was based on an extensive review of student achievement results and consultations with staff groups, clergy and parents. The Board's three key priorities are:

- Encouraging faith-centered leadership;
- Fostering instructional leadership;
- Building organizational and administrative capacity.

Of particular note is the Board's commitment to an inclusive education environment. This is shown by its focus on creating a culture that recognizes the learning styles of all students, by offering programs that successfully meet their needs, and by providing a balanced approach to literacy and numeracy development. Senior management believes that the strong focus on recognizing the diverse learning styles of all students contributed to the Board's recent improvement in student achievement and Education Quality and Accountability Office (EQAO) results.

The Board has seen some recent changes in its leadership team, with a new Director of Education, who took charge as of September 2007. The new Director has had a long standing relationship with the Board in various positions. The other new member at the senior management table is the superintendent of business, who has also been with the Board for several years.

The strength of the working relationship between the Director and the Board of Trustees contributes to the achievement of the Board's goals and priorities. The working relationship between the current Director and the Board of Trustees is positive and the overall governance model appears to be operating effectively. The Director frequently meets with the Trustees to inform them of key administrative developments.

### **Recommendations:**

- The Board is currently developing a comprehensive "Board Improvement Plan" to form a link between the *Road to Student Success* and the department level plans. The Board should continue with this important initiative, which will provide a good perspective on the Board's performance relative to its strategic focus areas.
- To further support the effective and positive relationship between the trustees and management, the Board should consider developing a document to define the roles and responsibilities of the Board of Trustees and the Director.

## 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:

- The HR department's goals and annual plan are aligned with the Board's strategic directives. The department engages its staff throughout the development of its strategic priorities, and uses visual tools and templates to develop annual operational plans with measurable outcomes and ownership.
- The Board has negotiated seven different collective agreements with its bargaining agents, with whom it maintains good working relationships. The Board has seen a decrease in the number of grievances filed by facilitating informal resolution of issues. Regular meetings of the labour/management committee also contribute to the resolution of issues on a timely basis.
- The HR department has established policies and procedures for the implementation of performance appraisals for all staff at the Board. The HR department, in concert with other administrative departments, is in process of a major initiative involving the defining of service standards for all support and management staff. This will be followed by training programs and revised employee performance appraisal policies and procedures incorporating the new service standards. This initiative is to be completed and implemented by September, 2009.
- At the school level, principals have been formally appointed as site-based managers. This decentralized approach to management has provided principals with greater autonomy and responsibility to manage and monitor day-to-day operations.
- The Board has a staff development committee which focuses on professional development. The committee is developing an annual learning plan and a needs assessment plan that focuses on job specific technical skills, soft skills and career progression training
- The department has established appropriate, detailed procedures and spreadsheet tools to determine staff allocation. A significant input into the staff allocation processes is the school-by-school and class-by-class enrolment forecasts. These are developed considering Board level trends, environmental scans and local school-by-school data obtained from the principals.
- The department is currently developing a comprehensive "Attendance Support Program" and is in the final stages of consultation prior to presenting it for the Board approval.



## Recommendations:

- The Board should proceed with the finalization and implementation of its comprehensive attendance support program.
- The strategic plan management coordinating committee is developing service standards, staff development and training frameworks, and policy and procedures for all support staff. The Board should continue with this important initiative to ensure consistency, integration and transparency of all appraisal processes for non-teaching staff.
- The Board should expand the scope of the employee attitude survey and engage all employees by conducting periodic staff surveys and exit interviews. This will contribute to improved communication and provide input into the development of professional development plans and HR policy.

## Financial Management

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

- The finance department has developed a transparent annual budget planning process that is clearly communicated and incorporates input from all key stakeholders.
- Management takes a top-down and bottom-up approach in the development of enrolment forecasts, by using macro demographic information, multi-year forecasts and regional planning information combined with local, school-based data.
- The Board participates in a transportation consortium and in several purchasing consortia, for the purchase of electricity, natural gas, postal services and fuel.
- The finance department has consolidated its cash management activities with a single financial institution, and actively reviews banking terms and conditions to support negotiations with banks.

From a funding perspective, the Board has made carefully considered student programming decisions that have been funded through its working fund reserves. Since these reserves are now significantly depleted, the Board must re-evaluate its operations to ensure it can achieve a balanced budget in the future.

Another important finding within the review of financial management is the Board's reliance on a finance system that is hosted and operated by the Durham District School Board. While sharing a financial system is a noteworthy practice in the school board

sector, many other boards are running financial applications on more modern platforms relative to AS400. The Board should examine the cost-benefit of this relationship relative to its financial system needs, and explore the potential of an alternative system. This could be done in concert with the Durham DSB.

While management stated that the Board of Trustees is currently satisfied with the content of the financial information it receives monthly and bi-monthly, there are opportunities to increase the depth and analysis of these reports.

### **Recommendations:**

- The finance department should develop an annual departmental business plan that translates the existing strategic directions into target activities, timelines and designated accountabilities. The annual plan should become part of the Board's annual plan and be aligned to the Board's overall strategic directions.
- The Board should perform a needs assessment and cost-benefit analysis of moving to a new financial application that offers capabilities such as automated three-way matching (purchase order, receipt, invoice) and enhanced financial reporting. This would include discussions with the Durham DSB to determine if a joint assessment could be undertaken.
- Finance staff should consider providing an expanded level of interim reporting, as suggested in section 4.3 of this report. This would improve understanding of the financial reporting of year-to-date results.
- Management and the Board should consider establishing an internal audit function. Management could start by identifying options for its mandate and scope and estimating annual costs for each option. Management's proactive assessment of need and cost would be a useful first step.
- Management and the Board should establish an audit committee. The audit committee would include at least two external members to act as advisors and contribute to its accountability.
- The Board should develop and implement an investment policy that complies with the Education Act.
- The Board should re-evaluate the distribution and card limits for existing PCard holders. Cards should be restricted to school-based staff and other board staff to reduce the volume of low value transactions.
- The Board should investigate the current misalignment between purchase order threshold limits relative to PCard transaction limits. A transaction/spend analysis

would identify opportunities to increase purchase order threshold limits and promote use of PCards for small dollar purchases.

- 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.

## **School Operations and Facilities Management**

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

- Facilities services has adopted cleaning standards and released a custodial manual to operationalize these standards.
- Facilities services has an approved annual capital renewal program to plan for annual maintenance, accessibility accommodations and safety upgrades. This helps ensure that schools are maintained in a good condition to support improved student learning.
- The department has a well-defined custodial allocation model that supports a fair allocation of resources to its schools.
- The Board has established a training program to provide ongoing skills development to maintenance and custodial staff within the Board and to address emerging regulatory issues.
- The Board is installing building automation systems (BAS) at 10 schools and upgrading the current BAS system at 14 schools. The Board has also hired a controls technician to reduce costs and reliance on outside vendors.
- The Board advocates the EcoSchool program across all its schools, offices and other facilities to support and expand upon its existing environmental practices. An EcoSchool committee has been established to promote and support the program across all schools, by emphasizing cost savings and the environmental “branding” of schools.

Overall, the facilities services department is providing a sufficient level of service to meet the needs of the Board and its students. In general, areas of improvement involve more formalization and the expansion of existing planning practices to take a longer term view.

**Recommendations:**

- The facilities department should expand its strategic planning objectives into an annual departmental operations plan that details its annual goals and priorities and incorporates performance measures and accountabilities. The annual plan should become part of the Board's annual plan and be aligned to the Board's overall strategic directions.
- Management should consider developing a multi-year preventative/major maintenance and facility renewal plan that includes available funding to support it. This would provide a clear forecast of the Board's critical needs over the next several years.
- While the Board has a strong annual plan for energy conservation, management should develop a multi-year conservation plan that establishes annual and long term targets, and identifies the required initiatives and funding.

## 1. Background and Overview

### 1.1 Board Profile and Structure

The Durham Catholic District School Board provides elementary and secondary education for an estimated 24,000 students located in 44 elementary schools, seven secondary schools, an adult education centre and a continuing education center. The geographical area stretches across Pickering, Ajax, Whitby, Oshawa, Brooklin and North Durham. While 30% of its schools were built in the last 20 years, the Board also prides itself with heritage schools like St. Gregory Catholic School, established in 1859.

The overall enrolment of the Board has declined by about 1,040 students since 2002-03 or about 4.2%. There has been a decline of about 2,000 elementary students or about 12%, while secondary enrolment has increased by about 975 students or 12%. The trend for 2008-09 is a further net decrease of about 850 students. This is a pattern experienced by the majority of Ontario school boards. Management and the Board are developing strategies to address the implications of this for facilities, programs and services.

The following represents the senior administration of the Board:

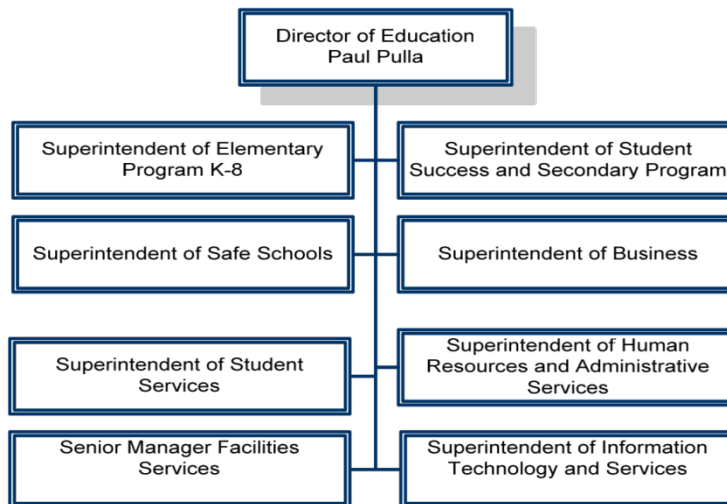


Figure 1

### 1.2 Key Priorities of the Board

The Board has developed a three-year strategic plan, *Road to Student Success (20062009)*, consulting with staff, clergy, parents and the entire community to develop its mission and vision as a Catholic school system. Approved by the trustees, the plan is centered on the continued development of a Catholic learning community that provides quality Catholic education to all students. The three strategic focus areas and supporting strategic directions are:

- Encouraging faith-centered leadership:
  - Faith formation -*develop and implement programs to enable staff and students to grow in their faith and in their desire to serve others.*
- Fostering instructional leadership:
  - Student pathways - establish new and enhanced opportunities for student pathways by creating a culture that recognizes the learning styles of all students and offer programs that successfully meet their interests and needs.
  - Literacy - establish and implement comprehensive programs which meet student needs and provide a balanced approach to literacy development.
  - Numeracy - develop the mathematical literacy of all students using targeted instructional and assessment strategies.
- Building organizational and administrative capacity:
  - Improve service quality in support of principals and schools.
  - Improve human resources services and staff development
  - Manage infrastructure needs now and into the future
  - Improving governance, finance management, accountability and control.

The Board has established specific directions and priorities for each of its strategic focus areas. These priorities are, in turn, supplemented by expected results that will be used to measure progress.

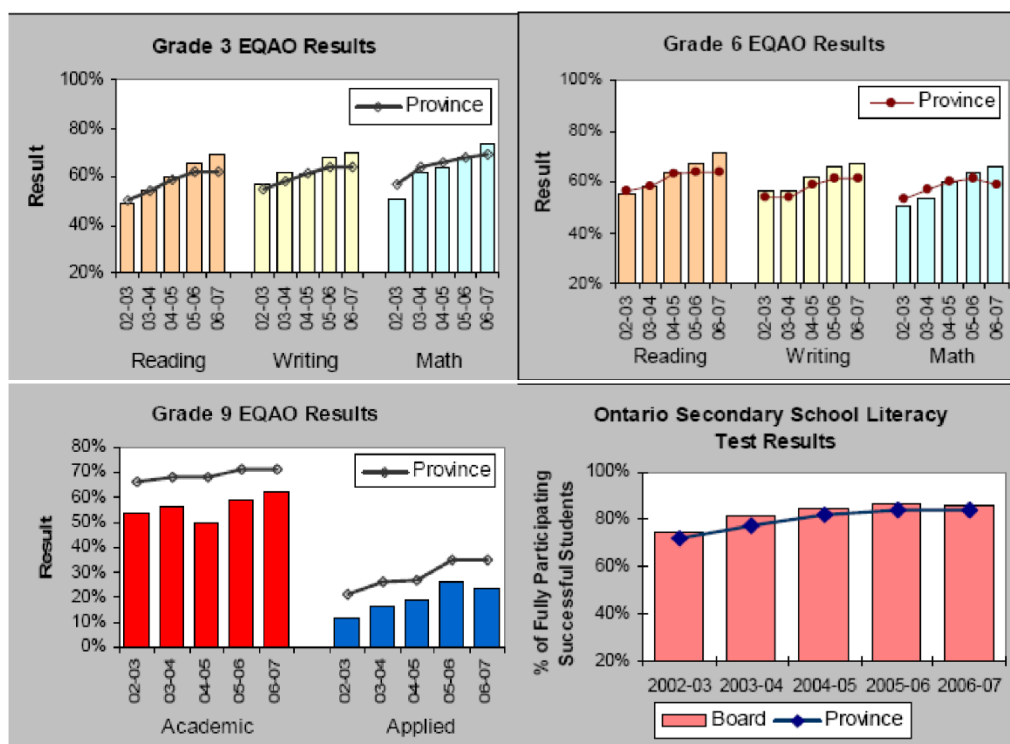
Every year, Board-level priorities and new initiatives for the upcoming year are identified and incorporated into the budget process. The annual budget process is started by the Director and the senior management team. The process involves an examination of school-level and departmental-level objectives, as well as previous year budget variance analysis and cost estimates. This is followed by a detailed review of the available ministry grant allocations, to assess and align the funding criteria with the priorities and initiatives proposed in the annual plan.

Management is currently developing an annual plan that will effectively roll up the department level plans to the Board level. The Director intends to produce an annual report that will comment on the Board's in-year accomplishments compared to the plan.

### 1.3 Student Achievement

The Board has developed strategies focused on instruction, assessment and evaluation to improve student achievement outcomes. This is evident from the Education Quality and Accountability office (EQAO) results for Grade 3 and 6 that continue to demonstrate positive growth and exceed the provincial average. All teachers have been trained as teachers of literacy, and have used job coaches to improve their instructional practices and their assessment of students. The Board has created a staff development position focusing on the Ministry of Education Pathways program. It is also using assessment tools such as PM benchmarks and CASI to improve student learning.

The Board is also making significant improvements in the Grade 9 EQAO results, and attributes this success to the first phase of their strategic plan to improve numeracy for all students. Among other initiatives, the plan includes numeracy learning teams and cross-panel links between elementary and secondary mathematics teachers, to ease student transition and improve student success. Teachers have been provided with teaching resources, professional material and use of data based research programs such as 'First Steps in Math' to develop diagnostic assessment tools to identify student needs. The following charts illustrate the Board's results over the last five years.



### 1.4 Fiscal Overview

The Board has achieved a balanced budget over the past several years, through the extensive use of its reserves. Approximately \$7.3 million in reserves was required to

balance the 2005-06 budget, and approximately \$8.4 million to balance the 2006-07 budget.

The Board's forecasted balanced budget for the 2007-2008 fiscal year was achieved with a combination of \$4.8 million in reserves and expenditure reductions in school administration, teaching staff and professional development. The forecasted balance of the Board's operating reserves as of August 31, 2008 is about \$1.3 million.

The impact of declining enrolment and the Board's spending on special education (which exceeds the grant allocation by about \$4.6 million compared to a balanced position in 2003-2004) provide the Board with a continuing challenge to achieve a balanced budget. The Board did reduce its spending in special education in 2007-2008 as part of its planned reductions. The Board has to make adjustments in other expenditure areas to sustain its priority allocation to the programs and services provided to the students.

Senior administration have developed a preliminary forecast for 2008-09, and have identified a number of options for the Board's consideration to achieve a balanced budget.

The Board has been involved in a number of capital projects over the past several years. The Board has financed the projects primarily through the issue of debentures. The related annual debt service costs are being funded through New Pupil Place grants. The Board as of August 31, 2007 had a pupil accommodation debt reserve of about \$84.5 million. The source of the majority of these funds was the issue of a two-year term loan in 2005-2006 of \$70 million, maturing in May, 2008. These funds were in turn invested in a two-year note. The Board's revised estimates reflect the planned repayment of the term loan as scheduled.

The following tables provide a fiscal overview of the Board:

### Summary Financial Data (Revenues)

Revenues	2005-06 Financial Statements	2006-07 Financial Statements	2007-08 Revised Estimates
Legislative Grants	\$149,269,322	\$157,228,947	\$167,444,233
Local taxation	\$43,549,656	\$44,087,503	\$44,175,110
Board Revenues	\$5,500,685	\$20,773,312	\$22,019,584
Other Operating & capital Grants	\$3,194,865	\$4,270,552	\$2,068,104
<b>Total Revenues (Schedule 9)</b>	<b>\$201,514,528</b>	<b>\$226,360,314</b>	<b>\$235,707,031</b>



## Summary Financial Data (Expenditure)

<b>Expenditures:</b>	<b>2005-06 Financial Statements</b>	<b>2006-07 Financial Statements</b>	<b>2007-08 Revised Estimates</b>
Operating expenditures	\$195,200,227	\$217,323,601	\$224,010,242
Capital expenditures - Before transfers from reserves	\$8,766,486	\$13,922,075	\$78,106,043
Transfer from Reserves	-\$2,452,185	-\$4,885,362	-\$66,409,254
<b>Total Expenditures</b>	<b>\$201,514,528</b>	<b>\$226,360,314</b>	<b>\$235,707,031</b>
<b>Surplus (Deficit)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## School Board Reserves and Deferred Revenues

<b>School Board Reserve and Deferred Revenues:</b>	<b>2005-06 Financial Statements</b>	<b>2006-07 Financial Statements</b>	<b>2007-08 Revised Estimates</b>
Retirement Gratuities	\$7,634,917	\$0	\$0
Reserve for Working Funds	\$4,193,786	\$6,104,996	\$1,304,842
WSIB	\$954,164	\$0	\$0
Pupil Accomodation Debt Reserve	\$81,344,310	\$84,517,748	\$10,013,801
<b>Total Reserve Funds</b>	<b>\$94,127,177</b>	<b>\$90,622,744</b>	<b>\$11,318,643</b>
Improved Access for Special Education Reserve	\$148,674	\$0	\$0
Proceeds of Dispositions - Other	\$52,885	\$1,892,188	\$1,892,188
Education Development Charge Reserve	\$5,419,182	\$6,364,153	\$8,564,153
Enhanced Student Success	\$67,662	\$0	\$0
<b>Total Deferred Revenues</b>	<b>\$5,688,403</b>	<b>\$8,256,341</b>	<b>\$10,456,341</b>
<b>Total Board Reserves and Deferred Revenues</b>	<b>\$99,815,580</b>	<b>\$98,879,085</b>	<b>\$21,774,984</b>

## 1.5 Key Board Statistics

The following table highlights key statistics for the Board. Of note are the decreasing elementary enrolment trend and the significant changes in the primary class size.

### Day School Enrolment

Day School Enrolment	2002-03 Actual	2007-08 Rev. Estimates
Elementary Day School ADE	17,067	15,050
Secondary Day School ADE	7,896	8,871
<b>Total Day School Enrolment</b>	<b>24,962</b>	<b>23,921</b>

### Primary Class Size

Primary Class Size	2003-04	2007-08
% of Classes Less Than 20	37%	91%
% of Classes Less Than 23	70%	100%
Average Class Size - Jr/Inter	26.3	25.8
% of 3/4 Classes 23 & Under	60%	100%
% of Combined Classes	13%	21%

### Staffing

Staffing	2003-04	2007-08
School Based Teachers	1,451	1,485
Teacher Assistants	256	290
Other Student Support	125	140
School Administration	79	76
School Clerical	78	107
School Operations	191	192
Other Non-Classroom	70	63
<b>Total Staffing</b>	<b>2,259</b>	<b>2,353</b>
<b>Teacher - Pupil Ratio</b>	<b>1:17</b>	<b>1:16</b>
<b>FTE Staff per 1,000 Pupils (ADE)<sup>1</sup></b>	<b>91</b>	<b>98</b>

<sup>1</sup> Note: Impacted by Class Size and Special Education

<b>Staffing</b>	<b>2003-04</b>	<b>2007-08</b>
<b>Total Salary &amp; Benefits as % of Net Operating Expenditures</b>	<b>87.2%</b>	<b>90.9%</b>

## Special Education

<b>Special Education</b>	<b>2003-04</b>	<b>2007-08</b>
Special Education Incremental Expenditures	\$17,735,598	\$25,669,065
Special Education Allocation	\$17,720,355	\$21,031,524
<b>Spending above Allocation</b>	<b>\$15,243</b>	<b>\$4,637,541</b>

## School Utilization

<b>School Utilization</b>	<b>2003-04</b>	<b>2007-08</b>
Total Capacity (Spaces)	21,566	22,445
Capacity Utilization	115.70%	106.60%
Number of schools	49	51
<b>Board Area (Km<sup>2</sup>)</b>	<b>1,140</b>	<b>1,140</b>
<b>Number of Trustees</b>	<b>8</b>	<b>8</b>

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

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

## Development and Reporting of Annual Goals and Priorities

Leading Practices – Governance and School Board Administration	Evidence of Adoption?
The Board of Trustees articulates annual goals/priorities and receives periodic/annual reports on the achievements against them.	Yes
The Director of Education and management develop annual plans which reflect the Board of Trustees' goals/priorities and report on their outcomes to the Board of Trustees and stakeholders.	No

## Decision Making Processes

Leading Practices – Governance and School Board Administration	Evidence of Adoption?
The Board of Trustees and management establish processes to facilitate decision making that address student achievement targets and operational performance.	Yes

## Organizational Structure and Accountability

Leading Practices – Governance and School Board Administration	Evidence of Adoption?
Organizational charts that clearly and accurately reflect the structure of senior management and illustrate roles, responsibilities and accountabilities are available to the public.	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, memoranda, town hall meetings, etc.).	Yes
Key senior staffs, of all functional areas, are members and participants in sector committees of provincial associations and/or Ministry work groups.	Yes

## Development and Reporting of Annual Goals and Priorities

The trustees and management worked through an extensive consultative process with the Board's key stakeholders to set a three-year strategic plan for 2006-09. The process

included a number of formal focus groups, meetings and consultations with community partners, staff groups, clergy and parents and a comprehensive review of student achievement results.

The Board subsequently established a multi-year strategic road map, *Road to Student Success (RTS)* that supports student learning and pedagogy. The Board's three strategic focus areas noted in Section 1.2 of this report are:

- Encouraging faith-centered leadership
- Fostering instructional
- Building organizational and administrative capacity.

The Board has established specific directions and expected results for each of its strategic focus areas. The RTS roadmap provides the basis for management to set and align individual departmental priorities and action plans. The Director produces an annual report on achievements across the Board.

Management is developing an annual board improvement plan. This operational plan will consolidate department level plans to include key targets, strategies, timelines, and measurement tools. The Director will produce an annual report to comment on the Board's results compared to the plans. The board improvement plan combined with the

Director's annual report will form important links among the strategic roadmap, the departmental annual plans and the reporting of the annual accomplishments relative to the Board's strategic focus areas.

## **Decision-Making Process**

The Director and the Board of Trustees share a positive and collaborative relationship that contributes to an effective governance model. The Board of Trustees sets and maintains policy, while the management team develops and implements plans and procedures. However, there is no written document that clearly delineates the roles and responsibilities of the trustees and the Director. This would not only strengthen the current relationship but could also be used to orient new trustees and senior management.

Management orients the trustees to the Board through seminars on the various Board operations and the associated funding implications.

All Board reports flow through the Director, and are presented at administrative council for discussion and finalization of the recommendations. The Board meeting agenda is developed in planning sessions of the Director, chair and vice-chair. This contributes to

good communication between management and the Board. This approach also helps to ensure that Board meetings run efficiently and that the agenda is developed to cover key priorities.

The Board's governance framework has a policy on policy development and implementation. Policy committee creates an annual roster of policies that have been identified for revision or development, based on the needs of the system, current issues and input received from stakeholder groups. The Board is updated on the policy development process at monthly meetings. The Board should consider establishing a policy review cycle to ensure they are updated and communicated on a predetermined basis.

Overall, the positive working relationships among the Director, the senior management and the Board of Trustees contribute to an effective process for agenda-setting and decision-making.

## **Organizational Structure and Accountability**

The Board is composed of eight trustees, representing areas from across the Durham region. The trustees are appointed for a four-year term and the chair/vice-chair is elected annually. The current chair has been affiliated with the Board for 18 years in various capacities.

The Board has seen some recent changes in its leadership team, with a new Director of Education as of September 2007. The new Director has had a long standing relationship with the Board in various positions. The other new addition to senior management is the superintendent of business, who has also been affiliated with the Board for several years.

The Board organization reflects a 'family of school' structure supported by six superintendents of education and a superintendent of business. The Board is responsive to Ministry directives, and has created two positions to facilitate effective implementation of legislated programs. A new superintendent position supports the Safe Schools initiative mandated by the Ministry of Education, while an assistant superintendent position leads the Student Effectiveness initiative mandated by the Literacy and Numeracy Secretariat.

The Board has also recognized the need for a defined and cohesive information technology (IT) strategy to support student success. It has assigned a superintendent position to lead IT and administrative services. The involvement and representation from IT at the superintendent level has helped promote better awareness and collaboration with regard to automating processes and gaining efficiency across all functions of the Board.

The organization of the Board and its departments is available on the Board's website.

## Stakeholder Engagement

The Board has demonstrated that it consistently administers its responsibilities, both directly and through its committees, in an open and transparent manner. Various communication channels (press releases, website postings and public consultations) keep key stakeholders engaged throughout the year.

The Board leverages its public website to disseminate information (e.g. budgets, policies, director's report, pupil accommodation review and other updates) to external stakeholders. It communicates with the parent group directly and relies on press releases in local publications and newsletters to communicate with the community at large. Furthermore, the Board has developed templates to track its interaction with the community, and maintains a log of issues raised and actions planned, along with the designated lead.

To promote internal stakeholder engagement, the Board has developed an implementation cycle consultation and communication plan that loops feedback from the principal advisory committee (PAC) to the administrative council via the strategic plan and management committee (SPMC). The PAC keeps an open loop of communication with the Board to ensure that the school operations and the Board's strategic directions reinforce and support each other. This communication loop ensures buy-in from the school administrators and supports the implementation phase.

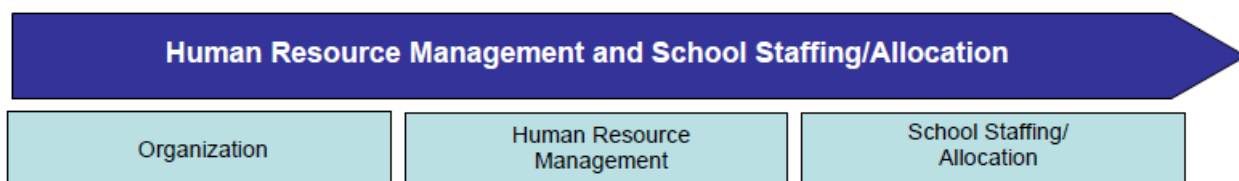
In addition, senior management at the Board is actively involved in various provincial and national forums including OCSTA, OASBO, OCSOA and various other organizations. This ensures that the Board learns and shares best practices across the sector.

## Recommendations:

- The Board is currently developing a comprehensive "Board Improvement Plan" to form a link between the *Road to Student Success* and the department level plans. The Board should continue with this important initiative, which will provide a good perspective on the Board's performance relative to its strategic focus areas.
- To further support the effective and positive relationship between the trustees and management, the Board should consider developing a document to define the roles and responsibilities of the Board of Trustees and the Director.



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



Effective management of human resources ensures that the staff allocations to schools and classrooms meet the Ministry’s class size requirements and are in line with the Board’s collective agreements and approved allocation models. The allocation models adopted by the Board are designed to ensure the most effective teaching and learning practices.

The following is a summary of our assessment of the 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 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 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?
Departmental goals and priorities are aligned to the Board's strategic directives and are documented in an annual department plan accessible by key stakeholders.	Yes

## Organizational Structure and Accountability

Leading Practices – Human Resource Organization	Evidence of Adoption?
Publicly-available HR organizational charts clearly illustrate roles, responsibilities and accountabilities.	Yes
Senior HR staff has appropriate designations (e.g., Certified Human Resource Professional, etc.).	Yes

## Monitoring and Communication of Policy

Leading Practices – Human Resource Organization	Evidence of Adoption?
Management monitors HR policy compliance.	Yes
Management provides scheduled HR policy awareness, training, and education sessions.	Yes

## Development and Reporting of Annual Goals and Priorities

The HR department has developed a Strategic Planning Matrix that moves the Road to Student Success strategy roadmap into HR projects and activities over the three-year period. The HR department engages the Board staff throughout the development of its strategic priorities, which include employee surveys and focus groups and periodic input from the principal advisory committee (PAC).

The superintendent of HR relies on visual tools (Mind Map Genius) to define department priorities and initiatives on an annual basis, assign responsibility and establish target dates. The department's use of a visual tool to link strategic priorities with metrics and accountabilities facilitates a clear definition of roles, enables collaboration among the team members and provides visibility into the overall roadmap of the department.

The department's plan for 2007–2008 has measurable objectives for the department, and is supported by formalized roles and responsibilities for monitoring performance. The department intends to produce an annual report that reports on the achievements of the various priorities set out in the plan. The plan's key objectives are:

- Professional learning for all support staff;
- Building staff capacity for the collection, retrieval and use of data to meet the Ministry directives and the Board's strategic directions;
- Promoting a positive workplace environment;
- Mentorship program for aspiring leaders in the support staff group.

Furthermore, the department provides the Board with high-level strategic updates on a periodic basis. The report includes HR specific statistical information, such as the position inventory of academic and non-academic staff.

### **Organizational Structure and Accountability**

The organizational and management structure that supports the HR function contributes to the accomplishments of the department. The superintendent of human resources and administrative services is supported by three managers leading the portfolios of employee relations, human resources and administrative services. The superintendent also has responsibility for a Family of Schools. The functions of payroll, health and safety and staff development are managed within this department. Key staff in the HR department have relevant experience and/or professional HR designations. The organization chart is available on the Board's public website.

The Board has implemented a site-based model of management, and is providing support to principals as site-based managers, through targeted staff development, reengineering of processes, and the development of a toolkit for administrators.

The HR department is currently re-structuring to support the site-based management structure, to develop and enhance the level of HR specific expertise, and to facilitate career development within the department.

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

The HR department is the lead on various policies, including attendance management, disability management and workplace harassment. Detailed policy information is available on the Board's public website and review of the material illustrates that the department has been focused on developing a comprehensive list of policies to support school operations. At the time of this review, policies were being reviewed by the policy committee for housekeeping updates.

The HR department regularly communicates with stakeholders on policy and procedures via memoranda. Management has established appropriate means of monitoring and communicating the Board policies. For example, HR coordinates annual

employee signoff on policies such as conflict of interest, health and safety and offence declaration. New policies are reviewed at the departmental and the school level, as required. The accountability rests with managers and principals for proper sign-offs, and ensures broad awareness of the Board's HR policies and procedures.

### 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.

#### Attendance Management Processes/Programs

Leading Practices – Human Resource Management	Evidence of Adoption?
Attendance management policies and processes support employees and minimize absenteeism costs.	Yes

#### Labour Relations

Leading Practices – Human Resource Management	Evidence of Adoption?
Management and Board of Trustees have established labour/ management committees.	Yes
Established policies and procedures minimize the incidence of grievances.	Yes

## Staff Recruitment

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

## Management of HR and Payroll Data

Leading Practices – Human Resource Management	Evidence of Adoption?
Payroll processing is segregated from payroll and employee data changes.	Yes
Teacher qualifications and experience are formally tracked and HR records are current.	Yes
An approved pay equity plan is reviewed periodically and amended as necessary.	Yes

## Employee Performance Evaluation Processes

Leading Practices – Human Resource Management	Evidence of Adoption?
Management maintains and communicates formal disciplinary policies and procedures for all staff.	Yes
Management has implemented an employee evaluation system for all staff.	Yes

## Management of Board's Benefit Plans

Leading Practices – Human Resource Management	Evidence of Adoption?
Management periodically conducts independent compliance audits of the Board's insurance carrier to ensure adherence to benefit plan's terms and conditions.	Yes
Data is automatically synchronized between HR benefits and payroll and external carriers such as TPP and OMERS.	Yes
Policies and procedures ensure the Board's benefit plans are managed appropriately.	Yes

## Monitoring Staff Satisfaction

Leading Practices – Human Resource Management	Evidence of Adoption?
Confidential staff satisfaction surveys are performed periodically.	No
Confidential exit interviews are performed for all staff.	No

## Attendance Management Processes/Programs

The Board has developed an attendance management policy and procedure that is available online. HR maintains a central repository to record attendance statistics for its employee groups. Sick days are printed on pay slips to help employees manage their attendance and highlight the fact that attendance is being tracked by the Board.

Attendance for teaching staff is currently recorded by two dispatch clerks, followed by manual reconciliation between school records and the records of the dispatch clerk. The Board is currently migrating to an automated system, during which it should consider reviewing its absenteeism codes to ensure that costs are being captured appropriately. For example, supply teachers dispatched to cover for in-service days should be charged under professional development rather than short-term illness.

The department is currently developing the “attendance support program” to support the health of employees and the organization. The document is in the final stages of consultation and will be presented to the Board for approval. It is essentially a guideline manual that will provide management with a consistent and structured approach to improve attendance.

The new approach will focus on making statistical information easily available for analysis, engaging in positive enforcement to employees, applying a systematic approach where concerns arise, counseling employees, and adopting standardized practices across all departments and employee groups. Such a program will help the Board to manage specific employee absenteeism, and can be used to inform the design of a comprehensive wellness program.

## Labour Relations

Management has established a labour-management committee and a staff management committee that contribute to the maintenance of an open dialogue with its union groups. The Board also has staffing advisory committees at the school level.

The grievance process is managed by the superintendent of HR and the employee relations manager. The department provides regular status updates to the Board of Trustees on outstanding and resolved grievances. The Board has achieved a decrease

in the number of grievances filed, by realigning focus on communication between the Board, HR and unions to facilitate informal resolution of issues. Another factor is the use of principals as site-based managers who receive training to administer collective agreements and address relevant labour/ management issues.

The Board has established 'motions of relevance' that provide equitable increases in payroll and benefits to the non-unionized staff, relative to those negotiated with the unionized employee groups.

### **Staff Recruitment**

The Board has a policy that guides the recruiting and hiring process for its academic staff. An annual recruiting plan is formulated based on the RTS roadmap, program needs and anticipated attrition. Jobs are advertised through the 'Apply-to-Education' web based system. Applicants are screened on the basis of credentials, criminal background checks and program needs and are then invited for a standardized interview. The successful candidates are put on a priority list for principals, who conduct second round interviews in accordance with their program needs. HR maintains a complete list of all applicants, along with the list of successful candidates.

The Board also has an administrative procedure that applies to all administrative, custodian and maintenance vacancies. The procedure is intended to ensure consistency in the interview process across all qualified applicants and provides guidelines on reviewing resumes, forming interview panels and conducting interviews.

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

The payroll function resides within the portfolio of the superintendent of education, HR and administrative services. HR and payroll data are maintained on the integrated AS400 financial management system.

The Board has ensured segregation of duties with separate system modules for HR and payroll, so that updates to personnel records for pay and benefit changes, or other compensation adjustments, are only performed by authorized staff. Access levels are authorized by the superintendent of HR and reviewed annually to ensure appropriate security levels of system data. Positions are mapped to job classes so that reconciliation between HR position/salary level data and payroll job class/salary level data can be done through a report identifying variances. On a process level, all payroll changes must be accompanied with an authorized pay notice from HR. This is monitored and audited weekly by the supervisor of payroll and benefits.

Position re-classification is managed by the HR manager. The Board uses a consultant tool to assist in job classification for all non-teaching positions. Employees may request a re-evaluation of their job, and evidence regarding 'significant change' must be

provided by the employee's supervisor. All notes from the job evaluation process are maintained in the job evaluation file, and results are sent to the employee with a copy to their supervisor. Any required updates to the grid are made and information is posted on the Board's intranet.

Management has developed an effective process to ensure that teacher qualification and experience is formally tracked and updated. To trigger adjustments in their pay, teachers are required to provide a copy of their QECO (Qualification Evaluation Council of Ontario) statement of evaluation, in accordance with the timelines stated in the collective agreements.

For Addition Qualification (AQ) courses, qualifications are updated electronically by a data transfer to the HR database from the Ontario College of Teachers. With regard to prior experience, the Board receives a statement of experience from the previous employer and tracks days worked on its HR information system.

Payroll staff processes pay adjustments to accommodate updates in QECO or experience on the basis of a pay notice created by HR. The only exception to this is annual grid movements for teachers/principals/vice-principals, which are processed electronically and validated by the supervisor of payroll. Once the pay changes are implemented, scatter diagrams are automatically updated from the payroll data. Qualification changes are linked to the budget by the payroll analyst, who makes changes on the qualification and experience component and also provides updated information for revised estimates.

The Board management has implemented an approved pay equity plan for its staff. In 2003, CUPE grievances triggered a pay equity process, resulting in revised terms of reference along with a refined banding structure.

### **Employee Performance Evaluation Processes**

The Board has a policy and the training and communication tools in place to support a teacher performance appraisal process in compliance with Ministry guidelines and requirements.

For teachers, the supporting processes are quite comprehensive and facilitated by a web-based application. Standard process includes training/orientation for teachers new to the profession, a differentiated process for performance appraisal for teachers new to the profession, an annual process for experienced teachers, and tracking to ensure appraisals are conducted as scheduled on a five year cycle. The Board is completing migration from a paper-based record system to a web-based application that will allow for decreased reliance on hard copies maintained in HR files.



For non-teaching staff, the Board has practices in place for annual appraisals, but does not have a specific policy. The process for non-teaching groups is more paper-based, using templates. Custodial staff, EAs and secretaries are evaluated annually by school principals with support from the operations coordinators, student services and regional coordinators respectively. The appraisal process is currently least consistent with the middle management group. There is an instrument in place, but it is very dated, and not always used.

The Board's SPMCC (strategic plan management coordination committee) is currently working on several initiatives that will significantly change the staff appraisal process. The plan is that one subcommittee of SPMCC will develop clearly defined system service standards for all departments, with an anticipated completion date of March, 2009. A second subcommittee of SPMCC is focused on developing a comprehensive three-year staff development and training framework, which will include a process for annual growth / training plans for all employees. Training opportunities are being developed to support the capacity of staff to meet and exceed the emerging system standards. The staff development framework should be in place by the fall of 2008.

Once the training framework is in place, the same committee will review and develop revised policy, procedure and supporting tools for performance appraisal for nonacademic staff. This will ensure congruence between standards, training for capacity building, annual growth plans and performance review. The target date for completion of that work is the spring of 2009, with the intention of full implementation in September 2009.

The Board centrally manages the annual offence declaration process, which is part of the criminal background checks that are mandatory for the application process. The Board has established disciplinary procedures and consistent communications through standardized disciplinary letters to the employees. The responsibility for enforcing discipline is jointly shared by HR and principals/supervisors. HR provides support, coaching and form letters, while principals/supervisors are the signing authority and point of contact.

The Board also recognizes professional development as an important driver of employee performance. The staff development committee, with representation from the HR, IT, facilities and finance departments, reports to the administrative council. At the time of the operational review, the committee was developing an annual learning plan and needs assessment plan as part of OISE (Ontario Institute for Studies in Education) initiative to be brought forward in May, 2008. The three pronged professional development plan focuses on job specific technical skills, soft skills and career progression training. HR is also working in collaboration with other boards and universities to offer an effective professional development plan.

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

The Board's benefits plans are managed under the direction of the supervisor of payroll and benefits, who reports to the HR manager of administrative services. In addition, a dedicated disability management officer and an occupational therapist liaise with the insurance carrier and the health and safety officer to manage long-term disability cases. The Board's benefit plans are self-funded and managed under an administrative services only arrangement. Therefore, the Board must manage and maintain the reserves required to manage benefit liabilities.

HR conducts periodic comparisons and/or confirmation of all data between HR benefits, payroll and external carriers, to ensure validity and accuracy of employee benefit coverage. The Board uses the OASIS system to report benefit changes to the benefits provider, based on authorized pay notices from HR. At month end, the benefits clerk reconciles the benefit provider's billing against the payroll system.

The Board maintains a data link with external carriers like TPP (Teacher's Pension Plan) and OMERS to transmit payroll and employment records. A payroll report is sent to the TPP after each pay cycle through a data transfer from the payroll system. Once a year, the superintendent of business signs a certificate of compliance to ensure that the reporting practices for the prior school year meet the requirements of the plan.

Changes in employment records and/or status for OMERS employees are reported on an ongoing basis through e-access. An annual upload from the payroll system is electronically transmitted to OMERS for reconciliation purposes. In order to stay current on pension plan changes, Board staff participate in periodic training with OMERS and TPP.

The department monitors its benefit plans to minimize the cost to the Board, and benchmarks its benefit plan costs against other school boards in the province. The Board engages third party consultants to review administrative processes and to conduct compliance audits. This supports the Board in its control of costs, and provides an increased ability to secure the right changes during its periodic fee negotiations with the carrier.

## **Monitoring Staff Satisfaction**

In conjunction with Brock University, HR is currently developing an employee attitude survey for all non-teaching staff at the Board office. Administered by a third-party provider, the survey will gather feedback as the Board approaches the third-year of its multi-year strategic plan.

The Board should continue with this initiative, and expand its scope to include all employees at the Board office and the school level. In particular, Board management

should consider surveying principals to gauge their response to the site-based management structure that has been implemented. The results can be used by the Board to develop the annual Board improvement plan and establish professional development programs.

Exit interviews are not performed when staff resign, transfer or take early retirement. These practices can provide management with valuable input in the development of staff professional development and employee relations policies.

### **Recommendations:**

- The Board should proceed with the finalization and implementation of its comprehensive attendance support program.
- The strategic plan management coordinating committee is developing service standards, staff development and training frameworks, and policy and procedures for all support staff. The Board should continue with this important initiative to ensure consistency, integration and transparency of all appraisal processes for non-teaching staff.
- The Board should expand the scope of the employee attitude survey and engage all employees by conducting periodic staff surveys and exit interviews. This will contribute to improved communication and provide input into the development of professional development plans and HR policy.

### **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 Staffing and Allocation

Leading Practices – School Staffing/Allocation	Evidence of Adoption?
Established policies and procedures govern the annual staff allocation models or procedures.	Yes

## Monitoring and Reporting on Staff Allocation

Leading Practices – School Staffing/Allocation	Evidence of Adoption?
Systems monitor adherence to key Ministry and/or Board policy parameters such as: class size, prep time and collective agreement requirements.	Yes
Systems report on the actual allocation of staff, compared to the original approved allocation plan and budget (FTEs by function, department and program, actual versus budget).	Yes
A mechanism allows for adjustment of staff allocations for school based staff, if estimates for enrolment and/or funding change after budget approval.	Yes
Plans for student support services and staffing are based on a student-needs analysis.	Yes

## Benchmarking Costs with Other Boards and Funding

Leading Practices – School Staffing/Allocation	Evidence of Adoption?
Staffing 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 HR department has established detailed procedures and spreadsheet tools to determine total staffing requirements and staff allocation. These are driven by a number of factors, including: enrolment forecasts, student needs, class size requirements, preparation time requirements and collective agreements. Enrolment forecasts are developed on a school-by-school basis. They consider Board level trends and environmental scans and local school-by-school data, prepared by the principals. The projections are used as input in the budget development process, with some contingency planning.

The enrolment forecast process begins in the fall, with confirmation of the October 31 enrolment numbers. These numbers are adjusted to reflect the Board's total anticipated enrolment for the following year, and a school-by-school forecast is prepared and reviewed by senior management. The Board facilitates the process by providing schools with a template aligned to its strategic directives and incorporating the Ministry guidelines on preparation time and class size. From this data, detailed class counts are

prepared for each school, accounting for school specific considerations. The data is refined during further review and discussions with principals, and serves as the basis for staff allocation at each school.

The allocation of education assistants is done by special education coordinators, in liaison with the superintendent of student services and based on a detailed student needs assessment for each school. Other school-based support staff allocations are based on formulas and collective agreements. The allocations are reviewed annually, taking into account budget constraints. Finance and HR work closely on all staffing matters, due to Ministry class size requirements and budget planning considerations.

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

The Board's staffing allocation is revised once the funding is confirmed with the issue of Grants for Student needs (GSN). HR and finance monitor the original approved staff allocation plan and budget, compared to the actual allocation. In addition to the monthly comparison of the planned allocation to actual FTE's for all staff, management also generates an annual report to capture any variance between budgeted costs and payroll costs. The most significant check point occurs in September, when the actual enrolments are known. Some class/school reorganization can occur, to adjust for over or under allocation compared to the original estimates.

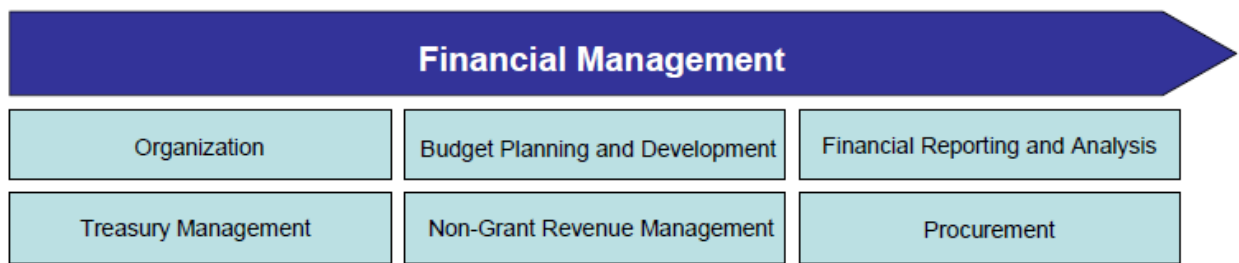
The Board accommodates surplus staff at specific schools by reassigning them to other schools with similar needs. Redundant staff, net of requirements across all schools, triggers lay offs with the right to recall for 24 months, and preferred status on the Long Term Occasional (LTO) list.

The Board was required to make some limited staffing reductions in the 2007-08 school year to support the achievement of a balanced budget following approval by the Board of Trustees.

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

The HR department compares staffing costs with similar boards to ensure efficient use of resources. The Board also reviews and analyzes compensation and staff cost data supplied by the Ministries of Labour and Education. The funding formula is analyzed and compared with the Board needs and the costs of similar Boards. This information is used to inform budget decisions.

## 4. Financial Management – Findings and Recommendations



The financial management of the 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.

The 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 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 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?
Departmental goals and priorities are aligned to the Board’s strategic directives and are documented in an annual department plan accessible by key stakeholders.	No

### Organization Structure and Accountability

Leading Practices – Finance Organization	Evidence of Adoption?
Publicly available finance department organization charts clearly illustrate roles, responsibilities and accountabilities.	Yes
Senior finance, treasury and procurement staff has appropriate designations or related experience.	Yes

### Monitoring and Communication of Policy

Leading Practices – Finance Organization	Evidence of Adoption?
Management monitors finance department policy compliance.	Yes
Management provides scheduled finance policy awareness, training and education sessions.	Yes

### Development and Reporting of Annual Goals and Priorities

The finance department has outlined strategic directions for the current academic year. This provides senior management and the Board of Trustees with information on the department’s priorities, and demonstrates how its activities are aligned with the Board’s strategic directions. The department level directions are reflected in the personal action plan of the superintendent of business which is evaluated by the Director of Education annually.

However, there is no operational plan that translates strategic directions into target activities, target dates and designated leads. Such a plan would enable the department

to allocate accountabilities more clearly, establish performance measures, and report progress of its defined priorities and goals throughout the year.

### **Organizational Structure and Accountability**

The Board's finance department is led by the superintendent of business and supported by the supervisor of accounts, the financial analyst and the supervisor of purchasing. The Durham Student Transportation Services falls also falls under the superintendent's responsibilities. At the time of the operational review, the Director was considering the re-instatement of the comptroller position. This position would focus on reporting oversight for management and the Board of Trustees, and would significantly increase the department's capacity. All senior financial management staff have professional designations where appropriate. The department's organization chart is available on the Board's website.

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

The department maintains a comprehensive set of policies and procedures, covering all pertinent aspects of financial management such as procurement, purchase cards and corporate cards. These policies and procedures have been posted on the Board's website, and are reviewed and updated at the discretion of the policy committee. Policy compliance is maintained through interdepartmental service level agreements and procurement system controls, as well as manual expense reviews and approvals.

### **Recommendation:**

- The finance department should develop an annual departmental business plan that translates the existing strategic directions into target activities, timelines and designated accountabilities. The annual plan should become part of the Board's annual plan and be aligned to the Board's overall strategic directions.

## **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), the 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 (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 all significant risks during budget planning, and develops strategies to mitigate the risk of spending beyond authorized/budgeted levels.	Yes

### Annual Budget Development Process

The annual budget process is transparent, clearly communicated and incorporates input from all key stakeholders. The superintendent of business presents the budget schedule

to the trustees at the outset and provides them with periodic updates during the budget development process.

Typically, the budget process starts in February and is finalized with approval from trustees in June. The Finance department facilitates a Board “think tank” that engages the administrative council to identify and understand the priorities for the upcoming year. These priorities or new initiatives are evaluated in accordance with the available funding allocation and the Board’s strategic roadmap.

As a first step, the department reviews and analyzes the prior year’s financial statements to set a baseline for the current year’s plan. The baseline is normalized for departments to match the available revenue forecasts, less any one-time funding from the prior year, and then recalibrated to accommodate the priorities agreed upon at the administrative council meetings. The staff also factors in savings expected through initiatives like energy management and consortium membership, determines new cost pressures that might impact the budget, and ensures that the base is adjusted for any anticipated cost increases.

The Finance department creates a system-wide budget based on all the inputs from the various programs and departments. Once the Board’s revenue is confirmed with the issue of the GSN, staffing projections are refined and revised, and a final budget is prepared and presented for the Board’s approval. This process also includes regular updates on the current year’s fiscal outlook and the impact, if any, on the preliminary budget plan.

The Board historically relied on a budget review committee but recently transitioned to an informal system, in which regular presentations and budget updates are provided routinely to the trustees during *in camera* sessions. This constant communication with the Board during the budget development process ensures that the final approval process is smooth and timely.

The budget presentations are well-prepared and provide continuity as the process proceeds and further updates are presented. The presentations provide clarity as to the proposals for reductions required to achieve a balanced budget, accounting for known ministry allocations, changes in Board revenues and expenditures, and new initiatives.

The budget is available on the Board’s website, and stakeholders are invited to comment on the budget allocation through an input form available online.

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

The Board uses a top-down and bottom-up approach to develop enrolment forecasts. In addition to environmental scans conducted by the planning department, the budget also incorporates input from school principals for a comprehensive estimate of the enrolment

figures. Enrolment forecasts are developed early in the budget development process, and enable the Board to develop preliminary high-level expectations of the anticipated change in revenue compared to the previous year. As the budget development proceeds with input from school level projections, any significant change in the enrolment forecast is incorporated into the budget development.

### **Identification of Risks and Mitigation Strategies**

While the Board does not have a formal risk management strategy, it identifies the key risk areas in the budget planning process. The most significant issues are the enrolment forecast and budgeting within the fixed revenue envelope, as well as risks in expenditures areas, such as fuel cost escalation in transportation, energy costs, benefit costs, and maintaining spending within the budgets allocated to departments.

The Board mitigates this risk by developing a conservative staffing plan and ensuring that the final expenditure budget incorporates all known cost changes. During the academic year, management 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.

In addition to monitoring internal reserves, the Board defers non-essential maintenance until January, as a contingency for cost over-runs in other areas.

### **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.	No

## Interim Financial Reporting Accountability

Leading Practices – Financial Reporting and Analysis	Evidence of Adoption?
Interim financial reports provide sufficient detail and appropriate explanations for a clear understanding of the current year's budget and the outlook for the year.	No
Senior management is accountable for the integrity of financial reporting, through formal sign-off and approval procedures.	Yes

## Internal Audit

Leading Practices – Financial Reporting and Analysis	Evidence of Adoption?
Management maintains an independent internal audit function where appropriate.	No
Internal and external audit plans are clearly documented. Audit report recommendations are acted upon by management.	Yes

## Integrated System for Variance Analysis and Financial Reporting

The Board shares an AS 400 financial information system with its coterminous board. The application is supported and hosted by the coterminous board, while the Board pays service fees. The system provides the Board with integrated GL/AP/PO functionality and reporting capabilities. However, the report development and generation process requires specialized programming skills, and provides limited flexibility to Board management.

While sharing a financial system is a noteworthy practice in the school board sector, many other boards are running financial applications on more modern platforms relative to AS 400. The Board should investigate the cost-benefit analysis of moving to a new system that offers enhanced reporting capabilities for management and supports the Ministry reporting requirements.

## Interim Financial Reporting Accountability

Interim financial reporting at the Board includes the following reports which are presented to administrative council and then forwarded to the Board for information:

- Monthly, a one-page summary report is prepared that provides the year-to-date expenditure and expresses it as a percentage of budget.
- Bi-monthly, a budget status presentation is provided that includes a budget update and an outlook for the current year, together with explanations of any anticipated variances.
- Bi-monthly, a detailed budget status report is provided to administrative council for review.

Management indicated that the Board is satisfied with the frequency and depth of financial reporting. However, in comparison to leading practices, the monthly reporting does not include explanations that would provide better context for review of the information. There is no narrative reference to assist the reader in determining whether the percentage of remaining budget is above or below what is expected for the reporting period. While finance staff does provide verbal commentary as required, the report would be more informative if explanations were provided as notes to the report. This is particularly relevant where the year-to-date results for specific revenue and/or expenditure items are significantly above or below expected result at a given point of reporting.

The format of monthly or quarterly financial reporting varies significantly among school boards. A more informative format would include:

1. Comparison of the annual approved budget with the actual spending to date and the spending to date, expressed as a percentage of the budget.
2. A comparative percentage for each expenditure/revenue category to 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. 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.

The level of detailed expenditure and revenue presented will depend on the preferences of management and the Board. At the least it would include a summary of the major expenditure and revenue categories similar to that reported in Ministry financial reports. This is the level of reporting currently prepared by management.

The provision of such information would enable reviewers to have a better understanding of the status of the year-to-date results.

Management could consider combining the current monthly and bi-monthly reporting into a single bi-monthly report to administrative council and the Board, incorporating the format suggestions made. This would reduce the frequency of reporting and could enhance the information provided.

### **Internal Audit**

The Board does not have an internal audit function. Although management recognizes the importance of the function, they believe that the resources are not currently available to support the additional cost to establish it. We understand that at the time of the review, the Director and the Board, in conjunction with the superintendent of business, were considering the establishment of a comptroller position that would carry out some internal audit duties.

The Board does audit schools in accordance with PSAB regulations, with a particular focus on school generated funds. The supervisor of accounts prepares an annual audit plan and sends out a memo to the school administrator outlining the objectives of the audit. After the audit, the supervisor of accounts schedules a briefing meeting with the principal and prepares a report detailing audit findings. A summary report is drafted for the superintendent of business and presented to the administrative council. In addition, the external auditors audit several schools each year as part of their annual audit of the Board's financial statements. The internal audits conducted by the supervisor of accounts also support the year end audit of the Board by external auditors.

The establishment of a formal internal audit function would assist senior management and the Board of Trustees in exercising their overall governance and accountability roles. The primary function of internal audit would be to provide added assurance that internal controls established by management are operating effectively and are in compliance with policies and procedures. The internal audit function can also help develop performance measures to further determine whether programs and services are meeting their overall objectives. The function should report to an audit committee of the Board.

### **Audit Committee**

The Board has not established an audit committee at this time. The external auditor recommended that one be established in their letter of November 26, 2007. Many school boards have established or are now establishing an audit committee. An audit committee acts on the Board's behalf to:

- Review the annual audited financial statements.

- Review and understand the accounting complexities inherent in their preparation.
- Gain a more detailed understanding and appreciation of the significance of maintaining a sound system of internal control in the relevant areas of the Board's operations.
- Review the annual external auditor's appointment, the annual audit plan, the management letter and other matters related to the annual audit of the financial statements.
- Review the quarterly treasurer's report.
- Manage other corporate matters.

Along with significant changes in accounting in recent years, the complexity of the annual financial statements is increasing. A special committee can, with the assistance of the Board's senior finance official and other advisors, gain an appreciation of the contents of the statements. They can also appreciate the related complex accounting issues and the new accounting rules that are to be implemented in the coming year. Audit committee members must understand what constitutes sound internal accounting and operational control processes.

Serious consideration should be given to the establishment of an audit committee. Also, the Board should consider adding external members to the audit committee who can act as advisors. The advisors would not be voting members, since current legislation only recognizes trustees as voting members on Board standing committees. The professional backgrounds of the external members could include professional accountants, lawyers or other professionals, depending on the needs of the committee and its mandate.

### **Recommendations:**

- The Board should perform a needs assessment and cost-benefit analysis of moving to a new financial application that offers capabilities such as automated three-way matching (purchase order, receipt, invoice) and enhanced financial reporting. This would include discussions with the Durham DSB to determine if a joint assessment could be undertaken.
- Finance staff should consider providing an expanded level of interim reporting, as suggested in section 4.3 of this report. This would improve understanding of the financial reporting of year-to-date results.
- Management and the Board should consider establishing an internal audit function. Management could start by identifying options for its mandate and

scope and estimating annual costs for each option. Management's proactive assessment of need and cost would be a useful first step.

- Management and the Board should establish an audit committee. The audit committee would include at least two external members to act as advisors and contribute to its accountability.

#### 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 consolidated with a single financial institution.	Yes
Staff and management periodically review the Board's investment policy and investment performance reports.	No
Staff and management periodically compare the Board's banking terms and conditions to those of similar school boards.	Yes
Management monitors financial risk related to cash/investment management and has a plan to mitigate associated risks.	Yes

#### Cash and Investment Management

Finance staff has established appropriate procedures to enable efficient cash management. The department ensures adherence to the procedures through active monitoring of cash activities and performs weekly cash flow analysis. For example,



school taxes to be allocated to the Board are tracked against what was actually received by checking deposit dates.

The Board has consolidated its cash management activities with a single institution. Management periodically reviews the Board's banking conditions and recently changed its bank following an RFP process. This has resulted in more favourable terms, especially in the rates of interest it earns on its excess cash on deposit. The Board has also negotiated a deal for all of the schools to move to the new bank.

At the time of the review, the Board did not have an approved investment policy. However, it has been added to the policy committee's development roster. Management has procedural checks and balances in place to monitor short-term liquid assets, and conducts ongoing reviews of deposit account performance vs. GICs.

The superintendent of business regularly consults with the Ministry regarding its use of reserves. The use of reserve funds is approved by the Board of Trustees.

The Board has a pupil accommodation debt reserve of about \$84.5 million, as of the beginning of the 2007-2008 fiscal year. It plans to use about \$80 million of the funds to cover part of the annual debts service costs and also to repay capital loans of about \$66 million during the current year. At the time of the review, the Board also maintains approximately \$10 million in sinking funds associated with its outstanding sinking fund debentures.

### **Recommendation:**

- The Board should develop and implement an investment policy that complies with the Education Act.

## **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 Board as revenue generated outside of grants makes up approximately \$2 million (1%) of the Board's

overall budget, excluding interest income and “other grants”. The Board receives Education Programs –Other (EPO) funding from the Ministry for specific initiatives, which requires the 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 to Support Non Grant Revenues

Leading Practices – Non-Grant Revenue Management	Evidence of Adoption?
The board has established policies on the application of its fee structure, and obtains credit/risk assessments.	Yes

### Technology to Support Registration and Collection of Revenues

Leading Practices – Non-Grant Revenue Management	Evidence of Adoption?
Electronic registration and payment system are used where appropriate (e.g., ConEd, permitting of facilities, leasing, etc.).	Yes

### Monitoring Procedures for all Non-Grant Revenues

Leading Practices – Non-Grant Revenue Management	Evidence of Adoption?
Staff monitors all sources of revenue to ensure completeness and compliance with policies. Action plans and processes maximize collections.	Yes

### Managing Education Programs – Other (EPO) Grants

Leading Practices – Non-Grant Revenue Management	Evidence of Adoption?
Board budget identifies revenue and expenditure for each EPO program. Management monitors activity to ensure compliance with terms and conditions.	Yes

## **Policies to Support Non-Grant Revenues**

The Board maintains appropriate policy and procedures to facilitate the application, approval, and issuance of permits for the use of its property. The policy and procedures are available on the Board's website along with the community use of school permits application form. The Board has established a schedule of fees that is detailed in the accompanying procedures. The fees are reviewed annually and adjusted as required.

The Board also provides Continuing Education programs through some of its school sites.

## **Technology to Support Registration and Collection of Revenue**

The Board policy and procedures require that all fees are paid prior to the approval of a permit for community use of schools, minimizing credit risk. Similarly, fees for continuing education programs are payable when a student registers. The Board does not accept electronic payment for permits or continuing education programs. The limited number of transactions and the relatively small value of the continuing education program and permitting fees may not warrant investment in electronic registration and payment.

## **Monitoring Procedures for all Non-grant Revenues**

Applicants can obtain the community use of schools application form from the Board's website or from the community use of schools secretary. All user groups are required to provide proof of general liability insurance, completed application forms and appropriate fees before approval. The controller of plant issues permits for the use of appropriate areas of the school following consultation between the community use of schools staff and the principal. When the permit application has been approved, copies of the approved permit are distributed to the applicant, the school principal, plant department, chief custodian and a copy is retained for administration files.

The Board's continuing and alternative education program is administered by a designated principal who is supported by a vice-principal and a program leader. The continuing education department provides registration for its course offerings by phone, fax, e-mail, online and in-person. The Board reserves the right to cancel a course if minimum enrolment is not met.

## **Managing Education Programs – Other (EPO) Grants**

EPO grants received by the Board are designated to appropriate superintendents. A new account code is created for each EPO grant and assigned to the superintendent's budget or cost center. The supervisor of accounts maintains a spreadsheet to track cash receipts relative to expected revenue as per transfer agreements. Superintendents are responsible to ensure grants are spent for the purpose intended, and to ensure financial reporting is completed on time for sign off by finance.

## 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 school 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 practices are clearly communicated to staff with purchasing authority, and are periodically reviewed and updated.	Yes

### Participation in Buying Consortia to Reduce Acquisition Costs

Leading Practices – Procurement	Evidence of Adoption?
The acquisition strategy includes the participation in consortia/ cooperatives for cost savings.	Yes
Vendor selection criteria include elements other than lowest cost, such as total cost of ownership, value, and quality.	Yes
Regular reporting is used to monitor compliance and develop strategies to increase purchasing power and to minimize the costs of goods and services procured.	Yes

## Purchasing Levels of Authority

Leading Practices – Procurement	Evidence of Adoption?
Procurement authorization levels are commensurate to job title/role, and are monitored by the department head.	No

## Policies and Procedures for PCard/Corporate Card Use

Leading Practices – Procurement	Evidence of Adoption?
Policies and procedures for PCard 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.	Yes
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 for Greater Efficiency

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

## Procurement Policies and Procedures

Management and the Board have approved procurement policies and procedures in place, which have been clearly communicated to all authorized users of the system and are available on the Board's public website. The policies were last revised in 2001 and were being reviewed at the time of the operational review. The policies and procedures are based on the principles of collaborative purchasing, equity and transparency, and address a number of key elements such as:

- Obtaining the maximum value for all purchases of goods, considering factors such as quality, service, standardization and the environment;

- Use of purchase orders, PCards, RFPs, RFQs and permissible sole-sourcing; and
- Compliance with federal and provincial legislation.

The Board has approved policies and/or procedures in accordance with the direction given by the Ministry in the spring of 2007. The following have been adopted and posted on the Board's web site:

- Use of corporate credit cards (October 2007)
- Reimbursement of expenses (February 2008)
- Advertising (February 2008)
- Advocacy (February 2008)

The procurement department issues an annual catalogue for consumables and negotiates system contracts for standard goods/services, including classroom office supplies, furniture, computer equipment and accessories, and physical education equipment.

### **Participation in Buying Consortia to Reduce Acquisition Costs**

The Board is the founding member of the Catholic School Boards Services Association (CSBSA). CSBSA has developed project teams in the areas of information technology, purchasing, capital development and benefits. The consortium was formed to reduce costs, improve efficiencies and generate revenue by working co-operatively in the provision of goods and services to students. The Board has used the consortium to arrange debenture issues and to purchase electricity, natural gas, fuel, fine paper and postal meters.

The Board is also considering partnering with local municipalities to explore efficiencies in waste management. The Board's decision to join consortia is based on cost-benefit analysis in terms of dollar value, quality, environment and convenience.

### **Purchasing Levels of Authority**

The procurement procedures define appropriate authorization levels commensurate with job titles and roles. These are monitored for compliance by the respective department officials and by the purchasing supervisor. The procurement procedures outline the following dollar thresholds and requirements for purchasing:

- Petty cash funds or PCards are provided to facilitate purchases up to \$50;

- \$50 to \$2,500: an online purchase order requisition is created with one quote using existing Board-approved vendors wherever possible. The supervisor may request additional quotes if it is in the best interests of the Board;
- \$2,500 to \$50,000: minimum of three written quotes are required by the purchasing department; and
- Over \$50,000: a formal process involving RFPs or tenders may be required as decided by the supervisor of purchasing services in consultation with the requisitioner. Purchasing will ensure the RFP is advertised in a daily newspaper and/or approved electronic tender web site.

The procurement manager prepares periodic high-level reports for the superintendent of business, with information on total dollars spent and the number of transactions.

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

The Board has clearly communicated its policy and procedures for PCard and corporate card use. These are available on the Board website and are current as of October 2007.

There are approximately 160 PCards currently in use by school principals and staff within facilities services and the IT department. A PCard package is issued with each PCard, requiring employee acknowledgement of responsibilities and obligations. The department maintains an updated log of PCard-holders, transaction limits and PCard transactions. Blocks are placed on some employee PCards, and PCards issued to schools are restricted to procuring consumable items.

The accounts payable department tracks outstanding statements. PCard use is monitored by department heads, with a final check by the Superintendent of Business.

The finance department is also considering expanding the use of PCards to other school-based staff for small dollar purchases, to reduce the volume of supplier invoices. As a first step, the staff should conduct a comparative analysis on PCard usage and purchase orders (PO) to investigate the fact that the current threshold limits for a PO (\$50-\$2500 in the first instance) do not align, for the most part, to PCard transaction limits. This includes an analysis of PCards and POs by user, by department, by transaction value and by merchant category code. This would allow the Board to develop an optimal PCard program to maximize purchasing efficiency while ensuring budgetary control.

While the use of PCards is a leading practice to reduce the volume of invoices, the Board should also re-evaluate its current practices to ensure that appropriate financial controls are in place. It should also determine whether the PCard users should be restricted to only school-based staff, where the incidence of small dollar purchases is

most prevalent. Currently, some PCards allow cash advances and have high transaction limits. This was being reviewed by the superintendent of business.

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

The Board relies on the AS400 PO system to process its purchase-to-payment cycle. Purchase requisitions are manually created on a paper form by employees before submission to either the supervisors or the school secretary. Any requisition between \$50 and \$2500 is then manually transcribed into the AS400 system, to create a PO with an appropriate account code. Purchases less than \$50 are paid for with petty cash. Those over \$2500 are sent directly to the school principal or superintendent before a PO is created.

Once a PO has been approved and submitted online, it automatically encumbers those funds against the budget. The system's budget checking system alerts management via email when year-to-date expenses reach 90% of the budget. Once the PO has been submitted, the supervisor of purchasing services reviews it and it is eventually sent to the vendor.

Goods are typically shipped to the location where they are to be consumed (schools). The schools take receipt of the goods and manually match them against the PO. The packing slip or receipt is then sent to the Board office through a courier service, where it is entered into the system along with the invoices received from vendors.

A three-way, manual matching between the invoice, receipt and the PO is performed at the Board office by clerical staff. The system currently does not provide automated matching or pre-defined matching tolerance functionality. A more automated system would allow the Board to eliminate these manual tasks.

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

The Board's EFT transactions are currently limited to payments made to municipalities. With the exception of payroll, other vendor payments are made by cheque. This is an opportunity area for the Board.

### **Recommendations:**

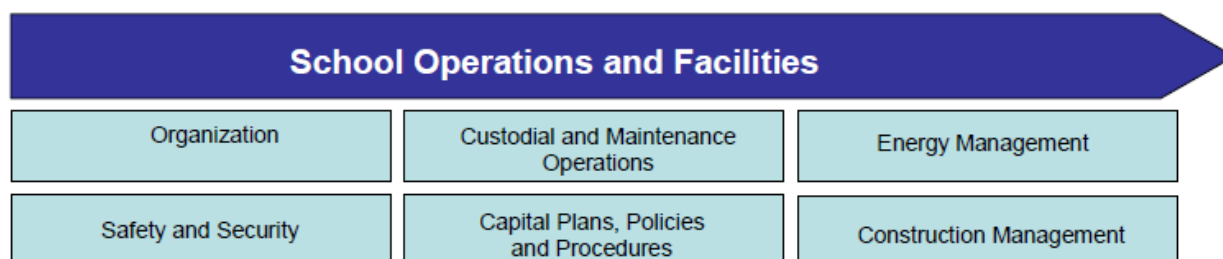
- The Board should re-evaluate the distribution and card limits for existing PCard holders. Cards should be restricted to school-based staff and other board staff to reduce the volume of low value transactions.
- The Board should investigate the current misalignment between purchase order threshold limits relative to PCard transaction limits. A transaction/spend analysis



would identify opportunities to increase purchase order threshold limits and promote use of PCards for small dollar purchases.

- 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.

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



Efficient and effective management of the Board's facilities (particularly schools) is an important factor in student achievement targets and strategies. Along with providing a positive learning environment for students, teachers and staff, it also helps the Board achieve a standard of cleanliness and maintenance that meets the expectations of the school community.

The following is a summary of our assessment of the 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 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 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?
Departmental goals and priorities are aligned to the Board’s strategic directives and are documented in an annual department plan accessible by key stakeholders.	No

### Organizational Structure and Accountability

Leading Practices – Operations and Facilities Organization	Evidence of Adoption?
Publicly available organizational charts clearly illustrate roles, responsibilities and accountabilities.	Yes
Senior operations and facilities staff have appropriate designations (e.g. P.Eng., Project Management Professional). and/or relevant field experience.	Yes

### Monitoring and Communication of Policy

Leading Practices – Operations and Facilities Organization	Evidence of Adoption?
Management monitors operations and facilities department policy compliance.	Yes
Management provides scheduled policy awareness, training and education sessions.	Yes

### Development and Reporting of Annual Goals and Priorities

The facilities services department outlines strategic planning objectives at the beginning of each academic year. These goals are reflected in the performance review of the facilities services senior manager and reviewed by the Director of Education at year-end. For 2007/8, the departmental goals identified in the senior manager’s personal plan include:

- The development of a strategic plan for facilities services.
- The implementation of a departmental performance management system for all administrative staff in line with Board's strategic plan and the department's action plan.
- The development of a long term capital plan, an accommodation review for schools in Oshawa, and a Good Place to Learn program.

The 2007/8 strategic plan for facilities services identifies five key priorities, each supported by lower level actions:

- Initiatives to support the Road to Student Success
- Improved service quality
- Implementation of Auditor General of Ontario Findings and Recommendations
- Accommodation review process
- Energy / waste management

However, the department does not currently have an operational plan to translate the senior manager's personal plan to actions for groups within the department. This would enable the department to better allocate accountabilities, establish performance measures, and track and report the progress of its defined priorities and goals. This would also provide senior management and the Board of Trustees with information on the priorities of the department, and demonstrate how the department activities are aligned with the Board's strategic directions.

### **Organizational Structure and Accountability**

The Facilities Services department is led by a senior manager who reports to the Director of Education. The department supports the site-based management structure and is divided into three main groups – operations and maintenance, energy and building systems and planning and admissions. The facilities services advisory committee comprising the senior manager and the three group leads, meets weekly.

The department has two operations coordinators to support principals as site-based managers and to facilitate communication between the Board, schools and the custodial and maintenance staff. The roles and responsibilities for these positions are clearly outlined in their respective job descriptions, and are well understood by the organization. In addition, the department recruits project managers in contractual positions to manage new construction projects.

Key department staff have appropriate professional designations and 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 department maintains a comprehensive set of policies and procedures covering all pertinent aspects of operations and facilities management. These have been posted on the Board's website and are being reviewed by the policy committee.

Through the support of the HR department, appropriate training is provided to custodial and maintenance staff, addressing policy issues and the need for compliance with the various regulatory requirements.

### **Recommendation:**

- The facilities department should expand its strategic planning objectives into an annual departmental operations plan that details its annual goals and priorities and incorporates performance measures and accountabilities. The annual plan should become part of the Board's annual plan and be aligned to the Board's overall strategic directions.

## **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 Supports the Board's Cleaning and Maintenance Standards

Leading Practices – Custodial and Maintenance Operations	Evidence of Adoption?
The school board has set cleaning/maintenance standards for schools and reports annually on results.	Yes
Management's custodial/maintenance allocation model optimizes 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/multi-year maintenance plan for deferred maintenance priorities and maintenance standards. Outcomes improve the learning environment. The plan optimizes the use of available funding (Annual Renewal Grant and Good Places to Learn funding) and is approved by the 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 to address 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 that records, monitors, and evaluates projects ensuring the effective use of resources.	Yes

Leading Practices – Custodial and Maintenance Operations	Evidence of Adoption?
Management regularly evaluates the overall effectiveness and efficiency of its maintenance and custodial service practices.	Yes

### **Staffing Model Supports the Board’s Cleaning and Maintenance Standards**

The Board’s custodial allocation model provides for the optimum use of resources for the Board’s cleaning standards and practices. A detailed staffing formula for custodial work considers square footage and portable usage to determine the custodial staffing requirements at each school. Management prepares a custodial workload summary that captures the total area covered by a school and the number of assigned custodians.

Within its current collective agreement with CUPE, the Board established a custodial workload committee comprising three union members and two facilities services operations coordinators. The committee’s mandate included:

- Review of custodial workload;
- Development and maintenance of a system custodial manual;
- Development and maintenance of custodial cleaning standards;
- Assistance with custodial equipment and product evaluation reviews.

The Board has adopted APPA (Association of Physical Plant Administrators, now known as The Association of Higher Education Facilities Officers) cleaning standards and uses them to evaluate the performance of custodial staff at each facility. Compliance is monitored by operations coordinators and school principals through custodial log books and inspection forms.

The operations coordinator frequently meets with custodial staff to ensure communication between management and custodial staff.

Custodial absence is managed by chief custodians by the re-assignment of duties. Prolonged absences are typically covered by floaters. The operations coordinator has specific training in accommodation and RTW (Return to Work) policies and works with HR and the Workplace Safety & Insurance Board to accommodate staff in modified job responsibilities. Management believes that the implementation of the proposed “Attendance Support Policy and Procedures” will assist in the management of staff resources.

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

Management has an approved annual capital renewal program to plan for annual maintenance, accessibility accommodations, safety, and site upgrades. The plan is developed with input from the ReCAPP database, principals and operations coordinators. The Board's maintenance and renewal activities are re-assessed annually through individual school assessment, and priorities are then incorporated into the annual plan. This ensures that schools are maintained in the best possible condition support student learning.

In addition to the central facilities budget, the department has also established a facility improvement budget (FIP) for every school to give principals some level of autonomy as site-based managers.

A multi-year maintenance and renewal plan of, for example, three to five years, would give the Board and its stakeholders a better understanding of the system's needs over an extended period. The annual assessment could be expanded to provide the multiyear perspective of the needs of both planned (regular) and urgent maintenance and renewal requirements. This plan could also be supported by the funding sources available for related costs, which include annual operations, renewal grants and the Good Places to Learn allocation. This would provide management and the Board with a better planning perspective.

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

The Board has a training program to provide ongoing skills development to maintenance and custodial staff within the Board and to address emerging regulatory issues. Examples of such training include asbestos training, mould awareness, WHMIS, electrical awareness, floor care, fall arrest and the testing of the operation of drinking water systems. In addition, cleaning seminars are organized for custodial staff, in conjunction with the Board's vendor for cleaning supplies.

The department has a 'buddy system' to connect new hires with experienced employees and facilitate knowledge transfer. The staff also refers to the custodial manual for guidelines on cleaning standards and associated procedures.

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

The department operates primarily on a just-in-time inventory basis, and maintains minimal amounts of supplies within schools. Custodial supplies are standardized across the Board and managed centrally through the Board office. Custodial staff at each school use an online purchasing system to order supplies on an as-needed basis from system approved suppliers. Each school is granted a maximum purchasing budget, and all purchases are tracked for management reporting to ensure that the budget is not



exceeded. In addition, all purchases are reviewed and approved centrally by the operations supervisor.

Facilities services maintains a list of preferred vendors. Maintenance personnel have also been provided with PCards for purchases of material and equipment from nonpreferred vendors where necessary.

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

The Board uses an electronic facility management system (Vision FM). Among other features, the system enables the Board to generate, track and log work orders, maintain a repository of drawings and site plans, and support community use of schools. The system enables staff to track completion times for work orders involving emergencies, preventative maintenance activities and warranty work. In addition, the department maintains an inventory of custodial equipment at each school, including model, serial number, purchase date and functional condition.

The Board uses ReCAPP to track deferred maintenance requirements for its facilities and maintains an ongoing effort to improve the integrity of the data within ReCAPP. The ReCAPP database combined with site visits is used to generate regular facility condition reports.

As a pilot project, Facilities Services has developed an operations manual to document technical data specific to a school, including keystone map, mechanical and electrical room layouts, equipment layout, exhaust fan data, etc. The manual is expected to facilitate new staff training and support maintenance work and asset management. The Board is encouraged to continue developing the manual for other schools.

The department has also been running pilot projects to conduct monthly scheduled electrical and general maintenance at schools, with the intent to expand the scope to plumbing, heating and other areas. Management is also developing maintenance standards and has issued an RFP to solicit external consultants.

The quality of maintenance and the custodial service delivery model is regularly evaluated by chief custodians, principals and operations coordinators. The custodial log book is signed off every week by principals in their capacity as the site-based managers. These regular evaluations are reflected in the annual evaluation of the custodial and maintenance staff.

### **Recommendation:**

- Management should consider developing a multi-year preventative/major maintenance and facility renewal plan that includes available funding to support

it. This would provide a clear forecast of the Board's critical needs over the next several years.

### 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.	No
Purchasing practices support energy conservation objectives (e.g. Energy Star products, leveraging consortia membership).	Yes
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.	Yes

Leading Practices – Energy Management	Evidence of Adoption?
Centralized technology that automates energy regulation and conservation (e.g. light control, desktop power) is used wherever practical.	Yes

## Energy Management Plan

The Board has assigned a focused position (supervisor of energy & building systems) to lead energy saving initiatives across the Board. An energy management program for the 2007-08 academic year describes the mandate, planned initiatives and a 10 percent target cost saving for the year. However the Board does not have a multi-year energy plan that defines longer term targets and potential initiatives. The energy management program is supported by the Energy Conservation Action Plan that details estimated costs and payback time for planned initiatives.

Some of the initiatives that the Board is currently pursuing include the installation of Building Automation Systems (BAS) at 10 schools, the upgrade of the current BAS system at 14 schools, and shutting down chillers during summer months, to achieve cost savings of \$75K. Congruent with its planned initiatives, the Board has hired a controls technician to reduce costs and reliance on outside vendors. The installation of centralized technology will allow the Board to automate energy efficient practices and remotely control energy consuming equipment (i.e. heating, air conditioning) at each facility, in some cases, on a room-by-room level.

The Board has set up an energy management committee composed of principals, program staff, custodians, IT and purchasing staff to establish standards, policies and procedures and promote energy conservation programs. In addition, the Board has also established an EcoSchools committee to promote and support the program across all schools, by emphasizing cost savings and the environmental “branding” of schools. Ontario EcoSchools is an environmental education program that is based on waste minimization, energy conservation, school ground greening and ecological literacy. In the 2007-08 academic year, about 27 schools across the Board were preparing for EcoSchool certification.

The Board prides itself on being the founding member of Catholic School Board Services Association (CSBSA) consortia for purchasing fuel, natural gas and hydro. Management follows a policy of buying new equipment that is energy efficient and actively looks at incentive programs offered by utilities, Natural Resources Canada and other such organizations to conserve energy.

The Board is also conscious of its waste management responsibilities. It is a member of the Ontario Recycling Council. At the time of the review, the Board was implementing a waste management program across all its school sites.

## Tracking and Reporting Energy Conservation

The Board receives utilities bills by location and makes consolidated payments to the utility provider. Management stated that a site-specific bill has allowed the staff to monitor abnormal energy usage patterns (i.e. spikes in water usage at a particular school) and take corrective action. Over 2007-08, the Board is gathering site-specific consumption data in order to establish benchmarks for each location.

Energy consumption and associated costs are captured from the financial system for data analysis and reporting purposes. Management proactively looks at other school boards and participates in the OASBO forum to learn and share best practices.

### Recommendation:

- While the Board has a strong annual plan for energy conservation, management should develop a multi-year conservation plan that establishes annual and long term targets, and identifies the required initiatives and funding.

## 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 plans and policies ensures compliance with statutory health, safety and security requirements.	Yes

Leading Practices – Health, Safety and Security	Evidence of Adoption?
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
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 Board has established a health, safety and security plan and a dedicated position of a health and safety officer to ensure compliance with statutory health, safety and security requirements. A joint occupational safety and health committee, with representation from CUPE, elementary, secondary and occasional teachers and the principal group, is chaired by the health and safety officer to develop and review health and safety policies and procedures. Their portfolio of policies includes the nuclear safety plan, school lockdown, fire policies, wellness initiatives, coordination of annual inspections, and compliance monitoring. Policy compliance is monitored through facilities and custodial staff and tracked by the health and safety officer.

Management acknowledges that schools across the Board are not 100 per cent barrier free in accordance with the Disabilities Act. As such, the Board sets aside funds in its annual budget to accommodate students with special needs, when required, in schools not compliant with legislation. The Board has also established an accessibility committee with representation from facilities and student services.

Management tracks vandalism and security incidents through custodial log books and health and safety reporting forms. Incidents are discussed at the joint occupational safety and health committee and are shared with other schools on a generalized level, mostly in the form of training or modified procedures.

At the time of the review, management was preparing for the safe school legislation that came into effect on February 1, 2008. The Board has established a superintendent position for safe schools and is in the process of establishing a suspension and expulsion program and lockdown policy.

## 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 Plans

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 up-to-date assessment of facility conditions is maintained, based on industry standards (using RECAP methodology).	Yes
Funding allocations are analyzed to determine if they meet the current and forecasted needs of the school board’s capital requirements.	Yes

Leading Practices – Capital Plans, Policies and Procedures	Evidence of Adoption?
Management tracks compliance and monitors new legislation or changes to existing legislation.	Yes

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

The Board has developed a 10-year capital plan that was approved by the trustees in 2006. The 10-year plan is reviewed annually by the administrative council. The Board intends to work closely with the Ministry staff in the review of their 10-year capital plan and the identification and approval of any capital projects and related funding.

Apart from the annual enrolment and utilization reviews, the capital plan also incorporates inputs from municipal growth forecasts, architects, construction cost benchmarks, ReCAPP database and the expertise of Board staff. The Board also engages external consultants in collaboration with the coterminous school board to develop 10-year enrolment projections.

The Board has an approved pupil accommodation review policy that implements the pupil accommodation review guideline released by the Ministry in 2006. The policy is supported by pupil accommodation review procedures and includes the Board's school valuation framework. The facilities services senior manager presents an annual accommodation report to the Director and the Board of Trustees, which forms the basis for the capital plan. The plan includes schools identified as prohibitive to repair (PTR), consolidation opportunities and growth or replacement schools that need to be built.

At the time of the review, the Board was in the midst of an accommodation review process for schools in the Oshawa area. An accommodation review committee has been established with representation from the parish, the city council, principal group, teaching and non-teaching staff, school council chairs, the superintendent of business and the facilities services department. The committee is chaired by a superintendent of education and has engaged external consultants to facilitate the process. The committee consults with the community on a regular basis and provides updates through its website.

The Board plans to incorporate the findings from the accommodation review in its planning and budgeting process, particularly with respect to any potential school consolidations, boundary changes, additions or new schools. Management also coordinates renewal projects with the capital plan, to ensure that renewal projects are minimized at those schools identified under the accommodation review process.

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

The Board maintains accurate and up-to-date inventories of school capacity and utilization. The monitoring and planning of school capacity is reported within the framework of the Student Facilities Inventory System (SFIS). The Board also monitors per pupil cost for each school and compares it with average pupil cost across the Board. The data is maintained by the planning department and reviewed for accuracy every financial cycle.

Facilities Services staff currently uses ReCAPP as a tracking tool for projects funded by the Good Places to Learn (GPTL) funding. The long-term capital plan is reviewed in conjunction with the ReCAPP data and supports the coordination of renewal projects with the capital plan. The ReCAPP database is regularly updated with input from principals and facilities services staff, and technician assessments are used to revise scheduled maintenance dates and conditions. The Board hired consultants in 2006-07 to update the ReCAPP database.

Management tracks compliance and monitors legislation through ministry memos, participation in committees and organizations such as OASBO. The Ministry-mandated changes that impact Board level policy are tabled at the Policy Committee for consideration, and communicated to all departments and schools through the superintendents.

## 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

## 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 five-year cycles.	Yes

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

Continued decline in enrolment means that the Board is not expected to construct growth schools in the future. To that end, the Board does not have its own standard footprints for construction. It relies on the Ministry funding guidelines, and architects for standard footprints and evaluations of the various building components that should be incorporated into additions or new schools.

All site acquisitions and expenditures are reviewed and brought through the Education Development Charges (EDC) process for Board approval. The Board has a design committee, with representation from the parish, principal group and facilities staff, which collaborates with the architect to develop the conceptual design. All designs are brought to the Board of Trustees for discussion and approval by the design committee.

Management works with the consultants and architects to minimize construction costs and achieve design efficiency. This was evident in the recent design of St. Bernadette elementary school in Ajax, where the Board was expecting to save \$770,000 by

reducing the gross area of the building by 9.2%, without impacting teaching space. In addition, management also started the practice of recycling material from old school sites to reduce cost pressures.

### **Monitoring and Reporting of Progress on Construction Projects**

Each construction project undertaken by the Board and the associated tenders are approved by the trustees. The Board recruits project managers in contractual positions to manage new or renewal construction projects, when required. All construction related documentation is signed off by both the assistant superintendent of facilities, Director and Chair of the Board of Trustees.

Management conducts frequent site visits during the construction phase to monitor the progress of the project. The project is tracked through the Board's financial management system and the architect's certificate of payment. Change orders are certified by the architect, validated by the project manager and approved by the Director and assistant superintendent of facilities services. The project manager prepares a monthly costbudget variance report which is presented to the trustees.

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

The Board evaluates and updates its approved list of contractors and related professionals periodically. It maintains a roster of seven architects that is reviewed every five years.

## Appendices

### Appendix A: Overview of the Operational Review

#### Operational Review Objectives

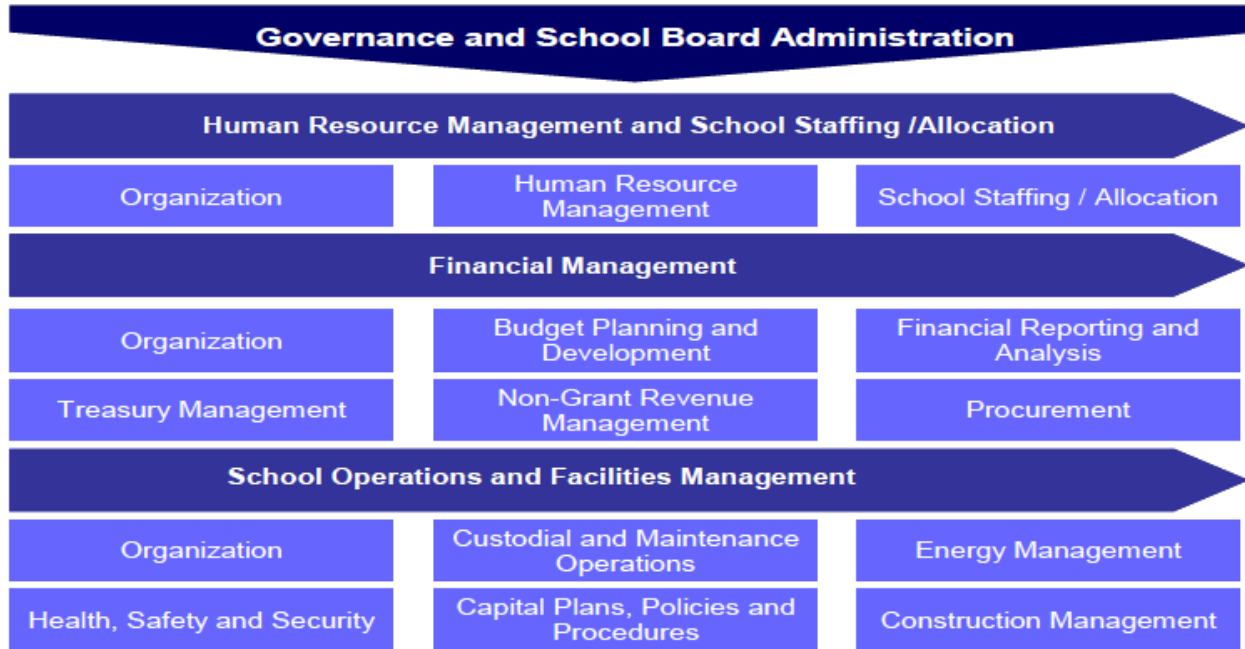
In order to perform an effective and consistent operational review the Ministry has worked with independent consultants to develop a Sector Guide that defines consistent standards and leading practices against which the operational reviews and analysis will be based.

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

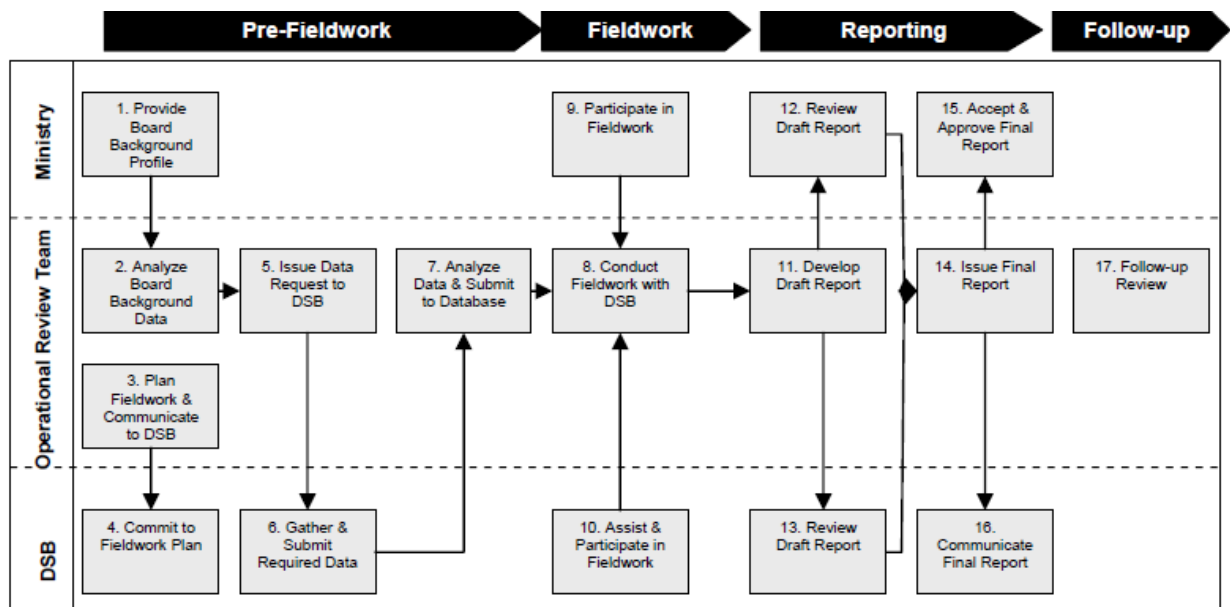
The scope of the Operational Review consists of the following functional areas which have been divided into key processes as shown below. The processes represent the end-to-end lifecycle of activities performed by Boards under each functional area. Each of the processes was examined based on its activities 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 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: Initial Planning and Analysis

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 that will be used to provide background data for each Board.
Analyze Board Background Data	Prior to launching fieldwork, the Operational Review team will review Board background data to understand the financial and operating characteristics. This review will identify specific issues and / or focus areas for the review.
Plan Fieldwork and Communicate to Board	The Ministry and the Operational Review team will develop a rolling, quarterly review schedule that will be communicated to Boards prior to the start of that quarter.
Commit to Fieldwork Plan	Boards will be required to commit to the Operational Review schedule. The Ministry and the review team will attempt to accommodate scheduling constraints faced by Boards.
Issue Data Request to Board	Prior to the start of fieldwork, a data request will be generated to gather operating and other information for each of the focus areas. The review team will use this data to enhance its understanding of the Board prior to the start of field work.
Gather Required Data	Upon receipt of the data request, each Board will compile the requested data. It is envisioned that Boards will have at least three weeks to complete this process prior to the start of the fieldwork.
Analyze Data and Submit to Database	The review team will analyze the data provided by each Board, calculate key performance indicators where appropriate, and add the results to a sector-wide database that will be used to compare the results for each Board.

### Phase: On Siteview

Key Activity	Description
Conduct Fieldwork	The fieldwork will be conducted for each Board according to the previously agreed review cycle. The duration required to complete fieldwork will range between five to 15 days, based on the size of the Board.
Participate in Fieldwork	Ministry staff will support the review team in the performance of fieldwork to ensure continuity and knowledge transfer of Board operations and upfront data support.
Assist and Participate in Fieldwork	Board staff will assist with and participate in the fieldwork. The number of participants involved will vary depending on the size of the Board.

### Phase: Develop final Report

Key Activity	Description
Develop Draft Report	Based on the results of the fieldwork and data analysis, the operational review team will prepare a draft report. The draft report will contain a synopsis of findings and, where appropriate, recommendations for improvement.
Review Draft Report (Ministry)	The Ministry will review the draft report and provide feedback to the review team.

### Phase: Board Report Review

Key Activity	Description
Review Draft Report (Board)	The review team will meet with Board senior staff to review and obtain feedback.

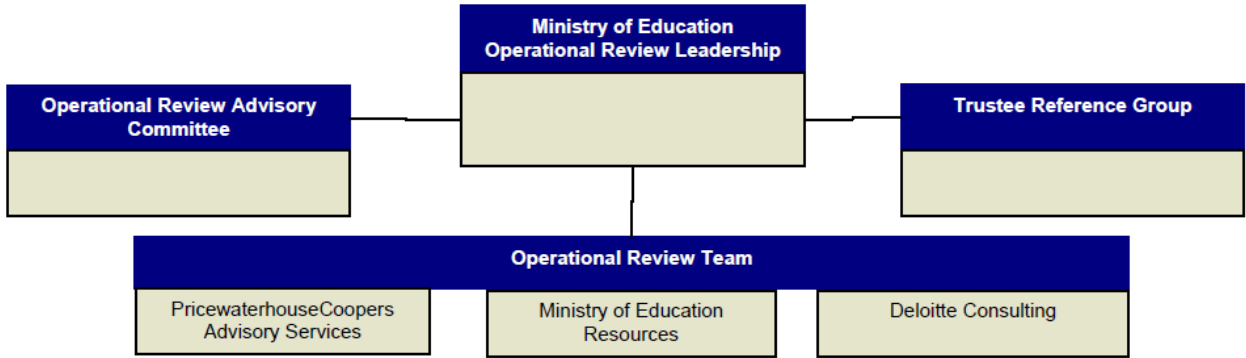
### Phase: Final Report

Key Activity	Description
Issue Final Report	The review team will incorporate the feedback from the both the Ministry and the Board and prepare a final report.
Accept and Approve Final Report	The final report will be issued to the Ministry for approval and release.
Communicate Final Report	The Ministry will issue a final report to the Board.
Follow-up Review	Six to 12 months after the submission of the final report, the review team will conduct a follow-up review. This will determine the extent of the 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 the Durham Catholic 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 is currently developing a comprehensive “Board Improvement Plan” to form a link between the <i>Road to Student Success</i> and the department level plans. The Board should continue with this important initiative, which will provide a good perspective on the Board’s performance relative to its strategic focus areas.
2.	To further support the effective and positive relationship between the trustees and management, the Board should consider developing a document to define the roles and responsibilities of the Board of Trustees and the Director.

### HR Management and School Staffing/Allocation

No.	Recommendation
3.	The Board should proceed with the finalization and implementation of its comprehensive attendance support program.
4.	The strategic plan management coordinating committee is developing service standards, staff development and training frameworks, and policy and procedures for all support staff. The Board should continue with this important initiative to ensure consistency, integration and transparency of all appraisal processes for non-teaching staff.
5.	The Board should expand the scope of the employee attitude survey and engage all employees by conducting periodic staff surveys and exit interviews. This will contribute to improved communication and provide input into the development of professional development plans and HR policy.

### Financial Management

No.	Recommendation
6.	The finance department should develop an annual departmental business plan that translates the existing strategic directions into target activities, timelines and designated accountabilities. The annual plan should become part of the Board’s annual plan and be aligned to the Board’s overall strategic directions.
7.	The Board should perform a needs assessment and cost-benefit analysis of moving to a new financial application that offers capabilities such as automated three-way matching (purchase order, receipt, invoice) and enhanced financial reporting. This would include discussions with the Durham DSB to determine if a joint assessment could be undertaken.
8.	Finance staff should consider providing an expanded level of interim reporting, as suggested in section 4.3 of this report. This would improve understanding of the financial reporting of year-to-date results.
9.	Management and the Board should consider establishing an internal audit function. Management could start by identifying options for its mandate and scope and estimating



No.	Recommendation
	annual costs for each option. Management's proactive assessment of need and cost would be a useful first step.
10.	Management and the Board should establish an audit committee. The audit committee would include at least two external members to act as advisors and contribute to its accountability.
11.	The Board should develop and implement an investment policy that complies with the Education Act.
12.	The Board should re-evaluate the distribution and card limits for existing PCard holders. Cards should be restricted to school-based staff and other board staff to reduce the volume of low value transactions.
13.	The Board should investigate the current misalignment between purchase order threshold limits relative to PCard transaction limits. A transaction/spend analysis would identify opportunities to increase purchase order threshold limits and promote use of PCards for small dollar purchases.
14.	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.

## School Operations and Facilities Management

No.	Recommendation
15.	The facilities department should expand its strategic planning objectives into an annual departmental operations plan that details its annual goals and priorities and incorporates performance measures and accountabilities. The annual plan should become part of the Board's annual plan and be aligned to the Board's overall strategic directions.
16.	Management should consider developing a multi-year preventative/major maintenance and facility renewal plan that includes available funding to support it. This would provide a clear forecast of the Board's critical needs over the next several years.
17.	While the Board has a strong annual plan for energy conservation, management should develop a multi-year conservation plan that establishes annual and long term targets, and identifies the required initiatives and funding.