

Ministry of Education

Operational Review Report Durham 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 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 five days beginning February 11, 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 Board of 11 trustees. The current Board Chair was re-elected and, along with the other trustees, shares a positive relationship with management.

The Board's administrative council is composed of the Director and eleven superintendents. Six of the superintendents have program area and/or family of schools portfolios and the remaining five have non-academic portfolios. The senior administration of the Board has seen recent changes in its leadership team. The Director assumed the position effective February 2008. The Director has been with the Board for a number of years and was the superintendent of Special education before

assuming the Director's position. The Superintendent of Facilities Services joined the Board in August, 2007, and the Superintendents of Special Education and Employee Relations have been recently appointed

The Board has clearly delineated the roles and responsibilities of the trustees, as outlined in the Board by-laws. The trustees set and maintain policy while the Director and the senior administration develop and implement plans and procedures to ensure adherence to the Board policies and implementation of the Board's strategic directions.

The Board has developed clear decision-making processes that involve a number of committees, a standing committee and regular Board of Trustee meetings. Reports are typically brought to the administrative council for review unless there are specific timing issues, after which they are tabled at a standing committee or at a board meeting for approval. The report from the standing committee is then received for approval at the Board Meeting. Draft agendas for both the standing committee and Board meetings are reviewed by the administrative council, which can suggest changes. Final agendas are set by the chair, and the Director of Education. Trustee requests not arising out of discussion at a Board-level meeting are made through the chair.

The Board developed *Durham Directions*, a multi-year system plan (2004-2009) following extensive consultations with its staff and the various stakeholders. The document sets out the broad strategic directions for the Board through three major goals:

- ensure openness, accountability and safety;
- promote student achievement and discovery;
- implement equitable principles and practices.

Each of the goals is supported by a series of priorities. These priorities are used by administrative council to set action plans for the current year, which culminates in the development of a very comprehensive board improvement plan. The plan focuses on literacy and numeracy as the foundation skills that play a critical and central role in student achievement in every subject discipline. The 2007-2008 plan identifies the following goals:

- Delivering focused professional development and providing materials and resources that support Ministry, Board and school initiatives.
- Providing differentiated support that addresses the unique needs of low achieving schools.
- Supporting and developing leadership at all levels of the organization.

- Effectively using and integrating technology across the curriculum;
- Developing and implementing assessment and evaluation policies and procedures that reflect Ministry directives.

The plan includes detailed supporting templates that define focus areas, target audience, responsibilities, resources, monitoring / checkpoints and indicators of success.

At the school level, individual school improvement plans are developed that address the critical areas of focus for the coming year, and are aligned to the board improvement plan. Over the past several years, the Board has focused on the use of data to drive instruction and set goals for improving student learning.

The Director meets frequently with the trustees to keep them informed of key administrative developments. 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.

Recommendation:

- The Board should post all policies and related procedures (including the associated refresh cycle) on its website, to improve the transparency of board operations.

Human Resource Management and School Staffing/Allocation

The various departments responsible for delivering Human Resource and School Staffing and Allocation services have demonstrated operational effectiveness through the implementation of many of the leading practices:

- The Employee Relations Department has established its mandate following internal consultation to align its operations with the goals outlined in *Durham Directions*. Through these consultations, the department established three strategic priorities, along with associated success indicators and required resources.
- The Employee Relations Department has procedures and systems in place for tracking and reporting on employee attendance. The department is also developing a comprehensive analysis that will collate data on absenteeism, benefits claims and the wellness program to target Board-specific absenteeism.
- The Employee Relations Department has coordinated the development of a comprehensive employee performance evaluation system across all staff groups.

- Following a period of challenging negotiations in the mid-1990s, the department created a managerial level position dedicated to labour/legal relations. The Board now maintains stable relations with its bargaining agents.
- The Human Resources Department together with other operational departments has established detailed procedures that govern the determination of total staff requirements and allocation. These are driven by enrolment forecasting, student need, class size requirements and alignment to collective agreements.
- The Staff Development Department provides coordination to support extensive professional development for all Board staff, and facilitates the gathering of feedback to support future training programs.

Recommendations:

- Employee Relations should consider adopting the board improvement plan template for the recording of its annual plan. The existing elements of the current plan can be incorporated into the template and additional elements developed as needed. This will enable the department to allocate clear accountabilities, track its performance measures, and track and report progress of its defined priorities and goals throughout the year.
- The Employee Relations and other applicable departments should continue the analysis of absenteeism, benefits claims and the wellness program, to develop a formal and targeted attendance support program.
- To gain added insight into employee satisfaction, management should consider setting up exit interviews with staff.
- Management should periodically conduct a review of the Board's ASO insurance carrier that manages the processing of the health and dental plan claims to ensure that the Board's claims are processed in accordance with the plan provisions.

Financial Management

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

- The department has developed an effective annual budget process that is transparent, clearly communicated, and incorporates input from all key stakeholders.

- Management uses an integrated approach in the development of enrolment forecasts by utilizing macro demographic information, multi-year forecasts, and regional planning information combined with local school level information.
- The Board uses electronic registration and payment systems to manage continuing education programs and the community use of schools.
- The Board participates in several purchasing consortia, including the purchase of electricity, natural gas, postal meters, fuel and debenture issues to capture economic savings and convenience.
- The department has consolidated banking activities with a single institution to minimize its bank charges and maximize the interest rate on its surplus funds.

One area that offers opportunity for improvement is the format and detail of periodic financial reporting to the Board of Trustees. The Board currently receives a quarterly report that shows the year-to-date expenditure as a percentage of the budget. A leading practice in financial reporting is to show “expected spending to date” for each expenditure/revenue category, along with explanations for categories which vary significantly from expectations. Comment on the status of the current year’s expected year-end position would clarify whether current expenditures are above or below expectations, and confirm that the budget is tracking a balanced position.

Recommendations:

- The finance department should consider adopting the board improvement plan template for the recording of its annual plan. The existing elements of the department’s plan can be incorporated into the template and additional elements developed as needed. Such a plan will enable the department to allocate clear accountabilities, track its performance measures, and track and report progress of its defined priorities and goals throughout the year.
- Management should perform a cost-benefit analysis of moving from a customized set of financial applications to a vendor-supported suite of applications that would offer enhanced support and functionality as part of a standard solution. The assessment should include moving from a mainframe platform to a mid-range environment as a potential means of reducing the ongoing cost of ownership.
- Finance staff should consider providing an expanded level of interim reporting, as in the format suggested in section 4.3 of this report. This would improve understanding of the financial reporting of the year-to-date results.

- Management should consider expanding the mandate and scope of the internal audit function. This would include a broader audit of financial and management controls and adherence to board policies as described in section 4.3 of the report. Management could start by identifying options for its mandate and scope and the estimated cost for each option. Management's proactive assessment of the need and cost would be a useful first step.
- Management and the Board should consider establishing a standalone audit committee with a mandate that reflects what is discussed in section 4.3 of this report. Management and the Board could also consider including external advisors who would contribute to the committee's accountability.
- The department should perform a transaction/spend analysis of PCard usage relative to issued purchase orders. This would help to identify opportunities to increase purchase order threshold limits to promote increased usage of PCards.
- Finance staff should continue to expand the use of Electronic Funds Transfer (EFT) payments for 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 department has adopted many of the leading practices in its caretaking and maintenance operations. The following significant practices are noted:

- The department has a good organization structure in place, supported by functional managers, assistant managers, custodial, maintenance and area supervisors. This ensures a good flow of communication between the principals and the facilities services, to evaluate issues and provide appropriate service.
- The department's maintenance plans address preventative, critical and deferred maintenance in accordance with the Board's requirements. Management was also in the process of developing a five-year maintenance plan. Management supplements the timelines suggested by the ReCAPP database with on-site surveys and analysis, to seek GPTL funding for renewal and maintenance activities that are of critical importance.
- Management has implemented various energy management activities across its school sites. For example, the Board has developed energy conservation standards for its schools which include practices such as automated shut down of computers in the evening and chillers in the summer break. Schools are also encouraged to participate in the Eco Schools program, and are audited to identify opportunities for energy conservation.

- Management has implemented an automated energy regulation system and is preparing to transition a web-based energy management system to the schools. This can be centrally monitored and will allow remote trouble shooting and training. This will allow the central Board staff to communicate directly with schools, via internet access, to monitor and check anomalies before any significant energy loss. This will also facilitate remote assistance to custodians from central operations.
- Management has prepared and distributed a master emergency plan. This serves as an operational guide and a decision-making tool to reduce response time and risk to students and staff by clarifying roles and responsibilities. The emergency management plan is integrated into the Durham region emergency plan, and specifies pre-defined threat levels and responses. The Board has an informal agreement with its coterminous board to share personnel for certain emergency situations.
- The department has a comprehensive annual training program for its custodial and maintenance staff that supports skills development and promotes health and safety.

Recommendations:

- The facilities department should expand its annual operational plan to include target activities, with associated timelines and designated accountabilities. This would enable management to allocate accountabilities, establish performance measures and track and report the progress of its defined priorities and goals throughout the year.
- Management should establish cleaning standards across its school sites to ensure consistency in service levels and monitoring across all sites.
- Management should develop a comprehensive, multi-year energy management plan that supplements the annual goals of the department, with consumption reduction targets, key activities, timelines and designated accountabilities.
- Management should ask the utility companies to provide consolidated billing in an electronic format. This would support more efficient monitoring and forecasting of energy consumption, as well as reduce the workload in the accounts payable department.

1. Background and Overview

1.1 Board Profile and Structure

The Durham District School Board is responsible for public education in the rural settings of Uxbridge, Brock and Scugog townships and the urban settings of Ajax, Whitby, Pickering and Oshawa. The Board provides elementary and secondary education for an estimated 66,000 students located in 104 elementary schools and 22 secondary schools, based on Ministry data. It covers more than eight million square feet of buildings on about 1000 acres of land.

The Board has taken a conservative approach to managing its financial position, and has accumulated significant reserves over the years.

The Board completed area accommodation reviews and consolidated its operations as the new funding model was being introduced in the late 1990s. The Board currently has one of the highest capacity utilization rates in the province, and will be building schools in the Ajax and Whitby area. The Board's total enrolment has levelled off in the past couple of years although it is still experiencing growth in specific areas of the Board. To that end, it is developing a new multi-year capital plan to reflect the implications of its capacity issues on its program delivery and school facilities.

The following figure represents the administrative council of the Board:

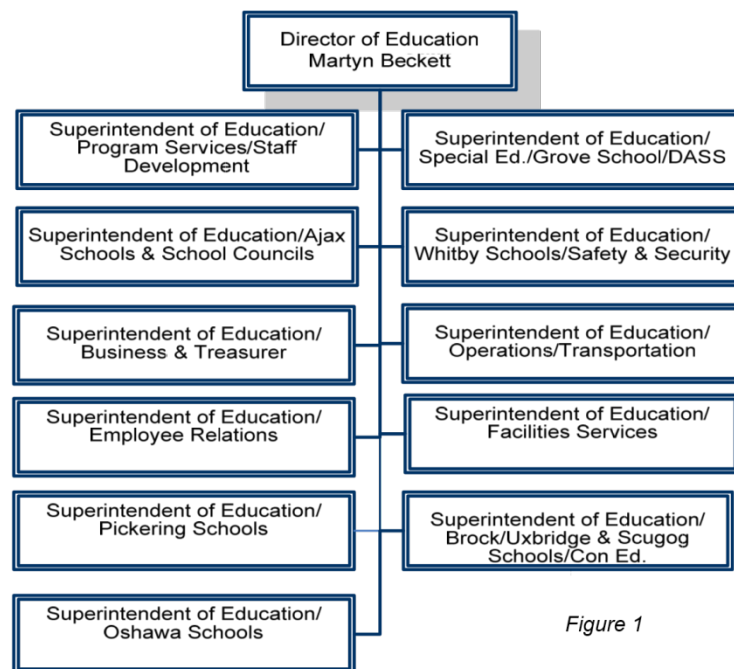


Figure 1

1.2 Key Priorities of the Board

The Board's multi-year strategic plan (2004-2009), *Durham Directions*, was developed based on extensive consultations with community partners, staff groups, students and parents. These strategic directions have been approved by the trustees and provide a blueprint for decision making at the system/school level, outlined in three specific goals:

- Ensure openness, accountability and safety:
 - Providing safe and secure learning and work environments
 - Providing complete information about student progress and achievement to parents/guardians
 - Reporting board-wide student results to the public
 - Promoting effective management of available resources
 - Ensuring a welcoming environment in all schools and board offices
 - Communicating openly and proactively with the public
- Promote student achievement and discovery:
 - Focusing on literacy and numeracy as key areas of learning
 - Delivering a range of programs that meet the diverse needs of all students
 - Striving to be leaders in special education'
 - Providing opportunities for students to exercise personal responsibility and civic duty
 - Promoting critical and creative thinking to prepare students to face challenges
- Implement equitable principles and practices:
 - Striving to provide equitable services, programs and facilities
 - Supporting diversity through anti-racism and equity education
 - Promoting equity in employment practices
 - Encouraging co-operation, acceptance and respect in our school communities
 - Facilitating system-wide professional growth and development

At the time of the operational review, the new Director of Education was initiating a review of *Durham Directions* to develop the next multi-year system plan.

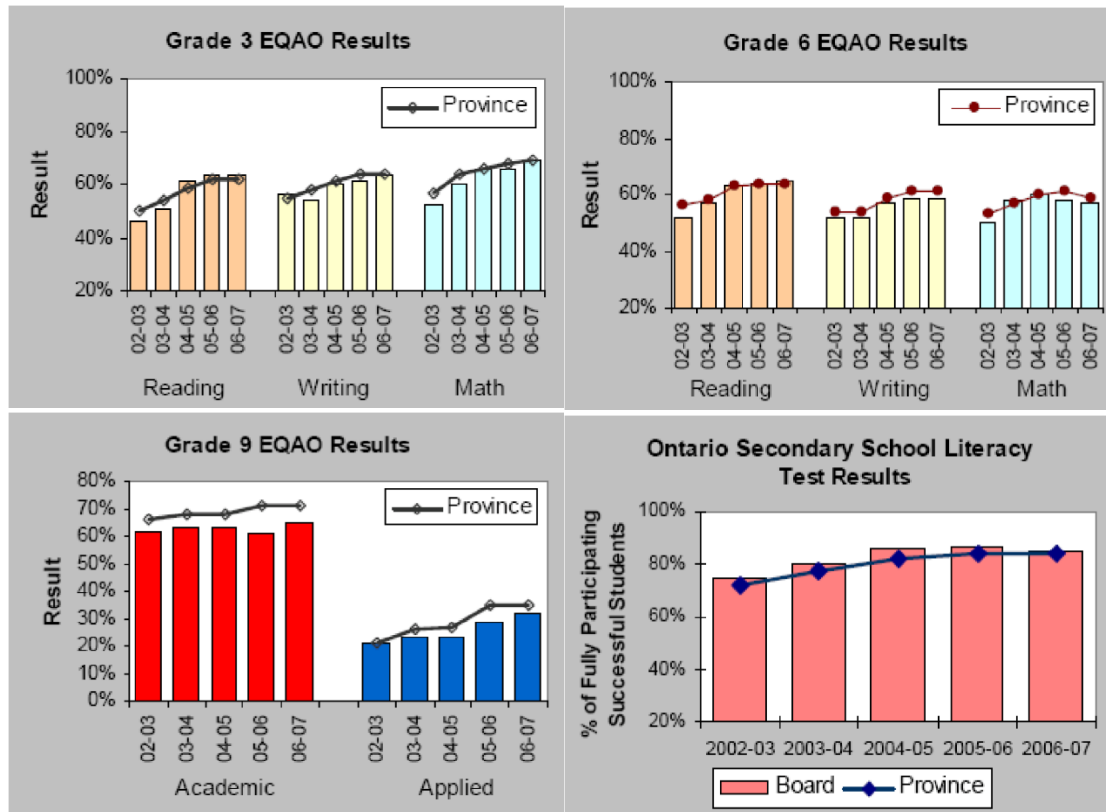
In addition to the *Durham Directions*, the Director and the administrative council develops an annual board improvement plan which focuses on improving student achievement in literacy and numeracy. The board improvement plan is complemented by school improvement plans that specify school-specific strategies to support literacy, numeracy and student success initiatives. Schools take a major leadership role in being accountable for the development and implementation of their own improvement plans. These plans are monitored and reviewed by area superintendents to assess the effectiveness of the instructional strategies. Over the past several years, the Board has focused on the use of data to drive instruction and set goals for improving student learning.

1.3 Student Achievement

The Board is making a concerted effort to improve student achievement as measured by the Education Quality and Accountability Office (EQAO) scores. Over the past five years, the EQAO (Education Quality and Accountability office) results have increased 17 per cent in reading, seven per cent in writing and 17 per cent in mathematics at the Grade 3 level. Grade 6 results have shown similar gains, with an increase of 13 per cent in reading, seven per cent in writing and seven per cent in mathematics.

The Board has developed a system-wide strategic improvement plan which focuses on improving student achievement in literacy and numeracy. The Board works with school teams to link meaningful data and assessment results to build effective instructional strategies through all levels, and facilitates opportunities for school teams to share effective practices. Schools are provided with resources and professional development to improve student achievement. For example, the 2007-2008 budget provided for 10 additional full-time literacy and numeracy coaches to work directly with teachers and students.

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



1.4 Fiscal Overview

The Board has significant fiscal responsibility given that its annual operating budget exceeds half a billion dollars. The strategic directions outlined in *Durham Directions* are supported through planned expenditures reflected in the Board's annual budget. Overall, the Board follows conservative fiscal policies to achieve balanced budget, and has accumulated significant reserves over the past several years. The Board's forecasted reserve for working fund at August 31, 2008 is about \$11.7 million and the Retirement Gratuities reserve is about \$10.1 million. These reserves have grown in total by about \$4.4 million since 2002-2003.

The Board has had a very significant capital program over the past several years. The Board has been able to support its debt service costs through the use of the proceeds of disposition reserves and their annual New Pupil Place grants. The Board recently completed the Ministry's Capital Liquidity Template which demonstrated that, based on existing assumptions, its current capital debt service costs are fully funded.

Summary Financial Data (Revenues)

Revenues	2005-06 Financial Statements	2006-07 Financial Statements	2007-08 Revised Estimates
Legislative Grants	\$380,076,079	\$395,422,965	\$429,057,125
Local taxation	\$148,689,076	\$152,470,844	\$154,900,476
Board Revenues	\$13,617,406	\$14,217,430	\$10,025,183
Other Operating & capital Grants	\$10,059,533	\$7,205,004	\$1,918,520
Total Revenues (Schedule 9)	\$552,442,094	\$569,316,243	\$595,901,304

Summary Financial Data (Expenditure)

Expenditures:	2005-06 Financial Statements	2006-07 Financial Statements	2007-08 Revised Estimates
Operating expenditures	\$499,503,912	\$521,547,685	\$548,980,180
Capital expenditures - Before transfers from reserves	\$42,588,934	\$41,345,922	\$38,767,046
Transfer to (from) Reserves	\$10,349,248	\$6,422,636	\$8,154,078
Total Expenditures	\$552,442,094	\$569,316,243	\$595,901,304
Surplus (Deficit)	\$0	\$0	\$0

School Board Reserves and Deferred Revenues

School Board Reserve and Deferred Revenues:	2005-06 Financial Statements	2006-07 Financial Statements	2007-08 Revised Estimates
Retirement Gratuities	\$9,246,547	\$9,652,470	\$10,085,208
Reserve for Working Funds	\$11,195,932	\$11,694,928	\$11,694,928
WSIB	\$2,949,622	\$3,079,110	\$3,217,152
Insurance Losses	\$670,541	\$699,978	\$731,359
Bertelsmann Award Reserve	\$338,594	\$353,458	\$369,304
LTD Reserve	\$270,711	\$0	\$0
Various	\$3,075,467	\$3,210,480	\$3,354,412
Debenture Redemption	\$6,500,000	\$6,500,000	\$6,500,000
Pupil Accommodation Debt Reserve	\$19,225,836	\$13,749,101	\$5,278,802
Capital Purposes	\$9,881,441	\$9,910,045	\$0

School Board Reserve and Deferred Revenues:	2005-06 Financial Statements	2006-07 Financial Statements	2007-08 Revised Estimates
Total Reserve Funds (Schedule 5)	\$63,354,691	\$58,849,570	\$41,231,165
Special Education Reserve	\$620,503	\$647,743	\$665,381
Special Education EEF	\$534,060	\$275,505	\$287,964
Proceeds of Dispositions - School Buildings	\$8,553,597	\$8,929,100	\$9,329,408
Education Development Charge Reserve	\$20,673,144	\$18,700,537	\$16,533,042
Total Deferred Revenues (Schedule 5.1)	\$30,381,304	\$28,552,885	\$26,815,795
Total Board Reserves and Deferred Revenues	\$93,735,995	\$87,402,455	\$68,046,960

1.5 Key Board Statistics

The following table highlights key statistics for the Board. Of note are the net growth in enrolment since 2002-2003 and the significant improvement in the primary class size.

Day School Enrolment

Day School Enrolment	2002-03 Actual	2007-08 Revised Estimates
Elementary Day School ADE	43,142	42,515
Secondary Day School ADE	21,926	23,874
Total Day School Enrolment	65,068	66,389

Primary Class Size

Primary Class Size	2003-04	2007-08
% of Classes Less Than 20	27%	94%
% of Classes Less Than 23	64%	100%
Average Class Size - Jr/Inter	26.1	25
% of 3/4 Classes 23 & Under	48%	100%
% of Combined Classes	21%	31%

Staffing

Staffing	2003-04	2007-08
School Based Teachers	3,696	4,184
Teacher Assistants	613	821
Other Student Support	236	357
School Administration	213	231
School Clerical	213	231
School Operations	486	509
Other Non-Classroom	179	175
Total Staffing	5,636	6,508
Teacher - Pupil Ratio	1:18	1:16
FTE Staff per 1,000 Pupils (ADE)¹	87	99.0
Total Salary & Benefits as % of Net Operating Expenditures	85.7%	87.8%

Special Education

Special Education	2003-04	2007-08
Special Education Incremental Expenditures	\$52,748,180	\$74,133,359
Special Education Allocation	\$52,993,025	\$73,900,214
Spending above Allocation (Reserve)	-\$244,845	\$233,145

School Utilization

School Utilization	2003-04	2007-08
Total Capacity (Spaces)	52,735	59,557
Capacity Utilization	123.40%	111.50%
Number of schools	121	126
Number of Trustees	11	11

¹ Note: Impacted by Class Size and Special Education

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.	Yes

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 the senior management team worked through a two-phase public consultation process with the Board's key stakeholders to develop *Durham Directions*, a

multi-year strategic plan (2004-2009). The first phase included a number of review groups and a written survey. The second phase included focus groups with community partners, staff groups, students and parents in each of the district municipalities. At the conclusion of the consultations, the Board developed a strategic plan for decision making at the system and school level. The Board's strategic focus as outlined in *Durham Directions* is divided into three major goals:

- Ensure openness, accountability and safety
- Promote student achievement and discovery
- Implementing equitable principles and practices.

In addition to *Durham Directions*, the Director and the administrative council develop a detailed annual board improvement plan which focuses on improving student achievement in literacy and numeracy. The plan is developed through a comprehensive process initiated by the program services department and includes input from the Board improvement team. The team includes representatives from the elementary and secondary principals and from the departments responsible for managing student achievement, literacy, numeracy, student success, staff development, technology, ESL (English as Second Language), and accountability and assessment.

The 2007-2008 plan identifies the following goals:

- Delivering focused professional development and providing materials and resources that support Ministry, Board and school initiatives.
- Providing differentiated support that addresses the unique needs of lowachieving schools.
- Supporting and developing leadership at all levels of the organization.
- Effectively using and integrating technology across the curriculum.
- Developing and implementing assessment and evaluation policies and procedures that reflect Ministry directives.

The plan includes detailed supporting templates that define focus areas, target audience, responsibilities, resources, monitoring/checkpoints and indicators of success.

The Board encourages schools to assume a leadership role in the development and implementation of their own improvement plans. The school improvement plan specifies the strategies used to support literacy, numeracy and student success initiatives, and

outlines a framework with detailed timelines, resources and success indicators to identify key areas of focus.

To support schools in achieving rigorous provincial academic standards, the Board works with school teams to link meaningful data and assessment to instruction. Plans are monitored and reviewed bi-annually by the area superintendents, to assess the effectiveness of instructional strategies in meeting goals. The Board has also designed web-based school planner software to record, present and access data resources and enable information sharing in one environment.

The Director and administrative council are currently reviewing *Durham Directions* and will be initiating a planning process to create the next multi-year plan. As part of this review, consideration could be given to extending the scope of the board improvement plan to include annual initiatives planned by the administrative departments. This would include key targets, strategies, timelines, and measurement tools. The standardization of existing departmental plans using the templates within the board improvement plan would effectively link the department level plans to the Board level plan.

Each year, the Director of Education publishes a comprehensive annual report, which outlines the accomplishments arising from the board improvement plan.

Decision-Making Process

The Board takes a consultative approach in making key decisions related to governance and administration, as shown by the development of *Durham Directions* and the board improvement plan.

The Board's governance model is supported by a positive and collaborative relationship between the Director and the Board of Trustees. The roles and responsibilities of the Board of Trustees have been clearly defined and documented, and are supported by the Board by-laws which are posted on the intranet. Management organizes seminars to introduce the trustees to school administration, operational issues, and roles and responsibilities.

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

The Board has developed clear decision-making processes that involve a number of committees, a standing committee and regular Board of Trustee meetings. Reports are typically brought to the administrative council for review unless there are specific timing issues, after which they are tabled at a standing committee or at the Board meeting for

approval. The report coming out of the standing committee is then received for approval at a full board meeting. Draft agendas for both the standing committee and Board meetings are reviewed by the administrative council, which can suggest changes. Final agendas are set by the chair, and the Director of Education. Trustee requests not arising out of discussion at a Board-level meeting are made through the chair.

Standing committee meets on the first Monday of each month, followed by the Board meeting on the third Monday of each month, when the report of the standing committee is presented for Board approval. A two week lag between standing committee and Board meetings ensures that the trustees are fully informed and have had the opportunity to discuss issues before the item is tabled for final Board approval. The committee/board meeting structure contributes to all parties being fully informed before the final approval of recommendations. This approach also helps to ensure that Board meetings are run efficiently.

The Board has established eight committees to review and respond to specific issues: special education; supervised alternative learning for excused pupils; education finance; joint services; board suspension appeals; board expulsion; board expulsion appeal; regional school community council. The Board also establishes *ad hoc* committees to review issues as required (e.g. by-law committee created to update the Board by-laws). Reports and recommendations from these committees will be tabled at the Board meeting for consideration and approval.

The trustees determine and approve all policies to give direction to the staff. The Board has developed a comprehensive list of policies covering business, community, instruction, internal board operations, new construction, personnel, policy procedure and students. New policy directions or policy reviews are typically identified in the annual strategic planning process. The policy resolution of the Board is passed by an affirmative vote of not less than two-thirds of the Board members present, or one-half of the members present following notice of motion at a previous Board meeting. As a next step, the Board should consider establishing a regular policy review cycle, to ensure that policies are updated and communicated on a regular basis.

Each policy has an accompanying set of regulations that sets out the parameters and detail of the Board policies. The Director maintains a 'policy book' of all policies adopted by the Board that is appropriately referenced, indexed and numbered. These policies, procedures and regulations are available on the intranet. There are a few procedures relating to Ministry directives that are available on the public website. Although external stakeholders can request specific policies, it would be appropriate for the Board to place all policies and procedures on its public website, to improve transparency and to reduce administrative tracking of public enquiries. This would be consistent with the general practice of Ontario school boards.

Organizational Structure and Accountability

The Durham District School Board is governed by 11 trustees and is almost equally divided between new and experienced trustees with an average term of five years. In addition, three student Trustees to be elected from the student body to serve on the Board of Trustees for a one-year term.

The Board's administrative council is composed of the Director and eleven superintendents of education. The Board is organized around a 'family of schools' structure. Six superintendents have program area and/or family of schools portfolios. These superintendents support the administrative staff in each school in the areas of program, staffing, communication, organization, professional development, direction setting and parent-student-teacher-trustee concerns. The remaining five superintendents are responsible for operations, programs/staff development, employee relations, facilities services and business and treasurer. Senior positions are listed on the Board's public website, although not within a structured organization chart.

The Board has seen some recent changes in its leadership team with a new Director of Education as of February 2008. The new Director has a long-standing relationship with the Board in various capacities, most recently as the superintendent of education for special education. The other new addition to the administrative team is the superintendent of education (facilities services), who joined the Board in August 2007. In addition to the changes noted, 3 other positions (Superintendents of Oshawa Schools, Uxbridge Brock and Scugog Schools, and Special Education) were appointed to Senior Administration effective February, 2008, and the Superintendent of Employee Relations was also appointed from his previous role as Superintendent of Oshawa Schools effective February, 2008.

Stakeholder Engagement

The Board actively engages stakeholders, as shown by the collaborative development of *Durham Directions* and the annual board improvement plan.

The Board has a dedicated communications department to support effective two-way communication with all stakeholders. Various communication channels (school newsletters, press releases, website postings and public consultations) are used to keep key stakeholders engaged throughout the year. Formal reports are presented to the administrative council and the trustees, and system level presentations are made to teachers, administrators, school-level staff and school community councils. Media releases are provided to all regional newspapers. Program newsletter publications are shared with all stakeholders, including the Ministry of Education, trustees, teachers, administrators and school councils. The Board also leverages its public website to disseminate information such as policies, Director's report, school reports, monthly highlights and meeting minutes to external stakeholders.

In addition, the Board conducts periodic surveys to gauge stakeholder satisfaction, including an annual student attitude survey and a SEAC parent survey for special education students. Parents are engaged directly, through the school community councils and through periodic surveys at the school level.

The senior management at the Board is actively involved at various provincial and national forums including Ontario Association of School Business Officials (OASBO), Council of Senior Business Officials (COSBO), Ontario School Board's Financing Corporation (OSBFC) and various other organizations. This ensures that the Board learns and shares best practices from across the sector.

Recommendation:

- The Board should post all policies and related procedures (including the associated refresh cycle) on its website, to improve the transparency of board operations.

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 review of the HR department's adoption of the leading practices identified for the HR Management and school staffing/allocation. The findings are a result of our review of the data provided by the Board and our field-work, which included interviews with all key HR staff as well as follow-up.

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 employee relations department (employee relations) works to provide positive relations with all employee groups to support teaching and learning. The department established its mandate following internal consultation to align its operations with the goals outlined in *Durham Directions*. Through these workshops, the department established three strategic priorities along with associated success indicators and required resources:

- Striving to provide equitable services, programs and facilities.
- Communicating openly and proactively with the public.
- Facilitating system-wide professional growth and development.

The annual plan for employee relations would be enhanced if it adopted the template used for the board improvement plan, so management could specifically assign responsibilities for actions to be undertaken against each of the priorities. The existing performance measures, timelines and resource requirements would fit into this board template. This plan would inform the administrative council of the details of the activities and facilitate the annual reporting on accomplishments.

The superintendent of employee relations reports to the Board on an on-going basis on issues relating to human resources and negotiations. A monthly personnel report outlining appointments, promotions, leaves of absence, resignations, retirements and

terminations is presented to the Board in-camera. The annual report of the Director incorporates a section on the department's accomplishments for the year.

Organizational Structure and Accountability

The superintendent of employee relations reports to the Director and is a member of the administrative council. The department has three primary functions - employee services, hiring and labor/legal relations, each headed by a manager with extensive experience and specific skill sets. There are clearly defined roles and responsibilities for each of the three managers, with clear lines of internal reporting. The department is responsible for all aspects of labor relations, as well as freedom of information and protection of privacy coordination, the teacher and non-teacher performance evaluation process, and the collection of criminal background checks.

Departmental staff have professional HR designations and/or appropriate experience. Department staff regularly attend conferences and provincial committees that focus on human resource management matters.

Monitoring and Communication of Policy

Employee relations is the lead on standard policies to ensure reference checks, background checks and pre-employment medicals for potential hires. Other policies like non-affiliated staff compensation, recognition of long service, retirement of employees, pre-placement medical evaluation for new employees are also administered by the employee service department to ensure consistent application.

All Board employees are required to submit an annual offence declaration, with compliance tracked by the superintendent of employee relations. For other policies, the Board relies on the grievance structure and harassment tracking as a means of monitoring policy compliance.

Recommendation:

- Employee Relations should consider adopting the board improvement plan template for the recording of its annual plan. The existing elements of the current plan can be incorporated into the template and additional elements developed as needed. This will enable the department to allocate clear accountabilities, track its performance measures, and track and report progress of its defined priorities and goals throughout the year.

3.2 Human Resource Management

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

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

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

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.	No
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

An effective attendance management system combines effective policies and procedures, information systems to record and analyze trends in absenteeism, and dedicated resources to develop a cohesive strategy. These elements, combined with employee wellness programs and return to work initiatives, reinforce each other to develop a comprehensive attendance management program within an organization.

The Board has procedures in place for tracking employee attendance and encouraging employee responsibility. For example, after three consecutive days of absence, employees are obliged to present a medical note to the principal. Upon request, they may be required to submit a doctor's note after one day of absence. Absenteeism data is captured manually and recorded centrally at the Board office. Attendance is monitored on a weekly basis, and principals are provided with quarterly reports on employee absences, with data comparing use of sick days to the Board average. Area superintendents assist school principals in managing absenteeism among employee groups. In addition to absenteeism reports, employee relations staff provide managers with templates and guidelines to counsel employees as necessary.

Employee relations has a dedicated disability management coordinator, a Workplace Safety and Insurance Board (WSIB) specialist and a wellness specialist to support employees with long-term illness, either through return to work, or modified work.. The Board has an in-house wellness program and offers an employee assistance program through an external supplier. The Board has been awarded a Level 1 certification in the National Quality Institute's Healthy Workplace Award program, and is working towards Level 2 certification.

The department is completing a comprehensive analysis that will collate data on absenteeism, benefits claims and the wellness program. The analysis will inform the design of a comprehensive attendance management program that will target Boardspecific absenteeism. This important initiative will better align the various initiatives aimed at reducing absenteeism. It will provide management with a consistent and structured approach to improve attendance, by engaging in positive enforcement to employees and adopting standardized practices across all employee groups.

Labour Relations

The department has a managerial level position dedicated to labour/legal relations, created during a period of challenging negotiations in the mid-1990s. The Board recently emerged from several years of challenging negotiations, and now maintains stable relations with its bargaining agents.

A joint employee relations committee and the labour management committee has been established for the teaching unions and the CUPE units respectively. Both address issues before they evolve into formal grievances. At monthly committee meetings, issues around the interpretation of the collective agreements are discussed, and adherence to the collective agreements is reviewed. In some cases, issues are also resolved with intervention from the area superintendent.

Employee relations staff track grievances filed by the various employee groups, and provide regular updates to the Board of Trustees on outstanding and resolved grievances.

Staff Recruitment

The Board has a well established recruiting process for elementary and secondary teaching staff that reflects key timelines. The recruitment plan for academic staff is developed for each school year, based on anticipated hiring needs, availability of candidates in good standing with the Ontario College of Teachers, and the hiring patterns revealed by the periodic hiring survey.

The determination of vacancies is a collaborative process between schools and the Board staff, based on the approved teacher allocation. In addition to job fairs, the Board relies on its public website to attract potential candidates, with approximately 75% of candidates applying through the website. After the application intake process, a decentralized hiring approach is followed, and teacher hiring is predominantly done at the school level. A hiring officer represents the Board on the interview panel, to maintain consistency across schools. The Board provides mandatory training to all administrators in interviewing skills, with an emphasis on bias-free interviewing.

A part of the Board's recruitment strategy is to provide practicum opportunities for teacher candidates from faculties of education from across the province and beyond. This strategy supports the Board's relations with partners at the faculties, and allows school administrators to observe potential candidates over an extended period.

The Board of Trustees is kept informed on recruiting trends. In October, the employee relations superintendent reports on trends and challenges faced during recruiting. An *in camera* report is also presented to the trustees monthly, with all decisions on hiring, leaves of absences, resignations, retirements and terminations.

Management of HR and Payroll Data

The Board's payroll is managed in-house. The payroll function resides within the business and finance department and reports through the payroll manager. Personnel files are maintained by the employee relations. This arrangement maintains internal control through the segregation of initiation vs. execution duties. The departments work closely on recurring activities as well as periodic responsibilities, such as the annual development/maintenance of the qualification and experience database for the teaching staff.

The process of position re-classification is managed by the employee services manager. Official employee records are maintained at the central Board office, and are currently in the process of being switched to an electronic data format.

Management has developed effective processes to ensure that teacher qualification and experience are formally tracked and updated. Teacher qualifications are updated electronically from the Ontario College of Teachers website.

Employee Performance Evaluation Processes

The Board has established procedures for the implementation of performance appraisals for all staff. These are monitored for appropriate completion by the employee services manager.

Teacher performance appraisal is in line with the Ministry's current requirements. The Board has prepared a teacher performance appraisal manual that describes the processes, timelines, and forms for consistent and effective implementation of the teacher appraisal process. The document was developed by a committee representing Durham Elementary School Administrators, Durham Secondary School Administrators, Elementary Teachers Federation of Ontario, Ontario Secondary School Teachers Federation and administrative council. In accordance with the Ministry requirements, experienced teachers are evaluated on a five year cycle, while new teachers are reviewed during the first year as part of the New Teacher Induction Program. The Board also evaluates supply teachers and occasional teachers within a 40 day probationary period.

Non-academic staff, including clerical, maintenance, custodial, education assistants, management, professional and administrative staff, are evaluated every three years, and appraisals are tracked electronically. In addition, staff is also appraised three months after the date of hire or a permanent change in position. Clerical staff and education assistants are appraised 35 and 70 days from the date of hire respectively.

Each month, the employee relations staff sends notification to school principals and managers indicating which appraisals are due. Completed appraisals are initialed by the

manager, logged for electronic tracking and returned to employee services for filing in personnel records. All probationary appraisals and any indicating performance issues are referred to the appropriate manager for review and follow-up. Any outstanding appraisal, after two reminders, is referred to the manager of employee relations for follow-up.

Employee relations provide support to managers and supervisors on matters of discipline in the form of templates, form letters and guidelines for the employee evaluation process. Disciplinary action is jointly administered by area superintendents, the superintendent of employee relations and school principals. Extensive counseling is provided by the employee relations manager to help supervisors with disciplinary issues. A termination list, is presented monthly to the Trustees during an *in camera* session, with explanations of circumstances.

The superintendent of education for staff development is active in facilitating annual employee professional development. The Board uses professional development management software to manage the registration process and provide additional information. The Board has developed in-house expertise for leading and facilitating professional development sessions. Staff is invited to lead training sessions across the province.

Throughout the year, principals and teachers attend a variety of workshops aimed at building their skill-sets and improving student success. The workshops address topics such as classroom management, Quantum learning, TRIBES, instructional strategies, and student assessment. Professional technical support is also made available to teachers to help them determine which software applications are useful for their literacy and numeracy programs. The Board has also partnered with York University and the University of Ontario's Institute of Technology to provide additional qualification courses to its academic staff.

The Board provides a summer institute program to orient new teachers to its policy and procedures. The Board also has a mentoring program where experienced teachers provide ongoing coaching and guidance to new teachers. The same mentoring program has been implemented for new principals.

The Board has regular professional development days scheduled for educational assistants, custodial and CUPE staff. A distinct professional development plan for special education is developed with focus on 'Education for All'. Management receives feedback on the effectiveness of teaching courses and input on future courses through the professional development planning committee and from surveys taken immediately after the courses.

Management of the Board's Benefit Plans

The Board provides a variety of benefits to its employees. The Board's benefits plans are managed by the manager of employee relations/services. The Board has created dedicated positions for a disability management coordinator and a WSIB specialist officer.

Employees receive a benefit booklet that is reviewed every five years. Interim changes are reflected in updates sent to the employees. Every year employees receive a benefit sheet to verify their benefits coverage. Employees can also check their coverage through the amounts deducted from their pay stub.

The Board operates its benefit plans under an administrative services only contract with an insurance carrier. Management has engaged a third party consultant to review the insurance carrier annually, and secure appropriate changes during the periodic fee negotiations with the carrier. This review does not include an audit to check the validity and accuracy of adjudication of the benefit claims.

Monitoring Staff Satisfaction

The department plans to conduct a healthy workplace survey with all employees in 2008 to assess employee satisfaction. They should continue with this important initiative, as it will help promote two-way communication within the Board. In particular, it will provide management with valuable input into the provision of employee services and potential professional development opportunities.

The Board does not conduct formal employee exit interviews.

Recommendations:

- The employee relations and other applicable departments should continue the analysis of absenteeism, benefits claims and the wellness program, to develop a formal and targeted attendance support program.
- To gain added insight into employee satisfaction, management should consider setting up exit interviews with staff.
- Management should periodically conduct a review of the Board's ASO insurance carrier that manages the processing of the health and dental plan claims to ensure that the Board's claims are processed in accordance with the plan provisions.

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

Staff allocations are collaboratively developed by the departments of business, operations and facilities services with inputs from the school administrators. There are detailed procedures and well-established timelines for annual hiring of secondary and elementary teachers. The staffing/hiring procedures are supplemented by administrative guidelines for secondary school staffing and class size. These procedures, guidelines and templates are distributed to the superintendents, school principals and administrators.

In early March, principals meet with the planning services and the operations department to confirm the official enrolment projections. The staffing requirement is then generated for each school based on the enrolment projections. Ministry and/or Board policy parameters, such as preparation time, student need and class size, are built into the staffing model used by the operations department and aligned to collective agreements. The staffing model is based on a formula that is determined by the administrative council which can fluctuate from year-to-year. Schools declare surplus teachers by the end of March. They are then accommodated in Board-wide internal job postings.

There is a comprehensive education assistant allocation process managed by a committee. The education assistant committee comprises two members from the employee relations, the special education officer and three area administrative Officers.

The allocation process begins in May, when each school is provided with guidelines and templates to outline their student needs summary, student needs profile, education assistant allocation school summary, education assistant request for additional support to self contained classes and education assistant change notice. The education assistant allocation committee meets regularly to determine the allocation to schools, based on baseline support and specific high needs.

Once the allocation for each school has been determined, the education assistant coordinator reviews the current staffing at each school to determine internal re-allocations. The positions are allocated based on seniority and education assistant preferences. The education assistant allocation committee finalizes its decision by the first week of May. Staffing is reviewed again in September and adjusted accordingly.

Secretarial staff allocation has been standardized and is based on a school's student enrolment and a social index factor, which recognizes some of the additional secretarial work related to the makeup of the school community. Management is developing an allocation model for custodial staff. The staffing complement is currently governed by the collective agreement.

Staffing allocation is reviewed and verified by departmental/school administration for job classification and qualification and experience distribution. The complement of principal and vice-principals is verified against internal allocations. All staffing numbers and costs are then reviewed by the labour negotiations committee before being used in the budget development process. This final step ensures that the allocation and related costs are aligned with the Board's various collective agreements.

Monitoring and Reporting on Staff Allocation

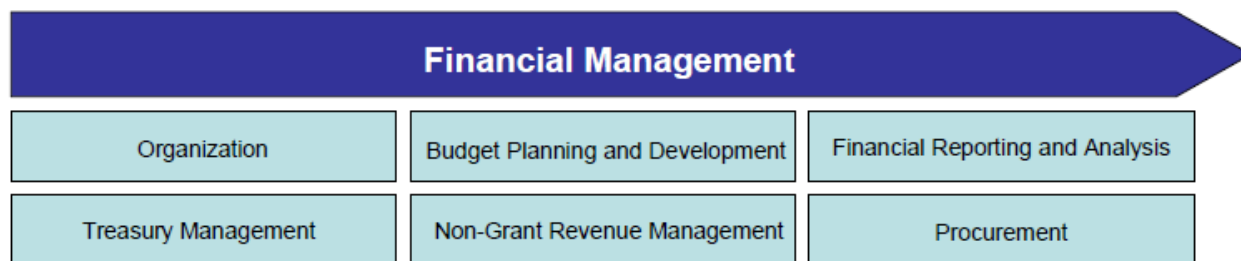
Management develops a comprehensive staffing allocation model that integrates forecasts from three distinct departments (operations, facilities services and finance) to arrive at a reasonable estimate. The process is very transparent and has included the unions. Staffing levels are consistently monitored in collaboration with school administrators. The most significant check point occurs in September when the actual enrolments are known. Some class/school reorganization can occur to adjust over or under allocation. This is particularly important given the primary class size requirements of the Ministry.

Management tracks original plans with actual allocation of staff on a regular basis. Active collaboration between operations, facilities and finance departments ensures that the actual data is reflected in the financial analysis. The Board develops a conservative staffing allocation plan to avoid surplus staff.

Benchmarking Costs with Other Boards and Funding

Employee relations compare academic 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 Ministry of Education. For non-academic staff, staffing costs are driven through collective agreements and the pay equity process.

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 focuses its activities around the Ministry reporting deadlines, and prepares an annual timetable for completing financial statements. The superintendent of business has developed a limited plan for the department that lists key initiatives along with supporting activities.

The department’s annual plan would be enhanced if it adopted the template used for the board improvement plan. This would enable management to specifically assign responsibilities for the action to be undertaken against each of the priorities. The existing performance measures, timelines and resource requirements could be added to

fit into the board template. This plan would inform the administrative council of the details of the activities and facilitate the annual reporting of accomplishments.

Organizational Structure and Accountability

The superintendent of business is responsible for finance, IT and health and safety. Within finance, the superintendent is supported by the comptroller, the manager of capital budget and the budget manager. The roles and responsibilities of the managers are clearly delineated, and the department has an updated organization chart. The finance department promotes cross-functional work responsibility, which facilitates some level of succession planning.

Monthly meetings are organized to share priorities and initiatives between department managers. The department has long-tenured, qualified staff with appropriate designations.

Monitoring and Communication of Policy

The department maintains a comprehensive set of policies and procedures covering all pertinent aspects of financial management. These policies and procedures have been posted on the Board's intranet. There are a few procedures relating to Ministry directives that are available on the website.

Recommendation:

- The finance department should consider adopting the board improvement plan template for the recording of its annual plan. The existing elements of the department's plan can be incorporated into the template and additional elements developed as needed. Such a plan will enable the department to allocate clear accountabilities, track its performance measures, and track and report progress of its defined priorities and goals throughout the year.

4.2 Budget Planning and Development

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

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

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

Annual Budget Development Process

Leading Practices – Budget Planning and Development	Evidence of Adoption?
The annual budget development process is transparent, clearly communicated, and incorporates input from all key stakeholders including management (with principals), 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 at the Board is transparent, clearly communicated and incorporates input from all key stakeholders. The budget manager develops an annual

budget schedule, presents it to the administrative council, and ensures that the deadlines are communicated to all relevant participants.

Typically, the budget process starts mid-January and is finalized with approval from trustees in June. The budget process starts with a review and analysis of the prior year's financial statements and budget, to set a baseline for the current year's plan. A systemwide budget is created based on official enrolment projections, preliminary teaching staffing numbers and Ministry memorandum B14, which outlines annual planning assumptions. The preliminary expenditure budget is presented to the administrative council, with revenue confirmation subject to the Grants for Student Needs (GSN), and approved official enrolment projections. The budget is then re-calibrated through the administrative council, to align with new legislative requirements, collective agreements, Ministry of Education spending directives, and the Board's strategic vision as outlined in *Durham Directions*.

The education finance committee, comprising all trustees, deliberates over the budget and discusses initiatives throughout the budget development process. The Board also solicits external input through budget deputation sessions. Once the Board's revenue is confirmed with the issue of the GSN, staffing projections are refined. A final budget is prepared and presented for the Board's approval. Trustee involvement during the budget development process reduces surprises at the final budget approval stage, and results in a smooth budget approval process.

The budget is developed at the cost centre level, and reflects savings expected through initiatives like energy management and consortium membership. The base is adjusted for any anticipated cost increases. In addition, the budget manager considers demographic factors that influence budget allocation for each school.

The budget document includes comparative analysis and commentary relative to the preceding two years, and provides sufficient detail for the decision making process at the Board. Any budget revisions are presented to the trustees in September, in response to changes in the staffing model or funding changes announced by the Ministry.

Enrolment Forecasting Linked to Budget Development

Enrolment forecasting follows a comprehensive approach. Estimates are initiated by planning services, which is composed of three planners who support the facilities services department. Planning services conducts environmental scans to gather information on sub-division/community developments and yields. These projections are then validated by input from the school principals and managers, using initial registration data to get a comprehensive estimate of the enrolment figures. For example, in developing the 2007 elementary enrolment projections, staff combined

2006 enrolment numbers with preregistration data collected for JK/SK students. These numbers were then adjusted to accommodate historical trends in JK/SK enrolment.

Enrolment forecasting is started early in the budget development process, enabling the finance staff 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 the school level, any significant change in the enrolment forecast and associated staffing allocation is incorporated. Historically, the Board's enrolment projection error has been <0.5%. If there is significant variance from forecast, the Board makes in-year adjustments in the second semester and implements staffing changes.

Identification of Risks and Mitigation Strategies

While the Board does not have a formal risk management strategy, key risk areas are identified in the budget planning process. The most significant risk faced by the Board is the relationship between enrolment forecasts and grant revenue. The department mitigates the risks of spending beyond authorized/budgeted levels by closely monitoring enrolment forecasts versus actual enrolment. It ensures that the final expenditure budget incorporates all known cost changes and that it is balanced against the Ministry grants.

Management pursues a conservative approach to financial management. Risks are accommodated by budgeting based on reasonable cost points, rather than on historical costs. This approach has worked well in recent years, especially in the face of rising fuel costs, where the Board was well positioned to meet the increased expenses. Management can draw on working fund reserves to offset unforeseen expenditures.

The administrative council can improve the transparency of the budget process with the formal documentation of budget risks and development of proposed mitigation strategies.

4.3 Financial Reporting and Analysis

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

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

The following table summarizes the leading practices defined for Financial Reporting and Analysis, and identifies where evidence was found to indicate that the practice was

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

Integrated System for Variance Analysis and Financial Reporting

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

Interim 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.	Yes
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 Durham District School Board, while the coterminous board pays service fees. The system provides the Board with integrated general ledger, accounts payable, purchasing and payroll functionality together with reporting capabilities.

Over time, the financial and payroll system has been customized to meet unique requirements at the Board. For example, staff have configured the payroll module to accommodate seven collective agreements. The Board has a staff of five to six

programmers to maintain the system and develop customized reports. The system provides adequate variance reporting, but report development is time-consuming and provides limited flexibility for management. Increased Ministry reporting requirements have resulted in an increased workload in the department.

Sharing a financial system is a noteworthy practice in terms of off-setting ongoing cost of ownership. However, the Board should examine the cost, benefits and risks associated with the ongoing maintenance and expansion of such a large number of custom applications. The Board should also consider the ongoing cost/benefits of running the suite of applications on a mainframe system versus a mid-range system,

Interim Financial Reporting Accountability

The finance department provides monthly reports to superintendents and school administrators. The budget manager monitors individual school expenses against established benchmarks. Variances are communicated to the cost centre manager and monthly reports are provided to area superintendents to identify schools that might exceed budgets. Schools that exceed budget are required to submit a deficit report to the finance department with an offsetting plan that is monitored centrally by the Board.

The department also prepares quarterly financial reports that are presented to the Board of Trustees. These reports present high level updates and track year-to-date expenditures against budget. The expenditure report provides a comparison of total spending to date compared to budget, and is expressed as a percentage of the total budget. There is also a comparison of management's forecast for the expected year end position. However, the report provides limited explanations to provide a context for review of the information.

The brief analysis indicates the overall expected percentage spent of budget at the reporting date. For example, for the three months ended November 30, the covering report would state that the expected spend to date would be about 26%. The attached schedule of expenditures can show several categories that are well in excess of or below that percentage, and there are no explanatory comments. We understand that management is prepared to provide comments to the Board if required.

The format of monthly or quarterly financial reporting varies significantly among 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. This would reflect what the "expected spending to date" should be, relative to either

historical averages, prior year's experience or, in the case of salaries and benefits, the number of staff and pays processed to date.

3. Written explanations to explain any significant variations from the normally expected percentage spent to date. Management would need to define what is "significant" for the reporting of variances.
4. Confirmation that the projected fiscal outlook is a balanced position for the year, or explanation of an anticipated variance.

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

Internal Audit

The superintendent of business and the comptroller have established an internal audit function that is primarily focused on the monitoring of school-generated funds. The position has access to school accounts, since they are managed on the AS400 system in accordance with PSAB regulation.

The auditor prepares an annual audit plan to monitor schools on a periodic basis. An audit is preceded with a memo to the school administrator, outlining its objectives. The field visit typically stretches over two or three days, and concludes with a summary meeting with the school administrator. A draft report is sent to the school for comments before the final report is released to the school and appropriate Board staff. The school responds to the recommendations made by the auditor.

The internal auditor also performs annual training at schools, and collaborates with the external auditors in the development of an external audit plan for school-generated funds. In addition, the internal auditor also supports the external audit of selected schools, as part of their annual audit of the Board's financial statements.

Management should consider expanding the mandate and scope of the internal auditor. The establishment of an expanded mandate for the internal audit function would assist the administrative council and the Board of Trustees in their overall governance and accountability roles. The additional functions would provide added assurance that internal controls of all of the Board's operations are operating effectively and in compliance with the policies and procedures. The internal audit function can also help develop performance measures and indicators to determine for programs and services. The function should report to an audit committee of the Board. The annual audit plans would be presented and approved by the committee, and all reports would be presented to the committee.

Audit Committee

The Board has established a Finance Committee comprising all the trustees. The Committee's mandate includes:

- Review of the annual budget and audited financial statements;
- Review of 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;
- Other corporate matters.

Along with significant changes in accounting in recent years, the complexity of the annual financial statements is increasing. Audit committee members must understand what constitutes sound internal accounting and operational control processes. Consideration should be given to adding external members to the finance committee who can act as advisors. The advisors would not be voting members due to the fact that 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:

- Management should perform a cost-benefit analysis of moving from a customized set of financial applications to a vendor-supported suite of applications that would offer enhanced support and functionality as part of a standard solution. The assessment should include moving from a mainframe platform to a mid-range environment as a potential means of reducing the ongoing cost of ownership.
- Finance staff should consider providing an expanded level of interim reporting, as in the format suggested in section 4.3 of this report. This would improve understanding of the financial reporting of the year-to-date results.
- Management should consider expanding the mandate and scope of the internal audit function. This would include a broader audit of financial and management controls and adherence to board policies as described in section 4.3 of the report. Management could start by identifying options for its mandate and scope and the estimated cost for each option. Management's proactive assessment of the need and cost would be a useful first step.

- Management and the Board should consider establishing a standalone audit committee with a mandate that reflects what is discussed in section 4.3 of this report. Management and the Board could also consider including external advisors who would contribute to the committee's 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.	Yes
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

The Board has consolidated its banking activities with a single institution. It maintains three separate accounts (general clearing account, U.S. account and trust fund account) to manage distinct cash flows. In addition, it also transacts with two other banks for short term investments in accordance with the Education Act. Management reviews the Board's banking terms on a five-year cycle, and conducts peer reviews to

ensure competitive terms. With the expiry of its current contract, the continued benchmarking of the terms and conditions would be an important activity for management.

Management relies on past experience and predictable inflows and outflows like payroll schedules, transportation and construction payments to determine future cash flow. A formal review of the current cash flow forecasting model will help ensure that the Board is optimizing investment income and minimizing interest expense.

The Board has clearly defined and well segregated roles for cash and investment management. The accounts payable (A/P) process is automated with batches authorized by the A/P supervisor and/or chief accountant. Bank balances are monitored on a daily basis and bank reconciliations are done by the chief accountant and monitored by the comptroller. Sinking funds are managed by the comptroller, who works with the Ontario Financing Authority (OFA) to facilitate long-term borrowings.

The Board has developed detailed processes for schools to manage school generated funds. Schools maintain their own bank accounts, and bank reconciliation is monitored by principals. About 65% of the schools across the Board are with the same banking institution, and leverage the interest rate negotiated centrally by the Board.

Management provides year-end summary investment reports, sinking fund reports and a detailed report of reserves to trustees, with details of interest and maturity dates.

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 1% of the Boards overall budget, or about \$7 million 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. The table also 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 has established procedures for the community use of schools and continuing education. These policies serve as guidelines for renting facilities, levying of permits and the application of the fee structure.

The rules and regulations governing the use of facilities for community use of schools are appended to the application package and available on the Board's public website.

Technology to Support Registration and Collection of Revenue

The finance department uses a software application (Class) to issue permits, charge rental fees and monitor renters and rental facilities for the community use of schools. Payments are generally received at least 10 working days prior to the start date of the event. If the due date is missed, policy requires payment through certified cheque, cash, credit or bank card, which eliminates the risk of bad debts.

The Board has an extensive continuing education program. The Board's website allows for online registration and electronic payment.

Monitoring Procedures for all Non-Grant Revenue

Community use of schools is managed by a coordinator and a secretary who report to the manager of capital budgets and track policy compliance. Similar to other Boards, management notes that the Board is not making any profit on community use of schools, due to frozen fees and hidden maintenance costs.

Continuing education programs are delivered from a unique location and operate on a full cost recovery basis. Continuing education has a dedicated principal who reports to the Superintendent of Education responsible for Continuing Education.

Managing Education Programs – Other (EPO) Grants

The Board establishes a discrete cost centre for each Education Program Other (EPO) grants. Management noted that its ability to record and track EPO grants is contingent on receiving back-up information from the Ministry that aligns deposits to grants. Non-grant revenue is reported to trustees annually through budget and financial statements.

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.	Yes

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.	No
Commitment accounting is in place to monitor budget utilization.	Yes
Management has implemented electronic supplier interface for ordering, processing and payment, including the use of supplier portals.	Yes

Use of Electronic Funds Transfer for Greater Efficiency

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

Procurement Policies and Procedures

The Board has an approved procurement policy, last revised in 2006, which has been clearly communicated to all authorized staff. The Board approved policies and/or procedures in 2007 in accordance with the direction given by the Ministry regarding the use of corporate credit cards, advertising, advocacy and reimbursement of expenses. These are posted on the Board's website.

The purchasing policy is further defined by separate policies for the award of contracts and architectural, engineering and real estate fees. The policy is also supported by procedures on credit cards and purchasing cards. The procedures list standard thresholds for purchase orders, competitive tenders and requests for proposals. The Board's policy permits sole source contracts if its requirements can legitimately only be met by one vendor. These contracts are approved by the comptroller and the superintendent of business.

The purchasing department develops two annual catalogues for consumables and equipment, which are distributed to all schools. The catalogue pricing is based on competitive bids, with built-in volume rebates and shipping costs. The catalogue allows the Board to standardize quality products and mitigate health and safety concerns.

Participation in Buying Consortia to Reduce Acquisition Costs

The Board's decision to join consortia is based on cost-benefit analysis, in terms of dollar value, quality and convenience. The Board participates in several purchasing consortia including the purchase of electricity, gas, fuel, shredding services and other consumables. The Board has formed a transportation consortium with its coterminous

board and also shares a library of media resources, wireless area network (WAN) and a financial management system. The Board is part of Ontario Insurance Exchange and collaborates with Ontario Financing Authority (OFA) to issue debentures.

Purchasing Levels of Authority

The procurement procedures require appropriate authorization levels that are commensurate with job titles and roles. These are monitored for compliance by the respective department officials and by the purchasing supervisor. For example, purchase orders generated at schools are approved by the principals and the buyer in the purchasing department before they are encumbered against a school's account. A similar process is followed for purchasing goods at the Board office. In accordance with the procurement procedures, departments are required to secure the following approvals:

- For purchases \$100 - \$10,000, bids will be solicited written or verbal, where possible.
- \$10,000 - \$50,000 requires informal quotation and a minimum of three written supplier bids.
- \$50,000 and more require a formal process involving RFPs and public tenders.

The Board's procurement policy outlines the need to advertise all public tenders. It is becoming more of a common practice with school boards and other public sector organizations to place notices of tenders and/or RFPs on electronic bulletin boards to reach as many suppliers as possible.

Policies and Procedures for Purchase Card/Corporate Card Use

The Board has established clearly communicated procedures for PCards and credit cards. They are available on the Board's website and are current as of 2006.

There are approximately 150 PCards in use by the staff. PCard expenses are recorded through a manual expense claim form. PCard statements along with receipts are approved by immediate supervisors before they are coded and processed by the accounting department. The controller reviews the PCards statements on a periodic basis.

The finance department is considering expanding the use of PCards, especially elementary schools, for small dollar purchases, to reduce the volume of supplier invoices. The single transaction limit for a PCard is \$500 which is not consistent with the purchase order threshold of \$100. The Board processes 35,000 - 40,000 purchase

orders every year and should reconsider PO threshold values before further issue of PCards.

Moving forward, the Board needs to perform an analysis of PCard usage by user, by department, by transaction value and by merchant category code. A similar analysis for purchase orders would allow the Board to develop an optimal PCard program to maximize purchasing efficiency and ensure budgetary control.

Accounting for Completeness of Purchase/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 over \$100 is then manually transcribed into the AS400 system to create a purchase order with an appropriate account code. Purchases less than \$100 are either paid with petty cash or by PCards.

Once a purchase order has been approved and submitted online, it automatically encumbers those funds against the budget. The system alerts management via email when year-to-date expenses reach 90% of the budget. The PO is reviewed by the purchasing supervisor for completeness and purchasing policy compliance and then sent to the vendor via fax.

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 purchase order.

The packing slip or receipt is then sent to the Board office through a courier service. Receipts for complete orders are logged into the system at the Board office along with the invoices received directly from the vendor.

The system currently does not provide automated matching or pre-defined matching tolerance functionality. Three-way manual matching between the invoice, receipt and the purchase order is performed centrally by clerical staff. Invoices are date stamped but not logged into the system until they have been matched against an authorized purchase order. An invoice without a matching purchase order or without authorization is either returned to the vendor or to the requesting department for approval.

As part of an overall assessment of its financial system needs, the Board should consider automated three-way matching capability (purchase order, receipt and invoice) to achieve the savings gained through the efficiencies of automation.

Use of Electronic Funds Transfer for Greater Efficiency

The Board's electronic funds transfer (EFT) capability was set up in August 2007. The department is gradually transitioning to electronic payment for all of its payables. The Board should continue this initiative and eliminate the associated manual processes.

Recommendations:

- The department should perform a transaction/spend analysis of PCard usage relative to issued purchase orders. This would help to identify opportunities to increase purchase order threshold limits to promote increased usage of PCards.
- Finance staff should continue to expand the use of Electronic Funds Transfer (EFT) payments for 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 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 develops an annual operational plan that reflects the goals of *Durham Directions*. The operational plan includes the overall goals of the department and specific detailed goals of each functional unit within it. The department’s annual plan would be enhanced if it adopted the template used for the board improvement plan. This would enable management to specifically assign responsibilities for the action to be undertaken against each of the priorities. The

existing performance measures, timelines and resource requirements could be added to fit into the board template. This plan would inform the administrative council of the details of the activities and facilitate the annual reporting of accomplishments.

The 2007-08 goals of the department focus on increasing the efficiency and effectiveness across all operational areas by improving response time, and integrating all areas of the Board within the planning process. The department plans to increase site visits to schools to address planned issues and enhance communication with the principals, department heads and area superintendents. To assist principals with the day-to-day management of school sites, management is introducing cyclical processes to identify opportunities for improvement.

Organizational Structure and Accountability

The department is led by the superintendent of facilities services, who is supported by six managers responsible for maintenance, construction, custodial services, waste reduction and energy conservation, planning and major projects, and pupil accommodation.

The department was re-aligned in the fall of 2007. The portfolio of maintenance and construction services was split into two functional units. Maintenance is responsible for work orders and construction is responsible for new schools and additions. Each function is led by a manager. The restructuring was implemented to gain operational efficiencies and dedicated resources. Management has already seen a positive outcome in terms of reduced backlogs for maintenance work orders. In addition, the major projects unit was created to address capital items that exceed a work order but cannot be considered a new addition.

From a structural perspective, the department exhibits several noteworthy positions. The Board has created a dedicated position, manager of capital budgets, who reports to both the superintendent of facilities services and the superintendent of business. The purpose of the dual reporting relationship is to facilitate a continuous dialogue between the two departments and with the Ministry. The Board has also introduced a position of assistant manager of custodial services to increase communication with schools and enhance service levels. In addition, the department is supported by custodial and maintenance supervisors to escalate issues, prioritize work orders, support principals and facilitate regular communication among the Board, schools and the custodial and maintenance staff.

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

The new superintendent has established bi-monthly team meetings to facilitate high-level discussions, and bi-monthly manager meetings for more detailed discussion of issues in each functional area.

Monitoring and Communication of Policy

The department maintains a comprehensive set of policies and procedures covering all aspects of operations and facilities management. These policies and procedures have been posted on the Board's intranet and are not readily available on the Board's website.

Management provides relevant updates through memos to departments and through the administrative council to principals.

Recommendation:

- The facilities department should expand its annual operational plan to include target activities, with associated timelines and designated accountabilities. This would enable management to allocate accountabilities, establish performance measures and track and report the progress of its defined priorities and goals throughout the year.

5.2 Custodial and Maintenance Operations

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

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

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

Staffing Model 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.	No
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 maintains a custodial manual that contains high-level guidelines on the expectations for cleanliness. However, these do not constitute system-wide cleaning standards across its facilities. Cleanliness at schools is periodically reviewed by the principal, custodial supervisors and afternoon supervisors. In addition, the Board has seven area supervisors who make frequent visits to school sites.

Maintenance work orders are directly entered by custodians in the electronic system that records work orders. The work orders are centrally prioritized at the maintenance shop and assigned to internal staff or external contractors. Assignments are based on factors such as capacity, urgency, geography and the availability of the relevant trade.

The Board’s current allocation model is derived from time management studies that calculate average time per building, with additional hours in accordance with the number of portables. Collective agreements allow management to rotate custodial supervisors among different areas to respond to changing needs, while providing opportunities for lateral movement between the custodial and maintenance staff. At the time of the operational review, management was reviewing a new staffing model based on square footage and other factors. The allocation basis will be shared with the union to establish a firm basis of understanding.

Development of Annual and Multi-Year Maintenance Plan

The Board’s maintenance plans are developed by the supervisor of capital/renewal projects. The plan addresses preventative, critical and deferred maintenance in accordance with the Board’s maintenance standards. At the time of the operation review, a five-year maintenance plan was being developed, using feedback from maintenance supervisors, the ReCAPP database and prior year’s plan.

The Board’s maintenance and renewal activities are re-assessed annually through individual school assessment. This ensures that schools are maintained in a good condition to support improved student learning and employee productivity.

The Board has recently updated its ReCAPP database and the facility condition index (FCI) to ensure accuracy in its maintenance plans. Management supplements the timelines suggested by the ReCAPP database, with on-site surveys and analysis to seek GTPL funding for renewal and maintenance activities.

Training to Support Skills Development and Safety

The Board has established a training program to provide ongoing skills development to its maintenance and custodial staff and to address emerging regulatory issues. The training curriculum is formulated by a committee with union representation.

As part of the “on-boarding” process, new custodians/maintenance employees are paired with an experienced employee or group leader. The department has scheduled annual professional development, health and safety days for custodians, maintenance staff and supervisors. Safety training is provided on WHMIS, safe lifting, clean sweep and electrical safety. Management has recently reduced its lost hours by 20%, by providing focused training on slips and trips to custodial staff.

Custodians are encouraged to attend training sessions. Attendance at these sessions is a pre-requisite to apply for the position of a chief custodian.

Standardization of Cleaning and Maintenance Supplies

The department maintains minimal levels of supplies inventory within schools. For cleaning supplies, materials are procured through one vendor under a blanket purchase order that is centrally managed. The chief custodian places an online order on a periodic basis, which is then reviewed by the area supervisor against expected usage and budget.

The department maintains an inventory of custodial equipment at each school, and is developing a lifecycle replacement chart for this inventory to plan for equipment replacements.

Management periodically prepares and reviews its list of approved contractors for maintenance contracts. Blanket orders are also used by the staff to purchase electric or plumbing supplies, with a maximum limit of \$5,000 per project.

Project Management, Monitoring and Support Systems

The facilities management function is supported by a work order system that is built into the integrated financial system (AS400). Maintenance work orders are directly entered into the system by custodians and centrally prioritized. The system enables the staff to keep track of completion times for work orders involving preventative maintenance activities, emergencies and warranty work.

Recently, management has provided custodial and maintenance supervisors with Blackberries and digital cameras, to improve efficiency and speed up response time on work orders.

Evaluation of the Board's Service Delivery Model

Custodial supervisors meet with the principals every month to review outstanding work orders, perform school walk-throughs, discuss upcoming projects and review capital improvement requests.

The custodial and maintenance staff is evaluated every three years by the custodial/maintenance supervisor. Custodial supervisors and managers of custodial services review results of the meetings with the principals and discuss professional development and other concerns. In addition, custodial group attendance is managed by the manager of facility services. Absenteeism is discouraged, since a high rate of absenteeism prevents custodial staff from being considered for promotion.

As mentioned previously, the Board uses a combination of internal staff and external contractors for maintenance work orders. Staff allocation is based on factors such as capacity, urgency, geography and the availability of the right trade.

Recommendation:

- Management should establish cleaning standards across its school sites to ensure consistency in service levels and monitoring across all sites.

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.	No
Centralized technology that automates energy regulation and conservation (e.g. light control, desktop power) is used wherever practical.	Yes

Energy Management Plan

The energy management portfolio is managed by the waste and energy officer and manager of energy and mechanical design, who report to the superintendent of education/facilities services. They are supported by three energy system analysts and an energy systems technician. The annual energy management goals have been outlined in the facilities services operational plan but the department does not have a comprehensive, multi-year energy management plan in place. The projects are currently prioritized based on the expected return and cost savings.

The Board currently has an automated energy regulation system and is preparing to transition to a web-based energy management system. This can be centrally monitored and will allow remote trouble shooting and training. Central Board staff will communicate directly with schools (via internet access) to monitor and check anomalies before any significant energy loss. This will also facilitate remote assistance to custodians from central operations.

Schools are encouraged to participate in the Eco Schools program. The number of Ontario -certified Eco Schools in the Board increased from three in 2005-06 to 15 in

200607. The program is championed by a dedicated Eco School coordinator who is working with principals to start the process. As a pilot project, LCD monitors have been deployed at two sites to allow school staff and students to monitor consumption and see instant results of energy conservation practices. Staff is also implementing a pilot project to replace energy intensive bulbs with eco-friendly substitutes

The Board actively participates in Ontario Association of Senior Business Officials (OASBO) meetings on energy management, and has established a good working relationship with other school boards to share information and best practices. The Board has locked-in prices for natural gas and is part of an electricity consortium.

Tracking and Reporting Energy Conservation

The energy consumption and associated expenses are manually captured from the financial system into the utility management software (Faser) to track energy consumption and facilitate data analysis and management reporting. The data is used to provide comparative reports to all schools on consumption (kWh and cubic metre) and dollar values. The report also includes measures from last year to assist schools in benchmarking against other schools and tracking their energy utilization relative to prior years.

Management has developed energy conservation standards for its schools which include practices like automated shut down of computers and chillers and standard temperature settings at all sites. The Board has identified \$1.25 per square foot as the threshold energy cost. School sites with energy costs above this threshold are targeted by the department manager to increase conservation efforts. In addition, gas and water consumption is also monitored to track leaks or abnormal patterns.

The department conducts audits at school sites to identify opportunities for energy conservation, and provides energy management training to staff as required. The staff works closely with the custodians to make minor changes to the automated system and contain any leaks. Furthermore, the department also works closely with the construction department to ensure that energy conservation is considered when building or renovating schools.

The staff reviews monthly utility bills for different sites on a regular basis and reconciles them with the readings obtained by the custodian. This practice has helped the Board to identify discrepancies and save money.

The Board does not have consolidated billing for its various sites and facilities. This is an opportunity area for the Board.

Recommendations:

- Management should develop a comprehensive, multi-year energy management plan that supplements the annual goals of the department, with consumption reduction targets, key activities, timelines and designated accountabilities.
- Management should ask the utility companies to provide consolidated billing in an electronic format. This would support more efficient monitoring and forecasting of energy consumption, as well as reduce the workload in the accounts payable department.

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
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

Leading Practices – Health, Safety and Security	Evidence of Adoption?
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 is focused on health and safety issues and has adopted policies on safety, security and the environment. These policies are supplemented by management plans, operational guidelines and procedures.

The responsibility for health and safety is administered under the portfolios of the superintendent of business, superintendent of facility services, superintendent of operations and the superintendent of Whitby Schools/Safety & Security. Management has developed a safety initiatives committee composed of the Director of Education and three superintendents, plus the co-chairs of the joint health and safety committee and the health and safety department staff.

A dedicated manager supported by an assistant health and safety officer, an occupational hygienist and an administrative assistant focus on occupational health, emergency planning and environmental issues. The department prepares an annual action plan complete with objectives, timelines and indicators of success and annually reports against the plans to the Trustees.

The Board has prepared and distributed a master emergency plan. This serves as an operational guide and a decision-making tool to reduce response time and risk to students and staff by clarifying roles and responsibilities. The emergency management plan is integrated into the Durham region emergency plan and specifies pre-defined threat levels and responses. In addition, the Board has an informal agreement with its coterminous board to share personnel for certain emergency situations.

The Board is also working actively at local school levels to emphasize safety issues. Joint health and safety subcommittees have been created in schools to conduct monthly workplace inspections. The Board also organizes an annual safety week to engage staff, students and the community at large in the safety initiative. Every school is equipped with an 'orange bag' that contains aerial shots of the school and updated lists of students and staff, along with emergency numbers for quick response.

The Board also has a well established safe school program across its schools. A safe school icon on the Board intranet consolidates health and safety related information. The superintendent of safe schools works with the safe school teams established at each school. A community liaison officer has been identified for every school to set targets and decrease the number of incidents. The Board centrally collects the number of school incidents and provides monthly report to area superintendents.

Ongoing health and safety training is provided to custodial and maintenance staff on asbestos, cherrypicker, machine guarding, environmental hazards, workplace violence, biological hazards and lockout issues. The Board's asbestos management program is well developed and available online for the staff in facilities services, custodians, health and safety and IT department. Management is also expanding the scope to provide principals with desktop access to review the asbestos program for their specific school. In addition, safety training is provided at New Teachers Induction Program, new hires and to school administrators. All health and safety training records are maintained in a training database that is updated by the health and safety department.

Board management is working with external consultants to augment its disability management program and to track health related incidences. The ergonomics change committee was recently created to investigate a high number of over-exertion and musculo-skeletal disorder incidents within the Board. The committee has met several times and initiated the clean sweep program for custodians.

The Board recognizes the health risks of mould and conducts an annual survey of the portables at its various sites. In addition, it also monitors playground safety, lead content in water and indoor air quality on a regular basis, and has developed a well water management plan.

The Board was last audited in May 2007 on its health and safety program by third party consultants (SBCI). Their recommendations have since been accepted and prioritized in the annual plan.

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
Management tracks compliance and monitors new legislation or changes to existing legislation.	Yes

Development of Annual and Multi-Year Capital Plans

Management considers a number of factors in developing and updating their capital plans. The planning includes identification of new residential sub-divisions and their potential student yields, multi-year enrolment forecasting, schools listed in the accommodation review, construction costs, new pupil places grants (NPP), Ministry directives, utilization rates and available capital reserves.

Management has submitted a 10-year capital plan to the Ministry, developed in collaboration with external consultants and with additional inputs from the SFIS and ReCAPP databases. The 10-year capital plan includes capital needs for future

contingencies such as spaces for full-day, every-day JK/K. The Ministry and the department have been in discussion regarding the potential impact of the capital plans on available capital grants.

Department staff prepare a five-year plan for facilities renewal, complete with cost estimates. Facility renewal projects are drawn from the multi-year ReCAPP analysis, experience within the schools and input from custodial supervisors. The Board actively coordinates renewal projects with the capital plan (i.e. prohibitive to repair, good places to learn and primary class size) to capture economies of scale in the process. Furthermore, staff has also identified clustering opportunities between schools in the same region to respond to the primary class size directive.

The Board has an approved pupil accommodation review policy and is currently facilitating a public consultation process (in accordance with the Ministry guidelines) to establish a standard school valuation framework.

Management periodically updates the trustees on the status of all capital projects.

Ongoing Monitoring and Maintenance of Data to Support Capital Plans

The Board uses a software application to support its plant maintenance and planning activities. The monitoring and planning of school capacity is reported within the framework of the Student Facilities Inventory System (SFIS). The Board maintains accurate and up-to-date inventories of school capacity and utilization. SFIS finance data is reviewed twice a year. Facilities services staff currently use ReCAPP as a tracking tool for projects funded by the Renewal Grant and GPTL funding.

The Board has completed the Ministry's capital liquidity template, which demonstrates that, based on existing assumptions, its current and planned capital projects are fully funded.

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. The table also 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

The Board has developed nine policies on new construction, including appointment of architects, school drawings and change orders. In addition, management has developed a standard footprint for the design of new facilities that accommodates expansion plans and portables in the future. Input is solicited from staff in custodial, maintenance, energy management, special education and program departments to create the standard design. Material and costs are standardized across all the sites. Site-specific conditions allow for some customization at every school.

Management has recently reviewed its construction costs with its coterminous board and relies on its architects to gather benchmark costs/estimates.

Monitoring and Reporting of Progress on Construction Projects

The Board is currently in a growth phase and will be in construction mode across various school sites. At the time of the operational review, three construction projects were underway for approximately \$55 million. Planning for four growth schools in the Ajax and Whitby areas was underway, representing another \$40 million in construction projects. Furthermore, the Board will also be implementing primary class size additions, resulting in 15 to 20 additions in the next two years.

A dedicated managerial position for construction projects is being considered. To administer new build sites, the Board has two construction supervisors on staff, along with external architects. Construction projects are tracked internally using spreadsheets.

The architect reviews percentage completion with the construction supervisors before remitting payments. Construction supervisors maintain change order summaries that are approved by the construction manager and communicated to the capital budget manager. This ensures that the changes in cost structure are reflected in the budget immediately. Historically, projects have been completed within budget due to continuous monitoring and the use of repeat design at new sites. Trustees receive periodic construction updates.

Maintaining Current Approved Professional Service Providers

Management periodically evaluates and updates its approved list of contractors and related professionals. The Board has an approved list of architects that was last updated about seven years ago. In addition, general and electrical contractors are pre-qualified through the procurement process, and the list is updated every two 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.

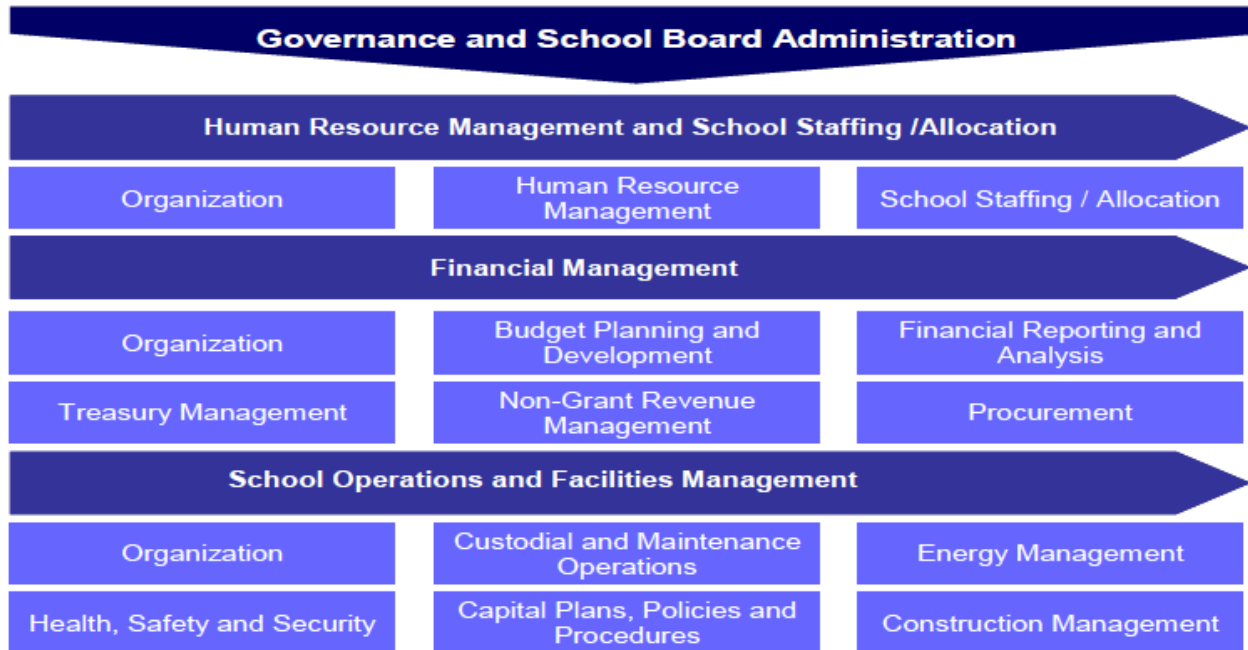
Recognizing the unique characteristics of each DSB, the specific purpose of the Operational Reviews is to:

- 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.

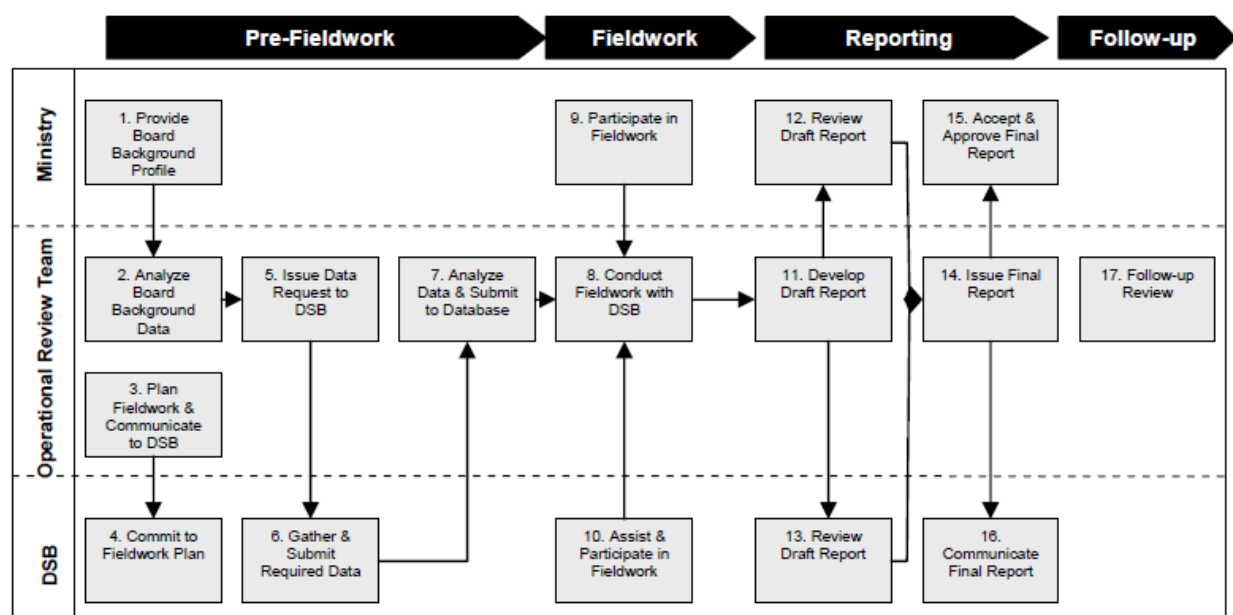
Each of the processes was examined based on its activities and its adoption of sector agreed leading practices, including alignment and support of student achievement strategies.



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

Key Activity	Description
	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

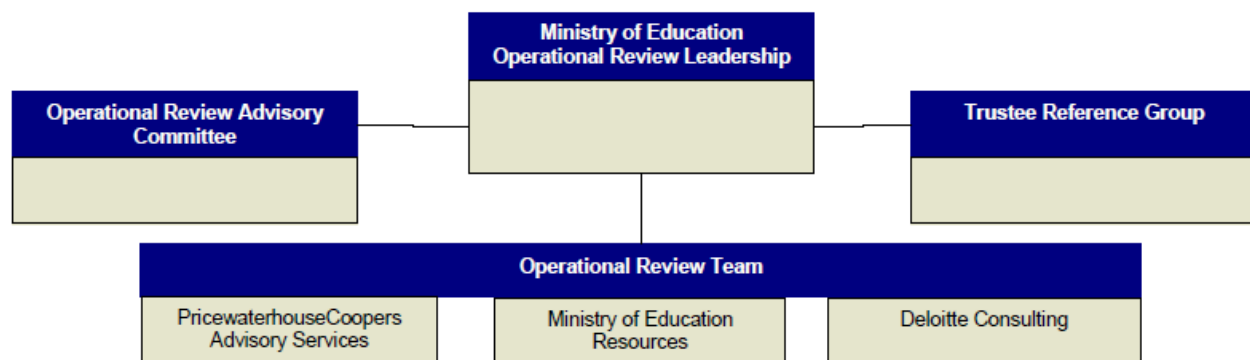
Key Activity	Description
Issue Final Report	The review team will incorporate the feedback from the both the Ministry and the Board and prepare a final report.
Accept and Approve Final Report	The final report will be issued to the Ministry for approval and release.
Communicate Final Report	The Ministry will issue a final report to the Board.

Key Activity	Description
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 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 & School Board Administration

No.	Recommendation
1.	The Board should post all policies and related procedures (including the associated refresh cycle) on its website, to improve the transparency of board operations.

HR Management and School Staffing/Allocation

No.	Recommendation
2.	Employee Relations should consider adopting the board improvement plan template for the recording of its annual plan. The existing elements of the current plan can be incorporated into the template and additional elements developed as needed. This will enable the department to allocate clear accountabilities, track its performance measures, and track and report progress of its defined priorities and goals throughout the year.
3.	The Employee Relations and other applicable departments should continue the analysis of absenteeism, benefits claims and the wellness program, to develop a formal and targeted attendance support program.
4.	To gain added insight into employee satisfaction, management should consider setting up exit interviews with staff.
5.	Management should periodically conduct a review of the Board's ASO insurance carrier that manages the processing of the health and dental plan claims to ensure that the Board's claims are processed in accordance with the plan provisions.

Financial Management

No.	Recommendation
6.	The finance department should consider adopting the board improvement plan template for the recording of its annual plan. The existing elements of the department's plan can be incorporated into the template and additional elements developed as needed. Such a plan will enable the department to allocate clear accountabilities, track its performance measures, and track and report progress of its defined priorities and goals throughout the year.
7.	Management should perform a cost-benefit analysis of moving from a customized set of financial applications to a vendor-supported suite of applications that would offer enhanced support and functionality as part of a standard solution. The assessment should include moving from a mainframe platform to a mid-range environment as a potential means of reducing the ongoing cost of ownership.
8.	Finance staff should consider providing an expanded level of interim reporting, as in the format suggested in section 4.3 of this report. This would improve understanding of the financial reporting of the year-to-date results.
9.	Management should consider expanding the mandate and scope of the internal audit function. This would include a broader audit of financial and management controls and adherence to

No.	Recommendation
	board policies as described in section 4.3 of the report. Management could start by identifying options for its mandate and scope and the estimated cost for each option. Management's proactive assessment of the need and cost would be a useful first step.
10.	Management and the Board should consider establishing a standalone audit committee with a mandate that reflects what is discussed in section 4.3 of this report. Management and the Board could also consider including external advisors who would contribute to the committee's accountability.
11.	The department should perform a transaction/spend analysis of PCard usage relative to issued purchase orders. This would help to identify opportunities to increase purchase order threshold limits to promote increased usage of PCards.
12.	Finance staff should continue to expand the use of Electronic Funds Transfer (EFT) payments for 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
13.	The facilities department should expand its annual operational plan to include target activities, with associated timelines and designated accountabilities. This would enable management to allocate accountabilities, establish performance measures and track and report the progress of its defined priorities and goals throughout the year.
14.	The Board should establish cleaning standards across its school sites to ensure consistency in service levels and monitoring across all sites.
15.	The Board should develop a comprehensive, multi-year energy management plan that supplements the annual goals of the department, with consumption reduction targets, key activities, timelines and designated accountabilities.
16.	The Board should ask the utility companies to provide consolidated billing in an electronic format. This would support more efficient monitoring and forecasting of energy consumption, as well as reduce the workload in the accounts payable department.