

Ministry of Education

Operational Review Report Huron-Superior Catholic District School Board

January 20, 2009

Table of Contents

Executive Summary	1
Introduction	1
Governance and School Board Administration	1
Recommendations:	2
Human Resources Management and School Staffing/Allocation.....	3
Recommendations:	4
Financial Management	5
Recommendations:	6
School Operations and Facilities Management	8
Recommendations:	9
1. Background and Overview	10
1.1 School Board Profile and Structure.....	10
1.2 Key Priorities of the School Board	10
1.3 Student Achievement.....	11
1.4 Fiscal Overview.....	11
1.5 Key Statistics: Huron-Superior Catholic District School Board.....	13
2. Governance and School Board Administration – Findings and Recommendations	15
Establishment of an Effective Governance Model	17
Development of the Board’s Strategic Direction and the Annual Board Improvement Plan.....	18
Decision-Making Process	18
Organizational Structure and Accountability	19
Stakeholder Engagement	20
Recommendations.....	20
3. Human Resource Management and School Staffing/Allocation – Findings and Recommendations	22
3.1 Human Resource Organization.....	22
Development and Reporting of Annual Goals and Priorities	23
Organizational Structure and Accountability	24
Monitoring and Communication of Policy.....	24
Recommendation:.....	24

3.2	Human Resource Management	25
	Staff Recruitment	27
	Labour Relations.....	27
	Employee Performance Evaluation Processes	28
	Attendance Management Processes/Programs.....	29
	Management of HR and Payroll Data	29
	Management of the School Board's Benefit Plans	30
	Monitoring Staff Satisfaction	30
	Recommendations:	30
3.3	School Staffing/Allocation	31
	Planning and Processes for Annual Staffing and Allocation	32
	Monitoring and Reporting on Staff Allocation.....	33
	Benchmarking Costs with Other Boards and Funding	33
	Recommendations:	34
4.	Financial Management – Findings and Recommendations.....	35
4.1	Finance Organization.....	35
	Development and Reporting of Annual Goals and Priorities	36
	Organizational Structure and Accountability	37
	Monitoring and Communication of Policy	37
	Recommendations:	38
4.2	Budget Planning and Development.....	38
	Annual Budget Development Process	39
	Enrolment Forecasting Linked to Budget Development.....	40
	Identification of Risks and Mitigation Strategies.....	40
4.3	Financial Reporting and Analysis.....	40
	Integrated System for Variance Analysis and Financial Reporting	41
	Interim Financial Reporting Accountability	42
	Audit.....	42
	Recommendations:	43
4.4	Treasury Management.....	43
	Cash and Investment Management	44
	Management of School-Based Funds.....	45
	Recommendations:	45

4.5	Non-Grant Revenue Management	46
	Policies and Procedures and Planning to Support Non Grant Revenues .	47
	Procedures for all Non-Grant Revenues	47
	Recommendation:.....	47
4.6	Procurement	48
	Procurement Policies and Procedures.....	50
	Participation in Buying Consortia to Reduce Acquisition Costs	50
	Purchasing Levels of Authority	50
	Policies and Procedures for Purchase Card/Corporate Card Use	51
	Accounting for Completeness of Purchase/Payment Cycle	52
	Use of Electronic Funds Transfer for Greater Efficiency	52
	Recommendations:	52
5.	School Operations and Facilities Management – Findings and Recommendations	54
5.1	Operations and Facilities Organization	54
	Development and Reporting of Annual Goals and Priorities	56
	Organizational Structure and Accountability	56
	Monitoring and Communication of Policy	56
	Recommendations:	57
5.2	Custodial and Maintenance Operations	57
	Staffing Model Supports the Board’s Cleaning Standards and Maintenance Requirements	58
	Development of Annual and Multi-Year Maintenance plan	59
	Training to Support Skills Development and Safety	60
	Standardization of Cleaning and Maintenance Supplies.....	60
	Project Management, Monitoring and Supporting Systems	60
	Recommendations:	60
5.3	Energy Management.....	61
	Energy Management Plan	62
	Tracking and Reporting Energy Conservation	63
	Recommendation:.....	63
5.4	Health, Safety and Security	63

	Development, Monitoring and Tracking of Policies and Plans for Health, Safety and Security	64
5.5	Capital Plans, Policies and Procedures	65
	Development of Annual and Multi-Year Capital Plans	66
	Ongoing Monitoring and Maintenance of Data to Support Capital Planning	67
5.6	Construction Management.....	67
	Cost-Effective Practices in the Design and Construction of Facilities	68
	Monitoring and Reporting of Progress on Construction Projects	68
	Maintaining Current Approved Professional Service Providers.....	69
	Appendices	70
	Appendix A: Overview of the Operational Review	70
	Operational Review Objectives	70
	Operational Review Summary Scope	70
	Operational Review Summary Approach	71
	The Operational Review Team	74
	Limitations of this Review	74
	Appendix B: Summary of Recommendations	75

Executive Summary

This report details the findings and recommendations of the Operational Review of the Huron-Superior Catholic District School Board (the school board) conducted by the Operational Review Team composed of external consultants from PricewaterhouseCoopers LLP and Ministry of Education staff. The Operational Review was conducted over four days beginning November 18, 2008.

Introduction

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

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

The Operational Review Team found that the school board has adopted a number of the leading practices in all of the functional areas reviewed. The student achievement results reported by the school board demonstrate a steady improvement in most of the areas as measured by the EQAO scores since 2002-2003. The school board's continued focus on student achievement will allow it to further improve the results.

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 school board's governance model clearly delineates the roles and responsibilities of the board of trustees and the senior administration. The board of trustees sets the direction for the school board, establishes policy and makes strategic decisions. Senior administration implements policy, supports the decision making process, and manages the operation.

The board of trustees has 10 members. The senior administration is composed of the Director of Education, three academic superintendents and the Chief Financial Officer. Although the governance process is clearly documented, senior administration and the chair of the Board acknowledge that its implementation will be strengthened with regular training and refresher courses for trustees. On the whole, the Board functions effectively in its role, and is committed to evolving its governing approach over time to achieve best results.

The Board does not have an established cycle for review of its policies and administrative procedures. The Director continually identifies policies to be reviewed by the Board. The policies and administrative procedures are reviewed by the Administrative Council and are approved by the trustees.

The school board updated its mission statement in 2008. Management develops an annual Board Improvement Plan to address academic priorities and initiatives. The Board Improvement Plan for 2008-09 addresses five key academic areas including: Catholic culture, student learning and achievement, instructional leadership, assessment and evaluation, and curriculum and instructional strategies. The school board's nonacademic departments have not been incorporated into the Board Improvement Plan.

The Director provides the Board with an annual report on the achievements related to the plan.

The school board does not undertake strategic and departmental planning. Management acknowledges the need to develop the school board's strategic plan to provide a framework for annual planning. It is also recognized that annual departmental plans must be established to track, monitor and report on specific tasks within the departments.

The school board's organizational chart does not clearly identify the reporting relationships within the senior management team. The organizational chart has not been published on the school board's website.

Management recognizes the need to plan for impending retirements at the senior management level, in the near to medium term. However, the school board has not developed a formal succession plan for its senior administration team.

Recommendations:

- The Administrative Council should help the Board develop the school board's strategic directions, to create the foundation for a multi-year strategic plan.

- The annual Board Improvement Plan should incorporate input from the nonacademic departments and be aligned with the school board's multi-year strategic plan. It should include goals that are specific, measurable, achievable, relevant and timely. This will enable the Administrative Council and managers to focus on the planned targets for each priority for the year, develop departmental plans, and support reporting on the school board's accomplishments.
- The Board should establish a review schedule for its policies and administrative procedures. The frequency of the review cycle should reflect the nature of the specific policy or administrative procedure, with a designated department responsible for monitoring and tracking. This will ensure that key policies and procedures are current.
- The Director, in consultation with senior staff, should develop a formal succession plan to manage retirements and resignations at the senior administrative level.
- Senior administration should revise its organizational chart to clearly identify reporting relationships. The organizational chart should be published on the school board's website.

Human Resources Management and School Staffing/Allocation

The Human Resources (HR) department has demonstrated a good level of operational effectiveness overall, given its resources. It has implemented a number of the leading practices:

- The organizational structure and management that supports the HR function contributes to the department's accomplishments. The department has clearly-defined roles and responsibilities, with clear lines of internal reporting.
- Management regularly reviews the school board's benefits plans to identify misalignments in claims and reports, and any errors in processing claims exceeding what is permitted under the benefit plan.
- Management has a system in place accessible to both HR and Finance staff to establish and track the approved staffing levels.
- During the course of the school year, the HR department conducts periodic comparisons of the original approved staff allocation plan and budget, versus the actual allocation. Management periodically monitors the staff allocation complement and budget distribution.

The HR department does not have a formal annual plan that describes its goals and priorities. Management identifies annual priorities and timelines for completion, based on the HR requirements of a school year cycle and consultation with the school board's Administrative Council.

Although there is an established hiring and recruitment process, the HR department has not formalized its policy and procedures.

The HR department has established formal policies and procedures for performance evaluation of most of the school board's academic and support staff. However, there is no formal policy and procedure for performance appraisal of school principals and vice principals.

Management tracks attendance data using the HR information system. It has not implemented a formal attendance management program. Management is currently working with external consultants to analyze the school board's attendance data and develop options for an attendance management program.

Management has established disciplinary procedures for harassment issues. Disciplinary issues among staff are addressed based on progressive discipline. There are no comprehensive formal disciplinary procedures for all teaching and non-teaching staff.

Management has not conducted confidential staff satisfaction surveys to solicit feedback on the priorities of the school board or general attitudes. Management indicated that the school board's staff turnover rate is historically very low, and the HR department does not conduct exit surveys with employees.

Recommendations:

- HR management should develop an annual departmental plan aligned to the school board's strategic plan and Board Improvement Plan. The departmental plan should include performance measures and targets for specific goals and priorities, and support annual reporting on achievements. This will enable staff to focus on the planned targets for each priority throughout the year, and support reporting on the department's accomplishments.
- HR management should proceed with its plans to formalize recruitment policies and procedures for all staff groups.
- HR management should establish a formal policy and procedures for evaluation of principals and vice-principals.

- Management should establish formal disciplinary procedures for all teaching and non-teaching staff. The existing progressive discipline practices should be formalized and communicated to all staff.
- The HR department should develop and implement a formal attendance management program.
- The HR department should consider conducting periodic staff satisfaction surveys across all staff groups. This information, together with input obtained from exit interviews, would highlight potential professional development opportunities and contribute to HR policy development.
- HR management should establish formal policies and procedures for the staff allocation process, based on existing practices.

Financial Management

The finance department has demonstrated positive results by implementing a number of the leading practices:

- The annual budget process is transparent and clearly communicated, incorporating input from all key stakeholders.
- The external auditor's planning and annual reports are presented to the Board's audit committee. Management provides a formal response to the external auditor's recommendations.
- The procurement guidelines provide for appropriate authorization levels commensurate with job titles and roles. These are monitored for compliance by the respective department officials.
- The school board participates in a purchasing consortium of several school boards to procure electricity.

Although management identifies annual priorities of the finance function informally, there is no formal departmental plan that describes its goals and priorities.

Roles and responsibilities of finance staff are documented in the job descriptions. The finance department does not have a separate organizational chart that clearly identifies reporting relationships of its staff.

After consulting with trustees, management recently revised the presentation of the school board's interim financial reports. However, quarterly financial reports do not

provide explanations of variances and whether the percentage spent to date is what would be expected of the period being reported.

The school board does not have a formal internal audit function. Management acknowledges that an internal audit function would enhance the school board's internal controls, and ensure that all staff comply with the policies approved by the board of trustees. Due to the small size of the school board and limited resources, management does not envisage a need for a full-time internal auditor position. The Board's audit committee, comprising all trustees, meets a minimum of three times a year. There are no external members on the audit committee.

Finance staff have consolidated the school board's cash management activities with a single financial institution. Management has not compared the school board's banking terms and conditions with those of similar school boards over the past several years.

Finance staff has web-based access to school bank accounts, and conducts end-of-the-year roll-over reviews. Management has not established formal policies and procedures to account for non-board school-based funds. Based on the recommendations of external auditors, management intends to develop a formal policy for non-board schoolbased funds, and establish mechanisms to monitor compliance.

The school board uses corporate credit cards (12) for travel expenses incurred by staff, as well as for low-value on-line purchases. The school board has established policy and administrative procedures for corporate credit cards, which are published on the school board's website. However, the administrative procedures associated with these policies are broadly stated, and do not provide sufficient details on credit card use. The school board has not implemented purchasing cards (PCards).

Management acknowledges the need for an automated matching process using the capacity of the existing financial system. Management has not widely implemented an electronic supplier interface for ordering, processing and payment.

The school board does not currently use electronic payment systems with its suppliers or community users of schools, but recognizes their advantages, from both efficiency and risk perspectives.

Recommendations:

- The business department should develop an annual plan that includes performance measures and targets for its specific goals and priorities, and supports the annual reporting on achievements. This will enable staff to focus on the planned targets for each priority throughout the year, and provide support for reporting the department's accomplishments.

- Management should develop an organizational chart to clearly demonstrate the structure of the departments and reporting relationships.
- Interim financial reports should be enhanced by providing explanations of variances and a forecast of expenditures for each category, based on historical data, or (for salaries and benefits) the number of staff and pays processed to date.
- Management and the Board should consider establishing an internal audit function. Management could start by identifying options for its mandate and scope and the estimated annual cost of each option.
- The audit committee should be expanded to include at least two external members with appropriate professional backgrounds and designations to act as advisors and contribute to the committee's effectiveness.
- Management should periodically compare the school board's banking terms and conditions to those of similar school boards to ensure competitive banking terms.
- Management should develop a formal policy for the management of schoolbased funds with mechanisms for monitoring of compliance.
- Management should conduct a spend analysis of purchases to determine potential benefits of PCards for low-value transactions. Policies and procedures for corporate credit cards and PCards should provide sufficient details on use and safekeeping of the cards. Policies and procedures should be clearly communicated to all card users through regular training and monitoring.
- Management should consider implementing an electronic payment and registration system for its continuing education and community use of facilities programs. In doing so, management should review the existing electronic solutions in place at several other school boards.
- Management should expand the use of the electronic supplier interface for ordering, processing and payment.
- Management should consider implementing an automated three-way matching process, using the capacity of the existing financial system.
- Finance staff should maximize use of EFT payments to gain greater efficiency and minimize the risk of payments being altered prior to clearing the bank.

School Operations and Facilities Management

The plant department implemented a number of the leading practices in its caretaking and maintenance operations. The following leading practices are noted:

- Management applies a custodial allocation model that optimizes the use of staff.
- Custodial and maintenance staff are trained to address policy issues and the need for compliance with the various regulatory requirements.
- Management has developed appropriate health and safety procedures to ensure compliance with statutory health, safety and security requirements.
- The school board has developed and submitted its 10-year capital plan to the Ministry through the Ministry's Student Facilities Inventory System (SFIS) web site. This plan includes the school board's capital requirements, as well as the facility renewal needs for the same time period.
- Management maintains a detailed funding forecast of both committed and proposed capital projects, based on the Ministry capital liquidity template. The monitoring and planning of school capacity is reported each year in the SFIS.
- Facility staff currently uses ReCAPP as a tracking tool for projects eligible for Renewal Grant and the Good Places to Learn funding. The ReCAPP database is updated at least twice a year.

The plant department identifies its annual priorities informally. The plant department does not have a formal annual business plan setting out specific goals and priorities.

The roles and responsibilities of plant staff are clearly outlined in the formal job descriptions. However, the plant department does not have an organizational chart to accurately reflect the department's internal reporting structure.

Management develops an annual maintenance plan based on input from internal stakeholders. At present, the school board does not expand its maintenance and renewal planning to a multi-year framework.

The plant department is currently developing formal guidelines for cleaning standards, which management believes will help caretaking staff achieve consistency and provide them with the means to monitor and report on results.

The Manager of Plant Services monitors the cost and usage of custodial supplies monthly. The plant department does not maintain a formal inventory of major cleaning and maintenance equipment.

Management recognizes the importance of energy conservation, and has implemented a number of projects in this area, based on ReCAPP data and annual maintenance plans. However, management has not developed a formal, multi-year energy management strategy that includes a framework for quantifiable energy consumption baselines and savings.

Recommendations:

- Plant management should develop an annual departmental plan that includes performance measures and targets for its specific annual goals and priorities, and complete the planned annual reporting on achievements. This will enable staff to focus on the targets for each priority throughout the year, and support reporting on the department's accomplishments.
- Plant management should update the organizational chart to clearly show the reporting lines of duty. The chart should be made available to all school board staff.
- The school board should consider establishing a formal multi-year energy management plan that incorporates quantifiable measures and is aligned with its strategic direction.
- Management should establish a multi-year maintenance and renewal plan that includes the funding available to support it. This would provide the senior administration, the Board and its stakeholders with a clear forecast of the school board's critical needs over the next several years.
- The school board should develop and implement cleaning standards, with periodic site visits and a formal review log.
- Management should develop an inventory of major equipment used by maintenance and custodial staff. Trades employees could work with their supervisors to complete an inventory of their own tools. These measures would increase management confidence that staff are accountable for their use of the school board's assets.
- Based on the existing monitoring of cost and usage of custodial supplies, management should further develop common standards to ensure efficient procurement of custodial products.

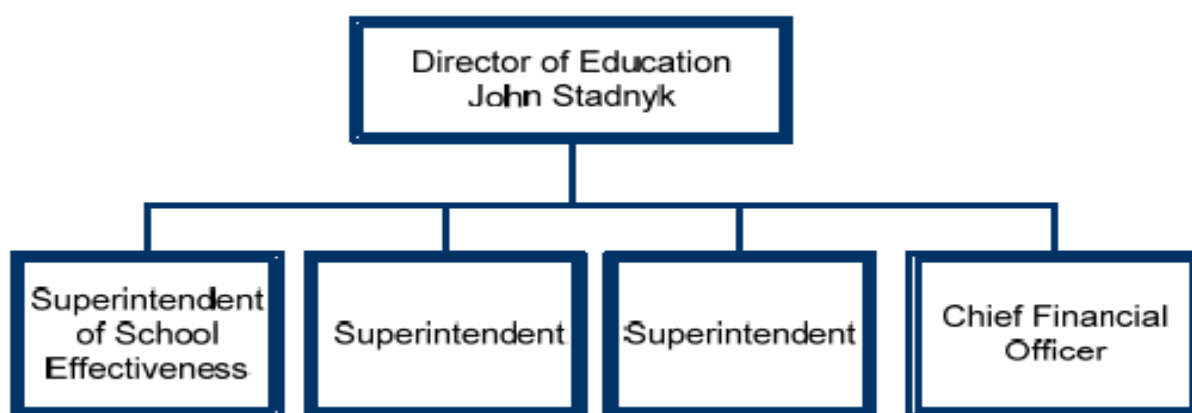
1. Background and Overview

1.1 School Board Profile and Structure

The Huron-Superior Catholic District School Board provides educational services to slightly more than 5000 students in 25 elementary and secondary schools. The Huron Superior Catholic District School Board comprises numerous small towns and communities over a large area in northwestern Ontario. The school board maintains corporate offices in the City of Sault Ste. Marie.

The school board's enrolment declined by about 980 students from 2002-03 to the 200708 fiscal year, or about 16 per cent overall. The decline has been about 15 per cent for elementary schools and 16 per cent for secondary school. This trend is expected to continue over the next several years. The school board has developed a 10-year capital plan that reflects the implications of capacity issues on its program delivery and school facilities.

The school board's Administrative Council is as follows:



1.2 Key Priorities of the School Board

The school board developed a clear mission statement at the time of amalgamation in 1998 and recently updated it in 2008. The school board's mission statement is:

"Rooted in Jesus Christ, we are a Catholic learning community called and committed to develop the full potential of each child and to nurture a personal relationship with Jesus that will inspire Catholic leadership."

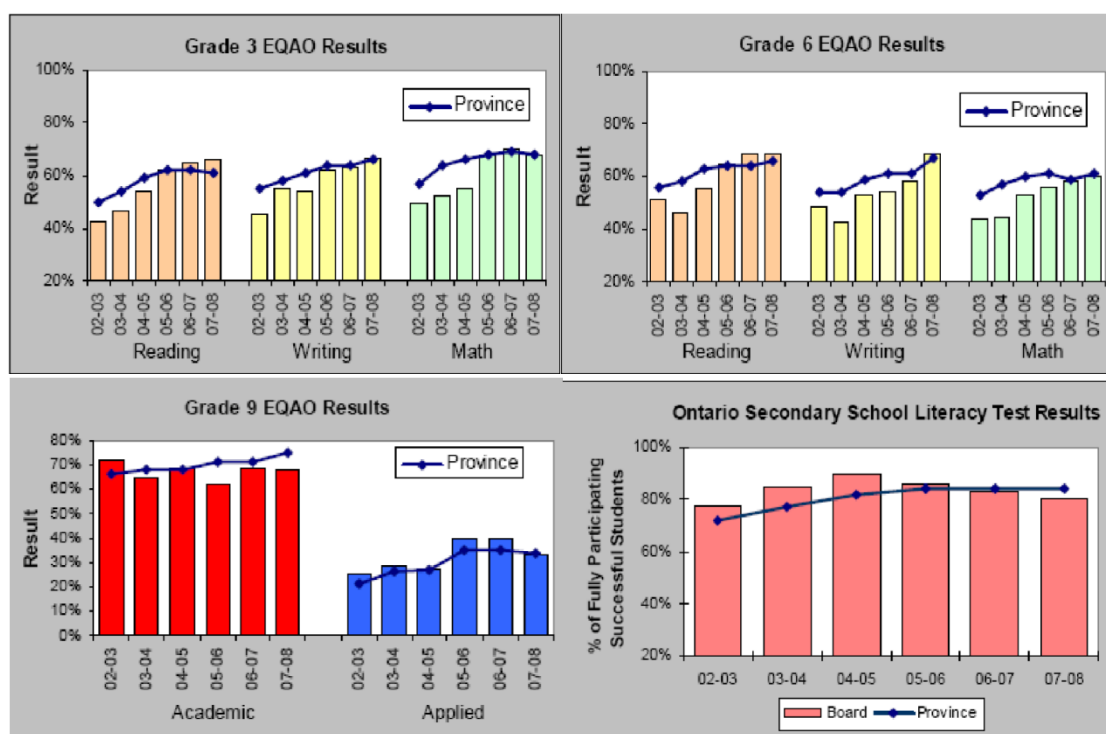
The Board Improvement Plan for 2008-09 has identified five academic priorities including: Catholic culture, student learning and achievement, instructional leadership, assessment and evaluation, and curriculum and instructional strategies. These priorities are underpinned by the school board's strategic goal to identify students-in-need in

each class from JK to grade 12 and implement high-yield instructional strategies that will increase student achievement.

1.3 Student Achievement

Since 2002-2003, the school board has shown a steady increase in most of the student achievement results as measured by the EQAO scores. While grade 3 and 6 reading, writing and math EQAO results equal or slightly exceed the provincial averages, the results for Grade 9 academics and secondary school literacy test results fall below them.

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



1.4 Fiscal Overview

The school board has achieved a balanced budget for the past several years. Management has been prudent in developing its capital funding plan, and has not issued any long-term debt to finance its planned capital projects. Management indicated that the school board does not commit to any new construction until funding is secured and approved by the Ministry. In the 2007-08 fiscal year, the school board used its reserves to achieve a balanced budget.

The following table provides a fiscal overview of the school board.

Summary Financial Data (Revenues)

Revenues	2005-06 Financial Statements	2006-07 Financial Statements	2007-08 Revised Estimates
Legislative Grants	\$47,033,379	\$47,379,993	\$48,953,245
Local taxation	\$9,498,522	\$9,146,223	\$9,570,509
Board Revenues	\$4,378,761	\$4,174,348	\$4,088,577
Other Operating & capital Grants	\$1,668,154	\$1,544,245	\$1,690,699
Total Revenues (Schedule 9)	\$62,578,816	\$62,244,809	\$64,303,030

Summary Financial Data (Expenditure)

Expenditures:	2005-06 Financial Statements	2006-07 Financial Statements	2007-08 Revised Estimates
Operating expenditures	\$59,604,987	\$60,952,850	\$63,988,481
Capital expenditures – Before transfers to (from) reserves	\$1,774,577	\$1,291,959	\$2,172,691
Transfer to from Reserves	\$1,199,253	\$0	-1858143
Total Expenditures	\$62,578,817	\$62,244,809	\$64,303,029
In-year 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
Reserve for Working Funds	\$4,577,562	\$4,577,562	\$2,719,419
Total Reserve Funds (Schedule 5)	\$4,577,562	\$4,577,562	\$2,719,419
Reserve for Classroom Expenditures	\$704,313	\$207,836	\$0
Program Improvement Reserve	\$182,105	\$0	\$0
Proceeds of Dispositions Reserve- School Buildings	\$344,505	\$344,505	\$0
Total Deferred Revenues (Schedule 5.1)	\$1,230,923	\$552,341	\$0
Total Board Reserves and Deferred Revenues	\$5,808,485	\$5,129,903	\$2,719,419

1.5 Key Statistics: Huron-Superior Catholic District School Board

The following table highlights key statistics for the school board. Of note are the declining enrolment trend and the excess school capacity.

Day School Enrolment

Day School Enrolment	2002-03 Actual	2007-08 Rev. Estimates
Elementary Day School ADE	4,439	3,745
Secondary Day School ADE	1,881	1,552
Total Day School Enrolment	6,319	5,297

Primary Class Size

Primary Class Size	2003-04	2007-08
% of Classes Less Than 20	55%	80%
% of Classes Less Than 23	72%	99%
Average Class Size - Jr/Inter	23.89	22.31
% of 3/4 Classes 23 & Under	60%	100%
% of Combined Classes	17%	24%

Staffing

Staffing	2003-04	2007-08
School Based Teachers	387	379
Teacher Assistants	62	80
Other Student Support	52	57
School Administration	26	27
School Clerical	31	29
School Operations	61	60
Other Non-Classroom	30	35
Total Staffing	650	666
Teacher - Pupil Ratio	1:16	1:14
FTE Staff per 1,000 Pupils (ADE)¹	102.8	125.8

¹ Note: Impacted by Class Size and Special Education

Staffing	2003-04	2007-08
Total Salary & Benefits as % of Net Operating Expenditures	84.6%	91.7%

Special Education

Special Education	2003-04	2007-08
Special Education Incremental Expenditures	\$5,529,420	\$6,909,054
Special Education Allocation	\$4,646,728	\$5,068,777
Spending above Allocation (Reserve)	\$882,692	\$1,840,277

School Utilization

School Utilization	2003-04	2007-08
Number of schools	27	26
Total Enrolment (ADE)	6,319	5,297
School Capacity (Spaces)	9,227	8,465
School Utilization	68.5%	62.6%
Board Area (Km2)	8,826	8,826
Number of Trustees	10	10

2. Governance and School Board Administration – Findings and Recommendations

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

Governance and school board administration processes are reviewed to:

- Understand how the governance model supports operational effectiveness and delineates the division of duties between the board of trustees and the administration;
- 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 how policies and related procedures are generated and maintained;
- Determine whether staffing levels and organization structures provide for clarity of roles and accountability sufficient to carry out the school board's objectives;
- Identify opportunities to support continual improvement in the effectiveness and efficiency of all processes.

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

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

Establishment of an Effective Governance Model

Leading Practices – Governance and School Board Administration	Evidence of Adoption?
The school board's governance model clearly delineates the division of duties between the board of trustees and the director of education. The	Yes

Leading Practices – Governance and School Board Administration	Evidence of Adoption?
Board has established clearly defined duties and responsibilities to support on effective working relationship.	

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

Leading Practices – Governance and School Board Administration	Evidence of Adoption?
The board of trustees develops and communicates a multi-year strategic plan that provides a framework for annual planning.	No
The director of education and senior management develop an annual board improvement plan of their goals/priorities, incorporating both academic and non-academic departments. The plan is aligned with the school board's multi-year strategic plan and has goals that are specific, measurable, achievable, relevant and timely.	No
Senior management periodically/annually report to the Board on the status and outcomes of the annual board improvement plan.	Yes

Decision Making Processes

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

Organizational Structure and Accountability

Leading Practices – Governance and School Board Administration	Evidence of Adoption?
The organizational structure has clearly defined organizational units that delineate roles and responsibilities, minimize administrative costs and ensure effective and efficient operation.	Yes
The director has established a formal succession plan to manage retirements and resignations of key managers/administrators.	No

Leading Practices – Governance and School Board Administration	Evidence of Adoption?
A departmental organization chart (supplemented with a directory of key staff contact information) is publicly available on the school board's web site.	No

Stakeholder Engagement

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

Establishment of an Effective Governance Model

The Board has adopted a governance model that clearly delineates the roles and responsibilities of trustees from those of the senior administration. The Board is composed of 10 trustees. They have responsibility for setting the broad policies that reflect the school board's values, vision and strategic direction

The Administrative Council is composed of the Director of Education, three academic superintendents and the Chief Financial Officer. The HR Manager, Manager of Accounting/Payroll and Plant Manager attend Administrative Council meetings as required.

The Administrative Council develops, implements and maintains the Board's policies, and manages the operation of the school board. It ensures adherence to the Board's policies and is responsible for the expected outcomes of the Board Improvement Plan. It is also responsible for supporting the executive decision-making process.

This governance structure has been approved by the Board and is clearly documented in the school board's *Governance Process Policy*.

The Director of Education has a positive relationship with the board of trustees. The Director's responsibilities are well-documented, and include elements such as: education leadership, cultural leadership, strategic leadership, organizational leadership, human relations leadership, fiscal leadership, communications leadership, and implementation of Ministry goals and the Board Improvement Plan.

Although the governance process is clearly documented, the Director of Education and the Chair of the Board acknowledge that implementation of the policy governance

model needs to be strengthened with regular training and refresher courses for trustees. On the whole, the Board is able to function effectively in its role and is committed to evolving its governing approach over time to achieve best results.

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

The board of trustees has not developed a multi-year strategic plan to chart the school board's long-range strategic direction for both academic and non-academic functions. Management noted that the school board could not focus on strategic planning as a priority because of limited resources and day-to-day operational issues. Management acknowledges that a strategic plan should be developed to create a framework for planning at the operational and departmental levels.

The Administrative Council develops an annual Board Improvement Plan that addresses the academic priorities and initiatives of the school board. The plan addresses five key academic areas including: Catholic culture, student learning and achievement, instructional leadership, assessment and evaluation, and curriculum and instructional strategies. It also includes specific goals and targets for the elementary and secondary panels.

The Board Improvement Plan is developed through consultations of the School Effectiveness Council, which comprises the Leaders of School Effectiveness and Student Success, the Coordinators of Special Education and Curriculum (Elementary and Secondary), consultants and the Administrative Council. The Board Improvement Plan is reviewed and monitored regularly at monthly School Effectiveness Council meetings. The school board's non-academic departments have not developed a similar Board Improvement Plan.

Management has not developed individual annual department plans to track, monitor and report on specific tasks at the departmental level.

Decision-Making Process

The school board has formal, documented and easily accessible policies for governance and school board administration. These policies are formally documented and available on the school board's website. Management has a positive working relationship with the Board, which helps it maintain a decision making process that addresses student achievement targets and operational performance.

There are clear and established protocols for establishing agenda for Board meetings. Management reports adherence to these guidelines. The Administrative Council and school board staff develop potential agenda items for discussion at Board meetings, and bring these to the attention of the Director. The Director/Secretary of the Board then

develops a draft agenda, which is reviewed by the Chair of the Board one week prior to the Board meeting.

The Board does not have an established cycle for review of its policies. However, management indicated that the Director continually identifies policies to be reviewed by the Board. It was noted that in general the Board reviews at least one policy in every meeting. Policies published on the school board's website clearly indicate when they were created and subsequently revised. Many of the policies have been reviewed over the last three years, although some have not been reviewed since 1998.

Management has developed administrative procedures that support the implementation of the Board's policies. Where appropriate, the administrative procedure forms part of the policy document and is posted on the website. There is no schedule to review and update the school board's administrative procedures. The administrative procedures are reviewed by school board's administration as part of review of policies. The last review date of each procedure is noted on the school board's website. The website currently organizes policies and administrative procedures by function, which is useful as a reference for both trustees and staff.

The policies and administrative procedures are reviewed by the Administrative Council and approved by the trustees. New policies and administrative procedures are generally developed by the superintendent in charge of the relevant area, and approved by the trustees. The Board involves other stakeholders in the development of Board policies as appropriate. For example, the Board consulted with the broader community to develop its accessibility policy, and engaged with Public Health to establish a policy on anaphylaxis.

Organizational Structure and Accountability

The organization of the school board's senior administration appears operating effectively. Three superintendents, who report to the Director, have oversight over the academic programs and operations of the schools. The Chief Financial Officer reports to the Director, and is responsible for accounting, budgeting, payroll, benefits management and purchasing. The managers of the HR and Plant departments also report directly to the Director.

The Board has an approved board committee structure, which includes the legislated Special Education Advisory Committee and four *ad hoc* committees: Audit/Finance Committee, History Project Committee, Transportation Committee and Suspension/Expulsion Appeal Committee.

The Board's *Governance Process Policy* clearly describes the Board committee principles and structure. The Board's committees assist the Board in its work, and should never be involved in the responsibilities of staff.²

The board of trustees conducts monthly board meetings on average. The Board also schedules additional meetings as needed.

The school board recognizes the need to plan for pending retirements at the senior management level in the near to medium term. However, the school board has not developed a formal succession plan for its senior administration team. Management undertakes succession planning for principals and vice-principals through implementation of the leadership program.

The Board's Governance Process Policy broadly defines the Director's role and accountability, and considers operational performance of the school board to be a measure of the Director's performance. The Director's performance is evaluated every two years through 360° feedback surveys.

The school board's organizational chart does not clearly identify the reporting relationships within the senior management team. The organizational chart has not been published on the school board's website.

Stakeholder Engagement

The school board has demonstrated that it consistently administers its responsibilities (both directly and through its committees) in an open and transparent manner. Various communication channels, such as emails, surveys, newsletters and website postings, keep key stakeholders engaged throughout the year.

The senior administration actively participates in various committees both across the sector and locally. For example, the Director participates in the Council of Ontario Directors of Education (CODE) and several standing committees.

Recommendations

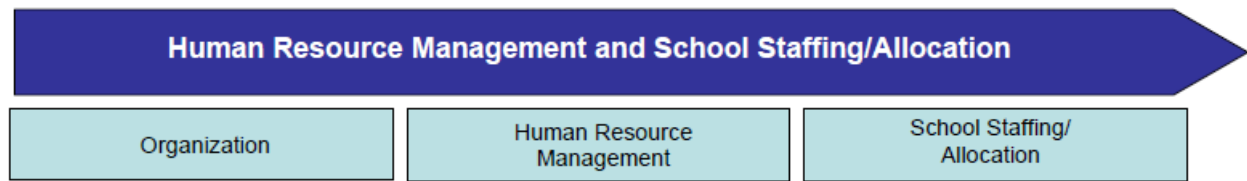
- The Administrative Council should help the Board develop the school board's strategic directions, to create the foundation for a multi-year strategic plan.
- The annual Board Improvement Plan should incorporate input from the nonacademic departments and be aligned with the school board's multi-year strategic plan. It should include goals that are specific, measurable, achievable, relevant and timely. This will enable the Administrative Council and managers to

² Governance Process Policy

focus on the planned targets for each priority for the year, develop departmental plans and support reporting on the school board's accomplishments.

- The Board should establish a review schedule for its policies and administrative procedures. The frequency of the review cycle should reflect the nature of the specific policy or administrative procedure, with a designated department responsible for monitoring and tracking. This will ensure that key policies and procedures are current.
- The Director, in consultation with senior staff, should develop a formal succession plan to manage retirements and resignations at the senior administrative level.
- Senior administration should revise its organizational chart to clearly identify reporting relationships. The organizational chart should be published on the school board's website.

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



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

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

3.1 Human Resource 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 school board’s directions;
- Whether an annual departmental plan setting out the goals and priorities and their alignment to the school board’s strategic directions has been established;
- Whether the roles and responsibilities of staff support the key functions, activities and practices of HR;
- Opportunities to support continual improvement in the effectiveness and efficiency of all processes.

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

Development and Reporting of Annual Goals and Priorities

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

Organizational Structure and Accountability

Leading Practices – Human Resource Organization	Evidence of Adoption?
The HR department has clearly defined organizational units and delineates the respective roles and responsibilities. A current organization chart is available.	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?
HR Management has processes in place to monitor HR policy compliance.	Yes
HR Management provides regularly scheduled HR policy awareness, training, and education sessions.	Yes

Development and Reporting of Annual Goals and Priorities

Although HR identifies its priorities and timelines informally (based on the school year cycle and through consultations with the Administrative Council), it does not have a formal annual departmental plan. The plan would describe its goals and priorities, and provide a framework for tracking and reporting on the department's progress throughout the year. The three current priorities of HR include: labour negotiations, reports on staffing for financial EFIS submissions, and performance appraisal of teachers. The HR management does not provide formal reports on its priorities and activities, but supplies information summaries for the Administrative Council and the board of trustees when required.

To provide specific guidance to its managers and staff on the focus areas and other priorities of the department, HR management should develop an annual departmental plan to detail those areas, along with the staff responsible, timelines and appropriate performance measures. The annual departmental plan should be aligned with the

school board's strategic plan, which has yet to be developed. Management should also prepare an annual report to summarize its accomplishments. As part of the process of developing the annual department plan, management could consider writing a mission statement to formally capture the department's purpose.

Organizational Structure and Accountability

The HR function is fulfilled by one full-time HR manager and three part-time administrative support staff. The HR manager reports directly to the Director of Education, and has responsibility over the board's human resource processes and recruitment activities.

The department has clearly defined roles and responsibilities with clear lines of internal reporting. The department's organizational chart was updated several years ago, and job descriptions are being currently reviewed.

The HR manager has an appropriate professional designation.

Monitoring and Communication of Policy

The department maintains a set of HR policies and procedures, which are published on the school board's website. The HR department does not have an established review cycle to ensure that the policies are current. However, management indicated that policies are continually updated to reflect changes required by the Board, the Ministry of Education or other organizations. The Director is responsible for reviewing the policies.

The HR department provides regular updates and training to inform staff of new and revised policies. These are achieved through periodic memos, professional development days, and during information sessions. Management also undertakes awareness updates when there is a significant number of newly hired staff.

Recommendation:

- The HR management should develop an annual departmental plan aligned to the school board's strategic plan and the Board Improvement Plan. The departmental plan should include performance measures and targets for specific goals and priorities, and support the annual reporting of achievements. This will enable staff to focus on the planned targets for each priority throughout the year, and support reporting on the department's accomplishments.

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

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

Staff Recruitment

Leading Practices – Human Resource Management	Evidence of Adoption?
Recruiting policies and practices are reviewed annually, and are aligned with staff planning in support of student achievement.	No
New hire policies and procedures for the respective staff groups are harmonized.	No

Labour Relations

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

Employee Performance Evaluation Processes

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

Attendance Management Processes/Programs

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

Management of HR and Payroll Data

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

Management of School Board's Benefit Plans

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

Leading Practices – Human Resource Management	Evidence of Adoption?
Policies and procedures ensure the school board's benefit plans are managed appropriately.	Yes

Monitoring Staff Satisfaction

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

Staff Recruitment

The HR department has not developed a formal policy or procedure for the recruitment and hiring of staff. However, the HR manager has documented the existing recruitment and hiring process in a report to the Director of Education.³ Management intends to establish a formal policy and procedure for recruitment of staff in the near future.

The HR department uses the Apply to Teach website and the school board's website as the basis for recruiting activities. The Apply to Teach website connects over 185 Canadian school boards and 300 private employers with applicants within the education sector.

Due to declining enrolment, there has not been significant hiring activity at the school board. Management noted that recruitment of academic staff is currently focused on specialized areas (e.g., French as a Second Language (FSL), Special Education, etc.). The hiring process for all staff groups is centralized through the HR department, and all new hires are approved by the Administrative Council.

Labour Relations

To address issues related to collective bargaining, the school board has set up a Labour Management Committee, with the participation of the unions. The trustees are not involved in negotiation of collective bargaining agreements.

There is open and positive communication with the unions, which could be attributed to the formal and informal practices followed in activities with them. The school board

³ Refer to copy of report in the pre-visit binder

maintains a timely and effective approach in response to issues. At the time of the review, there were four outstanding grievances.

Employee Performance Evaluation Processes

Management, through the HR department, has established formal policies and procedures for performance appraisals for most of the school board's academic and support staff. Performance appraisal of teaching and support staff is used to address performance issues.

The school board is following the Ministry policy for the five-year teachers' review cycle, and has established a detailed policy for teachers' performance appraisal. The Board also has a formal policy for performance appraisals for new teachers. This requires principals to conduct two performance appraisals in the first 12 months after a teacher begins work.

The procedures require performance appraisals at least every three years for support staff, including clerks, educational assistants, caretaking staff and non-union administrative staff.

There is no formal policy and procedure for evaluation of principals and viceprincipals. The Director's performance appraisal had taken place yearly, but is currently completed every two years, and is based on a report to trustees and a feedback survey.

Management has established a tracking system for performance appraisals for support staff. Each principal receives a spreadsheet from the HR department which indicates evaluation dates and staff in the three-year cycle. A copy of each performance appraisal is sent to the HR department. However, the HR staff do not undertake a follow-up of individual appraisals, due to limited resources. Management intends to develop a similar tracking system for teachers' appraisals. Management provides training to school principals on conducting performance appraisals of teaching staff. Management should consider providing similar training for performance appraisals of non-teaching staff.

The HR department has implemented the New Teacher Induction Program (NTIP) to provide mentoring and development opportunities for new teachers (NTIP), and also provides informal support and orientation to new hires across all staff groups. The school board has established a new teacher's induction program website⁴, and a policy and administrative procedures for performance appraisals of new teachers.⁵

⁴ <http://www.hscdsb.on.ca/UserFiles/File/POLICIES/7009B%20Performance%20Appraisal%20New%20Teachers%20May%2008.pdf>

⁵ <http://www.hscdsb.on.ca/ntip/>

Management has established disciplinary procedures which address harassment issues among staff. Formal disciplinary procedures should be established for all staff, and HR should provide guidance on the application of progressive discipline.

Attendance Management Processes/Programs

The school board does not have a formal attendance management program. Management has been tracking attendance data using the HR information system. Management held preliminary discussions with third party consultants regarding a potential attendance management program. At no cost to the school board, the consultants are analyzing the school board's attendance data. Their findings will lead to further decisions of whether or not to implement an attendance management program.

Management indicated that employees who achieve perfect attendance for the year are formally recognized with an award.

There is no formal early-return-to-work policy at the school board. However, management has made progress in promoting early-return-to-work among support staff. Management recognizes that a formal policy for all staff would help address some absenteeism issues.

Management of HR and Payroll Data

The payroll processing function reports to the finance department. Management maintains appropriate control mechanisms (such as verification of information and payroll change notification sign-off) to ensure the segregation and integrity of personnel and payroll data. HR is responsible for entering and maintaining demographic data in the system, while finance is responsible for review and approval of the payroll data.

The HR information system enables management to systematically monitor teacher qualifications and experience data, so that HR records can be updated as new information is received. Teachers are required to provide a copy of their OCT (Ontario College of Teachers) registration. A designated staff member makes annual updates to ensure that school board records are consistent with the Ontario College of Teachers data.

The HR department also maintains a database to track Qualification Evaluation Council of Ontario (QECO) rating. Updates of classification information are performed through submission of certification statements by teachers when there are changes in qualifications. A dedicated HR staff person synchronizes QECO data annually. These measures enable management to have greater certainty that the "teacher qualification and experience" that forms a part of the Ministry's grant determination is accurately reported.

Management noted that the school board maintains an updated pay equity plan for all staff categories.

Management of the School Board's Benefit Plans

The finance department has responsibility for the selection and maintenance of the employee's benefit plan. The department contracts external benefits consultants to regularly review the existing benefit plan.

The consultant reviews the plan, identifies any misalignments in claims, and reports any errors in processing claims in excess of what is permitted under the benefit plan. The school board's insurance carrier is held liable for any errors found through the audits. The external consultants also negotiate rates and review plans for consistency with collective agreements. The external benefit consultants recently provided an overview of the school board's benefits plans to the board of trustees.

The consultants analyze different benefit providers. The school board participates in the analysis of school boards' benefit plans undertaken by the Council of Senior Business Officials (COSBO).

Data transfer among HR benefits, payroll and external carriers (i.e. OTPP) is automated and synchronized. However, there is not currently any automation in data synchronization between the school board and OMERS, other than the annual synchronization. This should be considered as an opportunity for automation, pending consultation with OMERS.

Monitoring Staff Satisfaction

Management has not conducted confidential staff satisfaction surveys to obtain feedback on the priorities of the school board or general attitudes. Management recognizes monitoring of staff satisfaction can be improved by conducting regular staff satisfaction surveys.

The HR department does not conduct formal, confidential exit interviews for staff who transfer or leave for unanticipated reasons. Management noted that the school board's staff turn-over rate has historically been very low.

Recommendations:

- HR management should formalize recruitment policies and procedures for all staff groups.
- HR management should establish a formal policy and procedures for evaluation of principals and vice-principals.

- Management should establish formal disciplinary procedures for all teaching and non-teaching staff. The existing progressive discipline practices should be formalized and communicated to all staff.
- The HR department should to develop and implement a formal attendance management program.
- The HR department should consider conducting periodic staff satisfaction surveys across all staff groups. This information, together with input obtained from exit interviews, would highlight potential professional development opportunities and contribute to HR policy development.

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?
Policies and procedures govern the annual staff allocation process.	No

Monitoring and Reporting on Staff Allocation

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

Benchmarking Costs with Other Boards and Funding

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

Planning and Processes for Annual Staffing and Allocation

The staff allocation process is driven by enrolment forecasting, student need, class size requirements and alignment to collective agreements (including preparation-time allocations). The enrolment forecast is developed using various sources of data, including school-by-school projections, historical trend analyses, and school board information.

The HR department has not established formal policies and procedures to determine total staff needs/requirements and their allocation. However, a process has emerged through the teacher placement list. The list is generated using a proprietary spreadsheet. The spreadsheet is a tool that assists management in the budgeting, staff allocation and monitoring process. This tool stores and enables staff to manipulate data regarding school organization, FTEs and salaries for principals, vice-principals, teachers and school secretaries. The placement summary is automatically generated, and lists each school and their respective staff allocation. The teachers' names are linked to their teaching assignments. This information then generates a placement list (by school), salary list, summary of salaries and FTEs for budgeting purposes.

The Administrative Council, principals, HR, and finance managers meet to review and finalize the staff allocations based on the teacher placement list. This personal process allows the management team and principals to jointly determine the vacancies or redundancies in staff.

Since the deployment of this tool and process in the most recent planning cycle, management has realized significant efficiencies and improved effectiveness for the staff allocation process. Management has identified the benefits of using the teacher placement list as follows: reduced probability of errors, availability of up-to-date HR and finance information, lack of duplication of work between various departments and accurate FTE reports for submission of financial reports to the Ministry.⁶

Monitoring and Reporting on Staff Allocation

The teacher placement list provides easy access to up-to-date staff allocation information to the HR and finance departments. As part of the staff allocation process, the Administrative Council ensures compliance with key Ministry and school board policy parameters, such as: class size, prep time, collective agreement requirements and other school board directions. According to Ministry records for 2007/08, 80 per cent of the school board's primary classes had 20 students or fewer. The Grade 4 to 8 average class size was at 22, compared to the Ministry target of 25.⁷

The teachers are allocated using a formula. The allocation of education assistants is based on the assessment of student needs completed annually by a designated special coordinator.

During the year, the Administrative Council monitors staff allocation using the teacher placement list. The board of trustees is not directly involved in the development or monitoring of staff allocations. However, trustees approve the original annual staff allocation as part of the annual budget approval process.

Changes in the original allocation plan are presented to the Administrative Council for approval. Management is increasingly cognizant of the importance of close monitoring of staff allocations, due to potential budget implications. If hiring of additional staff is required, management considers all other available options, including staff redeployment.

Benchmarking Costs with Other Boards and Funding

The school board engages in informal discussions regarding staffing costs with the coterminous board and other neighboring boards. Management recognizes that while all

⁶ 1st October 31 FTE reports

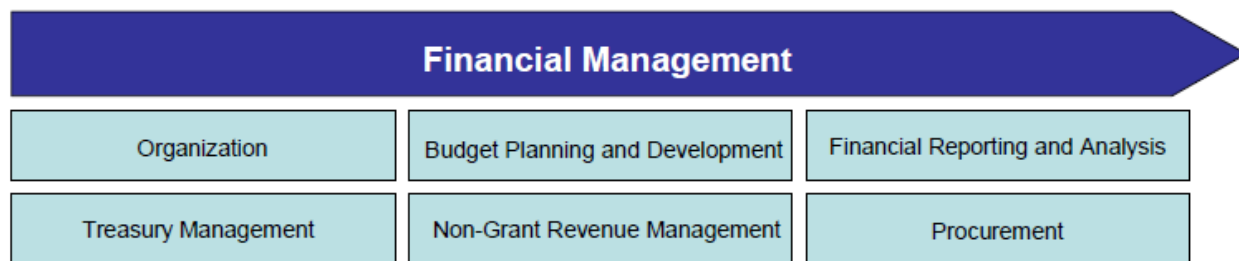
⁷ 6 Budget Workbook

boards have very distinct characteristics, formal comparative analysis of staffing costs can be undertaken to ensure efficient use of resources.

Recommendations:

- HR management should establish formal policies and procedures for the staff allocation process based on existing practices.

4. Financial Management – Findings and Recommendations



The financial management of the school board ensures the efficient and effective use of fiscal resources. Financial management ensures that the annual budget is developed within the Ministry's allocation and aligned with student achievement targets. It also ensures that appropriate financial policies and procedures are in place to manage resources. Financial and related business processes contribute to an appropriate level of transparency in the allocation and use of the budget to the various departments. They also ensure that the reporting of results to the board of trustees and other school board stakeholders reflects the approved goals and priorities for student achievement.

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

4.1 Finance Organization

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

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

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

Development and Reporting of Annual Goals and Priorities

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

Organization Structure and Accountability

Leading Practices – Finance Organization	Evidence of Adoption?
The finance department has clearly defined organizational units and delineates the respective roles and responsibilities. A current organization chart is available.	No
Finance department staff have the appropriate finance/accounting designations and experience.	Yes

Monitoring and Communication of Policy

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

Development and Reporting of Annual Goals and Priorities

Management does not have a formal annual departmental plan that describes its goals and priorities. They have identified salary negotiations and enhancing the reporting capacity of the school board’s financial systems as key ongoing priorities of the department.

To provide specific guidance to its managers and staff on departmental goals and priorities, management should develop an annual departmental plan which includes goals, responsibilities, timelines and appropriate performance measures. The

departmental plan should be aligned with the school board's strategic plan, which is currently being developed.

Establishing a departmental plan, in a format similar to the Board Improvement Plan, will enable the department to better allocate accountabilities, establish measurable performance indicators, and track and report progress. As part of the process of developing the annual business plan, management could consider writing a mission statement to formally capture the department's purpose.

The finance department should also prepare an annual report to summarize its accomplishments.

Organizational Structure and Accountability

The business department is responsible for the financial management function of the school board. The department's staff include a chief financial officer, manager of payroll and accounting, benefits administrator, accountant, accounts payable clerk, revenue and finance clerk, purchasing and planning officer and administrative assistant. All finance staff report directly to the Manager of Payroll and Accounting. The Manager of Payroll and Accounting reports directly to the Chief Financial Officer. The staff's roles and responsibilities are documented in the job descriptions and well understood. Although no formal organization chart exists, there is a complete list of finance staff and their contact details on the school board's website. Senior financial management staff have professional designations where appropriate.

Monitoring and Communication of Policy

There are four policies pertaining to purchasing, cafeteria operations and advertising. These policies are published on the school board's website.⁸ The business department does not have an established review cycle to ensure that its policies are current. However, management indicated that all policies are continually updated to reflect changes required by the Ministry or the Board.

Revisions to the existing policies are communicated to all relevant staff through emails and memoranda. Significant modifications in policies are also discussed individually with staff responsible for ensuring and monitoring policy compliance. For example, a recent modification in the advertising policy was discussed with the school board's communications officer. Management also ensures that all new staff have individual awareness discussions regarding key school board's policies.

⁸ <http://www.hscdsb.on.ca/Default.aspx?l=1,2,4,499,530>

Recommendations:

- The business department should develop an annual plan that includes performance measures and targets for its specific goals and priorities, and supports the annual reporting on achievements. This will enable staff to focus on the planned targets for each priority throughout the year, and provide support for reporting the department's accomplishments.
- Management should develop an organizational chart to clearly demonstrate the structure of the departments and reporting relationships.

4.2 Budget Planning and Development

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

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

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

Annual Budget Development Process

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

Enrolment Forecasting Linked to Budget Development

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

Identification of Risks and Mitigation Strategies

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

Annual Budget Development Process

The annual budget process is transparent, clearly communicated, and incorporates input from all key stakeholders. The budget process starts in February or March, when a survey of needs is sent to all stakeholders (school principals, special education and other departments). The survey is completed by mid-April, and the Administrative Council and key managers conduct a series of meetings to discuss the identified needs and develop the budget in detail. Once the revenue estimate revenue is completed, it is compared to expenditures, and senior administration meets again to balance expenditures to revenues.

The Teachers Placement list previously described in the HR Management Section is used by senior administration during the budget planning process. This tool allows management to obtain accurate summaries of salaries and FTEs for budgeting purposes, and also ensures that budgeted FTEs are fully synchronized with the school board's staff allocation plans.

The board of trustees is continually updated during the budget development process. In advance of the formal presentation of the budget to the board of trustees in an open session, management conducts a series of preliminary, closed sessions with trustees to discuss emerging budget issues. The Chief Financial Officer presents an annual budget report to trustees in July. The report summarizes the budget development process, and highlights key expenditure areas and issues in achieving a balanced budget. Following presentation of the budget report, the Board approves the budget. The annual budget presented for approval demonstrates that it is linked to the Board's Improvement Plan, including student achievement targets.

Enrolment Forecasting Linked to Budget Development

The business department is responsible for enrolment forecasting. The enrolment forecasting process is started early in the budget development cycle, and enables management to develop preliminary high-level expectations of the anticipated change in enrolment revenue, compared to the previous year. The Administrative Council meets in March or April each year to discuss classroom organizations for the following year. The department works closely with school principals to develop enrolment projections by grade and by school. The number of students in each grade is carried forward to the next year, and these projections are discussed with each individual principal. Each school also provides its actual JK and SK registrations for the following year. A summary of these projected enrolments is made, and the Chief Financial Officer and Director analyze these projections and compare them to past budget trends before finalizing the numbers for budget purposes.

Management recently contracted third party consultants to undertake a five-year enrollment forecast for the school board, as part of the capital planning process.

Identification of Risks and Mitigation Strategies

The school board identifies the key risk areas in the budget planning process. Management recognizes key budget risks, including sick leave balances, unexplained absences and seasonal variations in maintenance budgets. The school board had a budget surplus in the early part of the decade and management acknowledged that until now there has been little focus on controls for in-year budget spending. Presently, the budget is monitored at the department level by the responsible manager during the year, and also through quarterly interim financial reports to the Board. These updates enable the school board to identify the risk of unfavourable variances, and take action to bring costs in line with the budget plan.

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 school 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 (including a comparison of actual to budget and to appropriate benchmarks and with appropriate variance explanations) for a clear understanding of the status of the current year's budget and the outlook for the year.	No
Senior management is held accountable for the integrity of financial reporting through formal sign-off and approval procedures.	Yes
Management completes and files all financial reports in accordance with established timelines.	Yes

Audit

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

Integrated System for Variance Analysis and Financial Reporting

The school board has an integrated financial system which provides adequate, timely and accurate information to management, school staff and the board of trustees. The system includes the accounts payable, accounts receivable, general ledger, purchasing and HR modules. Management indicated that the financial system's user interface is outdated, and difficult to use for staff outside of the finance function. The school board's financial system is also hampered by limited and inflexible reporting capabilities. The

school board has investigated alternatives to upgrade or replace the existing system, but has found the cost to be prohibitive.

Interim Financial Reporting Accountability

The finance staff prepares quarterly financial reports for the Administrative Council and the board of trustees. All data for the interim report is obtained from the financial system and customized for reporting purposes. Financial information is presented using the Ministry reporting expenditure categories. The reports include a comparison of the approved budget, the year-to-date expenditures and the remaining budget at the reporting date. The remaining budget amount is expressed as a percentage. The quality of the variance analysis was not assessed in detail.

Quarterly financial reports do not provide explanation of variances and whether the percentage spent to date is what would be expected for the period. Finance staff noted that the format of the school board's interim financial reports has been recently revised after consulting with trustees. Trustees have several days to review the interim report in advance of the Board meeting.

The format of monthly or quarterly financial reporting varies significantly among school boards. An enhanced format would include:

- A comparative percentage for each major expenditure/revenue category, to reflect expected spending to date, relative to historical averages, prior year's experience or, (in the case of salaries and benefits) the number of staff and pays processed to date.

This information would give reviewers an enhanced understanding of the year-to-date results.

There is no formal sign-off of quarterly interim financial reports by senior management.

Audit

The school board does not have a formal internal audit function. Management acknowledges that an internal audit function would enhance the school board's internal controls, and ensure that the policies are being fully complied with by all staff. However, due to the small size of the school board and limited resources, management does not envisage the need for a full-time internal auditor position.

The Board's Audit Committee is composed of only trustees, and does not include any external members. The Audit Committee conducts *in-camera* meetings with external auditors and reviews auditor's reports/management letters. Any recommendations of external auditors are acted upon by the senior administration. In 2007, management

began providing formal responses to the management letter from the external auditor. They intend to continue this practice.

Along with significant changes in accounting in recent years, the complexity of preparing audited financial statements is increasing. Members of the audit committee, with the assistance of the school board's senior financial official and other advisors, should be able to independently assess the integrity and accuracy of the school board's financial statements. They should also appreciate the related complex accounting issues and the new accounting rules to be implemented. Audit committee members must understand what constitutes sound internal accounting and operational control processes.

With this in mind, the Board should consider adding external members to the audit committee to act as advisors. The advisors would not be voting members, since current legislation only recognizes trustees as voting members on Board standing committees. The professional backgrounds of the external members could include professional accountants, lawyers or other professionals, depending on the needs of the committee and its mandate.

Recommendations:

- Interim financial reports should be enhanced by providing explanations of variances and a forecast of expenditures for each category, based on historical data, or (for salaries and benefits) the number of staff and pays processed to date.
- Management and the Board should consider establishing an internal audit function. Management could start by identifying options for its mandate and scope and the estimated annual cost of each option.
- The audit committee should be expanded to include at least two external members with appropriate professional backgrounds and designations to act as advisors and contribute to the committee's effectiveness.

4.4 Treasury Management

The purpose of reviewing treasury management processes is to assess:

- Whether processes are in place to ensure the optimal use of cash, investments and borrowings within school boards;
- Whether sufficient internal controls exist to support cash management, investments and borrowings;

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

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

Cash and Investment Management

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

Management of School-Based Funds

Leading Practices – Treasury Management	Evidence of Adoption?
Management ensures adequate controls are in place to safeguard non-school board funds and coordinate the annual reporting of revenues and expenditures from schools and school councils.	No

Cash and Investment Management

Finance staff have demonstrated that there are adequate treasury management procedures in place to minimize idle cash. The business department uses a consolidated account structure to maximize interest earned by the Board. Management has not compared the school board's banking terms and conditions with those of similar school boards over the past several years. Cash management activities are consolidated with a single financial institution.

Finance ensures adherence to the procedures through active monitoring of cash activities, such as monthly bank reconciliations performed by dedicated staff. At the time of the review, the school board did not have an approved investment policy. Management noted that the school board has no significant investments.

Management has been prudent in developing its capital funding plan, and has ensured that all of the school board's planned capital projects are fully funded. Management noted that the school board has not committed to any new construction until funding is secured and approved by the Ministry. The school board's capital liquidity template indicates that all committed capital projects are fully funded. Management intends to continue maintaining the detailed capital liquidity template developed by the Ministry. The template will enable them to flag any potential funding shortfall many years in advance.

Management of School-Based Funds

Management has not established formal policies regarding accounting for schoolbased funds. However, finance staff have web-based access to school bank accounts and conduct end-of-the-year roll-over reviews.

Management has been considering the development of a formal policy for schoolbased funds, and has participated in discussions with other school boards to share leading practices. The 2007 external auditor's management letter highlighted several issues related to cash management at the school level, and recommended management undertake random checks to address these issues. In response to the auditors' recommendations, management provided each school with a safe for secure storage, and confirmed its intention to develop a new school funds policy. Management will establish a committee composed of the chief financial officer, manager payroll and accounting, elementary and secondary principals, school secretaries and union representatives.

Recommendations:

- Management should periodically compare the school board's banking terms and conditions to those of similar school boards to ensure competitive banking terms.
- Management should develop a formal policy for the management of schoolbased funds with mechanisms for monitoring of compliance.

4.5 Non-Grant Revenue Management

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

- Assess whether procedures are in place to ensure the timely, complete and accurate recording of the different types of non-grant revenue;
- Assess whether internal controls exist to support appropriate cash handling and cash management;
- Identify opportunities to support continual improvement in the effectiveness and efficiency of all processes.

Non-grant revenue management is a smaller functional area for the school board. The school board receives Education Programs – Other (EPO) funding from the Ministry for specific initiatives, which requires it to focus on the non-grant revenue line.

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

Policies and Procedures and Planning to Support Non Grant Revenues

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

Procedures for all Non-Grant Revenues

Leading Practices – Non-Grant Revenue Management	Evidence of Adoption?
Electronic registration and payment system are used where appropriate (e.g., ConEd, permitting of facilities, leasing, etc.).	No
Staff monitor all sources of revenue to ensure completeness and compliance with policies. Action plans and processes maximize collections including obtaining credit/risk assessments.	Yes
School board budget identifies revenue and expenditure for each EPO program. Management monitors activity to ensure compliance with terms and conditions.	Yes

Policies and Procedures and Planning to Support Non Grant Revenues

Management has not established policies for accounting of school-based funds. The school board has developed formal procedures for the community use of facilities, including a standard application form, booking protocol and fees schedule.⁹ The guidelines provide a detailed fee structure. Management reports that, overall, revenue from community rentals is not significant.

Management has not established formal policies for adult education (continuing education) programs, since they are funded through grants. The two key sources of non-grant revenue for the school board are First Nations schools and revenue from day care services provided as part of the continuing education program.

Procedures for all Non-Grant Revenues

The Board estimates revenue for the First Nations schools program as part of the annual budgeting process, and charges the First Nations bands directly. Designated finance staff manually track revenue received from the continuing education day care services.

The continuing education department does not use a separate electronic registration and payments system. All continuing education registrations are tracked through Trillium and there are links to the Ministry's OnSIS system. There is no electronic system for permit issuing and payment for community use of schools.

Management has established procedures to record and track the various EPO grants received. Once a signed contract is received, the Chief Financial Officer and Manager of Payroll and Accounting determine if a separate General Ledger tracking system should be established. Finance staff closely monitor the use of EPO grants, and provide appropriate communication to staff responsible.

Recommendation:

Management should consider implementing an electronic payment and registration system for its continuing education and community use of facilities programs. In doing so, management should review the existing electronic solutions in place at several other school boards.

⁹ <http://www.hscdsb.on.ca/home.aspx?l=1,57,381,1137>

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
Vendor selection criteria include elements other than lowest cost, such as total cost of ownership, value, and quality and competitive procurement (including the use of public advertising for RFPs and tenders over a defined level).	Yes
Purchasing managers monitor and ensure compliance with the Board's procurement policies and procedures.	Yes

Participation in Buying Consortia

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

Purchasing Levels of Authority

Leading Practices – Procurement	Evidence of Adoption?
Purchasing authorization levels are commensurate to job title/role, and are monitored for compliance by a supervisor or department head.	Yes

Policies and Procedures for PCard/Corporate Card Use

Leading Practices – Procurement	Evidence of Adoption?
Policies and procedures for the use of PCards and corporate credit cards are documented and communicated to users through regular training and monitoring.	No

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.	No

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 approved purchasing policies which have been clearly communicated to all staff. Management has established a general procurement policy, and a separate procurement policy specifically for maintenance and construction. These policies are available on the school board's website, and have been revised in the past two years.¹⁰ The guidelines address a number of key elements such as:

- Guidelines for purchase orders
- Guidelines for tendering and request for proposal, including price quotations and tender limits
- Exceptions to the policy, including specialized services and unique supplies.

The general procurement policy notes that staff should procure all goods and services at the lowest possible cost, consistent with the best/specified quality of goods and services available and timelines for delivery. A designated purchasing and planning officer monitors and ensures compliance with the school board's purchasing policies.

Participation in Buying Consortia to Reduce Acquisition Costs

The school board participates in a purchasing consortium of several school boards to procure electricity. Participation in purchasing consortia has resulted in cost savings.

The school board is also a member of the regional transportation consortium.

Management continually examines and evaluates opportunities to increase purchasing power and minimize the cost of goods and services procured.

Purchasing Levels of Authority

The purchasing policies provide for appropriate authorization levels commensurate with job titles and roles. These are monitored for compliance by the respective department officials and the purchasing officer. Unless approved by the purchasing officer, all purchases exceeding \$100 must be made by purchase order. Reimbursement forms are used for purchases under \$300 and require a principal's signature. All purchase orders must be processed through the business department.

All departments adhere to the following limits for securing supplier quotations:

- Up to \$1,000, an oral price quotation or catalogue prices on a requisition are accepted for all items. Oral quotations may be obtained for items for a unit value

¹⁰ <http://www.hscdsb.on.ca/Default.aspx?l=,1,2,4,499,530>

of \$1,000 to \$5,000, where this has been verified by the purchasing officer to be necessary, or expedient.

- \$5,000 - \$10,000 - two written quotations are required. The policy provides that the order should be placed with a lower bidder, providing the quoted item(s) meet the specifications required by the school board. The policy also indicates that within this price range the appropriate supervisory officer or their designate may use the publicly advertised tender or request for proposal process, whenever they judge it to be in the school board's best interest.
- Over \$10,000 - public tenders or public requests for proposals are required. The policy sets out guidelines for preparing, advertising and completing a public tender.

Policies and Procedures for Purchase Card/Corporate Card Use

Corporate credit cards have been issued to 12 employees, including the Director of Education, the Chief Financial Officer, Purchasing Clerk, and several plant staff. The school board does not use purchase cards (PCards). In 2007, management established a policy and administrative procedures on corporate credit card use, which are available on the school board's website. The procedures provide a broad description of credit card use and the expense claim process. The procedures incorporate the Ministry's memorandum of 2006 regarding school board expenditure guidelines and use of corporate credit cards.¹¹

Most of the corporate credit cards have individual transaction limits, which are commensurate with staff levels. The Board's policy on the use of credit cards states that credit cards are provided to designated staff to make school board-related low value purchases. Management indicated that corporate credit cards are generally used for travel expenses, on-line purchases and low value purchases by plant staff.

In view of the requirement for a purchase order for all purchases exceeding \$100, management should consider using PCards for low value transactions. The use of PCards would build efficiency, by simplifying the acquisition, receipt and payment of low value purchases supported by school board's detailed policies and procedures. As a first step management should conduct a spend analysis of purchases to determine potential benefits of the use of PCards for low value transactions.

¹¹ Memo B15, [http://www.hscdsb.on.ca/UserFiles/File/POLICIES/2003%20CREDIT%20CARD%20USAGEMarch.07\(2\).pdf](http://www.hscdsb.on.ca/UserFiles/File/POLICIES/2003%20CREDIT%20CARD%20USAGEMarch.07(2).pdf)

Accounting for Completeness of Purchase/Payment Cycle

The school board has a commitment accounting process, where the purchase is encumbered to the general ledger after the purchase order is issued.

Finance staff uses a four-part purchase order process that entails the following:

- White supplier copy and blue working copy of purchase orders are submitted to the school board office.
- Yellow copy (signed to confirm receipt) and submitted with packing slip to board office after goods are received.
- Pink copy is kept at school.
- All orders are signed by principal.

Finance staff have implemented a manual three-way matching between purchase orders, invoice and receipt. Management acknowledges the need for an automated matching process.

Management has implemented one electronic interface with a supplier of office stationary. Management intends to expand the use electronic supplier interface and implement an on-line requisition system.

Use of Electronic Funds Transfer for Greater Efficiency

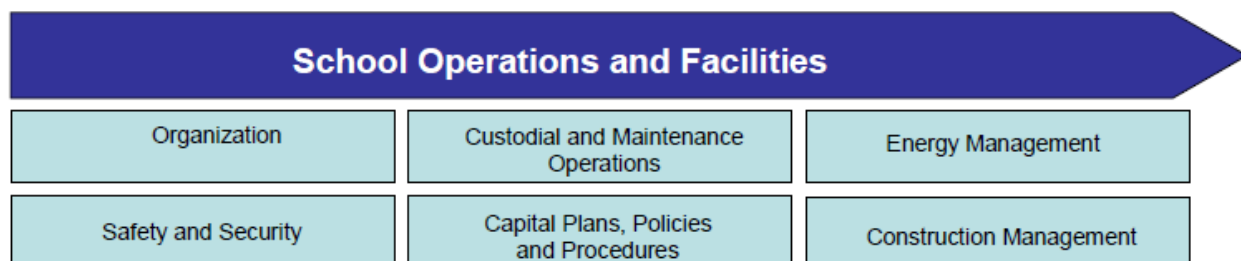
The school board does not currently make use of EFTs, but recognizes the importance of doing so, both from efficiency and risk perspectives.

Recommendations:

- Management should conduct a spend analysis of purchases to determine potential benefits of PCards for low-value transactions. Policies and procedures for corporate credit cards and PCards should provide sufficient details on use and safekeeping of the cards. Policies and procedures should be clearly communicated to all card users through regular training and monitoring.
- Management should expand the use of the electronic supplier interface for ordering, processing and payment.
- Management should consider implementing an automated three-way matching process using the capacity of the existing financial system.

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

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

5.1 Operations and Facilities Organization

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

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

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

Development and Reporting of Annual Goals and Priorities

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

Organizational Structure and Accountability

Leading Practices – Operations and Facilities Organization	Evidence of Adoption?
The operations and facilities department has clearly defined organizational units and delineates respective roles and responsibilities. A current organization chart is available.	No
Senior operations and facilities staff have appropriate designations (e.g. P.Eng.) and relevant field experience.	Yes

Monitoring and Communication of Policy

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

Development and Reporting of Annual Goals and Priorities

The plant department has not developed a formal annual business plan setting out its specific goals and priorities. Management identifies key priorities for the year and provides monthly informal progress reports to the Administrative Council. The plant department's current initiatives include the implementation of the capital plan, development of cleaning standards for custodial staff, and cleaning schedules for schools. Other annual goals and priorities are determined by compliance with new regulations and requirements related to facility and maintenance operations.

The development of a formal annual plan would enable management to better assign responsibilities, establish performance measures, and track and report the progress of its defined priorities and goals throughout the year.

Organizational Structure and Accountability

The plant department reports directly to the Director of Education. The plant department is led by the Manager of Plant Services, with support from the plant maintenance coordinator and two caretaker supervisors. The maintenance coordinator supervises five school board maintenance staff and contract maintenance staff. The two caretaker supervisors oversee about 60 caretaking staff.

The roles and responsibilities of plant staff are clearly outlined in their respective job descriptions, which are included in the Plant Manual. The Plant Manual was developed as a reference document for school principals.

The plant department does not have an updated and easily accessible organizational chart that accurately reflects reporting lines of duty.

Key department staff have appropriate related experience.

Monitoring and Communication of Policy

The plant department maintains a set of policies covering pertinent aspects of facilities and operations management. These policies are published on the school board's website.¹² The plant department does not have an established review cycle to ensure that its policies are current.

Through the support of the HR department, appropriate training is provided to custodial and maintenance staff to address policy issues, and the need for compliance with the various regulatory requirements. Examples of this include asbestos training and electrical safety awareness.¹²

¹² <http://www.hscdsb.on.ca/Default.aspx?l=,1,2,4,499,528> 12 List of training provided in pre-visit binder

Recommendations:

- Plant management should develop an annual departmental plan that includes performance measures and targets for its specific annual goals and priorities, and complete the planned annual reporting on achievements. This will enable staff to focus on the targets for each priority throughout the year, and support reporting on the department's accomplishments.
- Plant management should update the organizational chart to clearly show the reporting lines of duty. The chart should be made available to all school board staff.

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.

The Board's Staffing Model Supports the Board's Cleaning Standards and Maintenance Requirements

Leading Practices – Custodial and Maintenance Operations	Evidence of Adoption?
The board has adopted cleaning standards and has developed a standard set of processes and tools to monitor, manage, and report on results.	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/multiyear 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.	No

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.	No
Common standards ensure efficient procurement of supplies to minimize costs and promote energy and operating efficiency.	No

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
Management regularly evaluates the overall effectiveness and efficiency of its maintenance and custodial service practices.	Yes

Staffing Model Supports the Board's Cleaning Standards and Maintenance Requirements

The plant department is currently developing formal guidelines for cleaning standards. The cleaning guidelines will include a description of various tasks, the tools and equipment required, and health and safety procedures. To develop the guidelines, management has established a working group that includes union representatives and staff. The formal guidelines on cleaning standards will help caretaking staff achieve

consistent levels of cleanliness, and provide management with the means to monitor and report on results.

Plant management has recently updated its caretaking staff allocation model. The updated allocation model contains a detailed breakdown of caretaking activities and the estimated time required to complete each activity. The allocation model is customized to account for the cleaning requirements for each room of a school or board office. The caretaking supervisors are currently conducting a school-by-school, room-by-room inspection to determine time and resources required for caretaking. This approach allows management to take into account factors such as various uses of similar facilities and the resulting differences in caretaking needs.

Development of Annual and Multi-Year Maintenance plan

Management develops an annual maintenance plan based on annual maintenance budget requests, which are submitted by principals to the manager of plant services. The maintenance budget request asks for a list of major repairs and minor alternations, as well as classroom furniture and drape replacements. The initial request is prioritized by principals, based on specific school needs. Once the requests are received by the Plant department, the Manager of Plant Services and supervisors prioritize the requests to be included in the school board's Plant Renewal budget. The Administrative Council then finalizes the plan, and the budget is approved by the board of trustees as part of the annual budget deliberation. The final annual maintenance plan is published on the school board's public agenda and shared with parents' councils.

At present, the school board does not expand its maintenance and renewal planning to a multi-year framework. The school board's maintenance and renewal activities are re-assessed annually through the annual maintenance budget process. This ensures that schools are maintained in the best condition possible. The development of a multi-year maintenance and renewal plan (e.g. three to five years) would give the school board and its stakeholders a better understanding of the system's needs over an extended period. The annual assessment could be expanded to provide the multi-year perspective of the needs of both planned (regular) and urgent maintenance and renewal requirements. This plan could also be supported by the funding sources available for related costs, which include annual operations, renewal grants, and the Good Places to Learn allocation. This would provide management and the Board with a better planning perspective.

Management uses the ReCAPP database to guide the development of the annual major maintenance and renewal priorities. This work has been supported by the Ministry's Good Places to Learn funding, enabling the school board to carry out critical renewal work on its schools. The ReCAPP database is updated by the maintenance coordinator when annual maintenance budget requests are submitted by principals. By updating

ReCAPP with information from the annual budget requests, management maintains a longer-term outlook for the board's maintenance and renewal needs. Management noted that the current quality of data in the school board's ReCAPP database is adequate.

Training to Support Skills Development and Safety

The plant department has an annual training program for custodial staff. Examples of this training include asbestos management and electrical safety awareness. Training on working with hazardous material is provided through Workplace Hazardous Materials Information System (WHMIS).

Standardization of Cleaning and Maintenance Supplies

The plant department does not maintain a formal inventory of major cleaning and maintenance equipment. Any borrowing of school board's equipment requires a formal approval.

The manager of plant monitors the cost and usage of custodial supplies monthly. Any unusual increase in usage and cost is noted and addressed. Each school submits a monthly supply request to caretaking supervisors. The supervisors are responsible for reviewing the requests and purchasing supplies. There are small inventories of priority supplies at the schools.

Project Management, Monitoring and Supporting Systems

The plant department tracks maintenance and custodial work orders, using a computer-based system developed by school board's staff. Work orders are issued both internally and to outside contractors. The current system does not allow for reporting and is used primarily for recording and tracking purposes. Staff timesheets are used to track time spent on individual projects. The plant department updates ReCAPP annually for maintenance planning.

Management continually assesses whether or not to provide custodial and maintenance services through the hiring of staff or contracting with individuals and firms. A range of the maintenance services is currently contracted out. This allows access to a range of skilled workers and resources, professionally qualified and able to act quickly to respond to issues in the most cost-effective way.

Recommendations:

- Management should establish a multi-year maintenance and renewal plan that includes the funding available to support it. This would provide the senior

administration, the Board and its stakeholders with a clear forecast of the school board's critical needs over the next several years.

- The school board should develop and implement cleaning standards, with periodic site visits and a formal review log.
- Management should develop an inventory of major equipment used by maintenance and custodial staff. Trades employees could work with their supervisors to complete an inventory of their own tools. These measures would increase management confidence that staff are accountable for their use of the school board's assets.
- Based on the existing monitoring of cost and usage of custodial supplies, management should further develop common standards to ensure efficient procurement.

5.3 Energy Management

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

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

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

Energy Management Plan

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

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

Energy Management Plan

Many of the school board's facilities were constructed more than 40 years ago¹³ and lack the insulation standards and energy conservation features more common in newer buildings. Management recognizes the importance of promoting energy conservation, and has implemented a number of projects based on ReCAPP data and annual maintenance plans. These projects include roof insulation, boiler replacements and installation of energy efficient lighting. Management noted that the school board contracted engineers to conduct a study on energy upgrade projects. The study identified lighting as a key energy efficiency upgrade.

The school board currently purchases electricity through a consortium with a number of other school boards. This has resulted in cost savings for the school board.

Management has not developed a formal, multi-year energy management strategy that includes a framework to establish quantifiable energy consumption baselines and savings. Such a plan would enable management to serve as the foundation for a coordinated energy management strategy, set out quantifiable targets for energy consumption and expenditures, and enable regular status updates from management to the school board.

¹³ Revised Capital Plan, October 31, 2008
<http://www.hscdsb.on.ca/UserFiles/File/HOME/CAPITALPLAN2008.ppt#286,5,Preamble>

Management shares successful conservation practices across all schools, and examines energy management and conservation initiatives implemented by other school boards. Management reported that the school board has considered options for potential energy management and conservation projects, but did not proceed with them due to the significant costs associated with the projects.

Tracking and Reporting Energy Conservation

Plant department staff track electricity consumption at the school level each month. The manager of plant services reviews school-by-school consumption reports annually, and investigates any unusual increase in consumption.

The school board has not established measurable conservation targets. However, management reported that energy efficiency considerations are taken into account for all maintenance, repair and renewal projects implemented at the school board.

The school board implemented centralized technology that enables energy efficient practices through automation at some facilities. Management reported that all new school buildings and facilities that went through major renovations over the past few years use centralized technology that enables the school board to remotely manage and control energy consuming equipment (i.e. heating, air conditioning).

The school board administration currently receives consolidated billing from the utilities.

Recommendation:

- The school board should consider establishing a formal multi-year energy management plan that incorporates quantifiable measures and is aligned with its strategic direction.

5.4 Health, Safety and Security

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

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

The following table summarizes the leading practices defined for health, safety and security, and identifies where evidence was found to indicate that the practice was

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

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

Leading Practices – Health, Safety and Security	Evidence of Adoption?
The maintenance of health, safety and security policies and the development of appropriate plans ensure compliance with statutory health, safety and security requirements.	Yes
The security code policy includes alert codes that reflect the situation and threat level, and identify departmental responsibilities.	Yes
Security incidents are tracked by type of incident (e.g. property damage, intrusion, etc.).	Yes
Operations management follow Ministry guidelines, policy and legislation on healthy schools.	Yes
Safe school teams responsible for school safety (e.g. PPM 144) are implemented in every school.	Yes
Water and air quality standards are monitored and issues are reported for corrective action.	Yes

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

The school board’s health and safety program is the responsibility of the plant services department and academic departments. The plant department is responsible for policies regarding fire safety and ensuring healthy school practices. The school board’s safe schools policies are developed and monitored by the academic departments. The academic departments have also established administrative procedures and school guidelines for the management of anaphylaxis. All of the school board’s health and safety policies are available on the website.¹⁴

Management has established different colour code procedures for the lockdown of schools.

Plant department staff assign codes to work orders for repairs caused by vandalism. Management receives monthly reports from the security monitoring company regarding

¹⁴ <http://www.hscdsb.on.ca/Default.aspx?l=,1,2,4,499,531>

intrusion breaches. Security company staff patrol the school board's facilities during the evenings and on weekends.

The Plant department monitors water and air quality standards and issues, and takes appropriate corrective action.

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 multiyear capital programs;
- Identify appropriate controls and transparency within the current planning process;
- Identify opportunities to support continual improvement in the effectiveness and efficiency of all processes.

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

Development of Annual and Multi-Year Capital Plans

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

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

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

Development of Annual and Multi-Year Capital Plans

The school board has developed and submitted its 10-year capital plan to the Ministry through the Ministry's SFIS web site. This plan includes the school board's capital requirements, as well as the facility renewal needs for the same time period. The Ministry requires that the plan include projects with identified funding and those where the funding is unknown. This data is required by the Ministry to provide an understanding of the potential needs of all school boards over the 10-year period. The capital plan was developed through a consultative process involving the school community, board staff, Administrative Council and the board of trustees. The board of trustees approved the 10-year capital plan in October 2007, and received regular updates on its status through the Board building committee. At the time of the operational review, a revised capital plan had been reviewed by the Administrative Council and published on the school board's website.

The revised plan outlines eight capital projects at a total projected cost of more than \$100K. Management has been prudent in developing its capital funding plan, and has not committed to any new construction until funding is secured and approved by the Ministry. The school board's detailed capital funding forecast (based on the Ministry capital liquidity template) listed two construction projects that were recently completed. The template shows that all committed capital projects were fully funded through the school board's capital reserves, operating savings, and primary class size and prohibitive to repair funding.

The Board approved its revised pupil accommodation review policy on September 10, 2008.¹⁵ The policy is available on the school board's website. The school board has also established formal guidelines for school valuation. At the time of the operational review, the school board had the first meeting of one of the accommodation review committees (ARC). Management indicated that school consolidations are a key

¹⁵ <http://www.hscdsb.on.ca/Default.aspx?l=,1,2,4,1704>

component of the school board's capital plan and completion of the ARC process is a prerequisite for moving the capital plan forward.

Ongoing Monitoring and Maintenance of Data to Support Capital Planning

The monitoring and planning of school capacity is reported each year in the Student Facilities Inventory System ("SFIS"). The school board maintains accurate and up-to-date inventories of school capacity and utilization, and reports to the board of trustees annually on their status.

Facility staff currently use ReCAPP as a tracking tool for projects eligible for Renewal Grant and the Good Places to Learn funding. Staff stated that they update the ReCAPP database at least once a year.

5.6 Construction Management

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

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

The following table summarizes the leading practices defined for construction management, and 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

Historically, the school board has not been engaged in significant construction activity, and has only completed four new school building projects, including two additions, over the past few years. The two most recent construction projects have been completed in 2008. The Board recently approved the construction of new facilities as part of the school board's approved capital plan. These construction projects are scheduled to start in 2011.

Due to the infrequency of construction projects, management has not established standard footprints for constructing new schools. For construction of additions, management developed specifications based on identified needs. Management noted that a budget overrun in the recent construction of a new school building was due to discrepancies between the planning and tendering stage of the project.

Management minimizes expenditures on construction, renovation and operation costs through the use of cost-effective designs and economical construction practices. The school board secures this expertise by hiring external architects, engineers and designers. Management also uses the school board's architectural and engineering service providers to monitor construction projects and ensure project quality and appropriate payment to other contractors.

Monitoring and Reporting of Progress on Construction Projects

External contractors are hired for construction management of both renewal projects and new construction, using school board approved procurement policies. During the construction/implementation phase, the manager of plant services conducts biweekly site visits to monitor the progress of the project.

Each major construction project is approved by the board of trustees. During construction projects, trustees receive regular updates on project progress. However, they are not directly involved in the management and monitoring of construction activities.

Maintaining Current Approved Professional Service Providers

Management maintains a formal policy on the procurement of engineering and architectural services. Due to the limited number of local contractors in northern Ontario, the policy requires that contractors' services are procured on a rotating basis. Management noted that for some projects, they may use the same contractors for continuity.

Appendices

Appendix A: Overview of the Operational Review

Operational Review Objectives

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

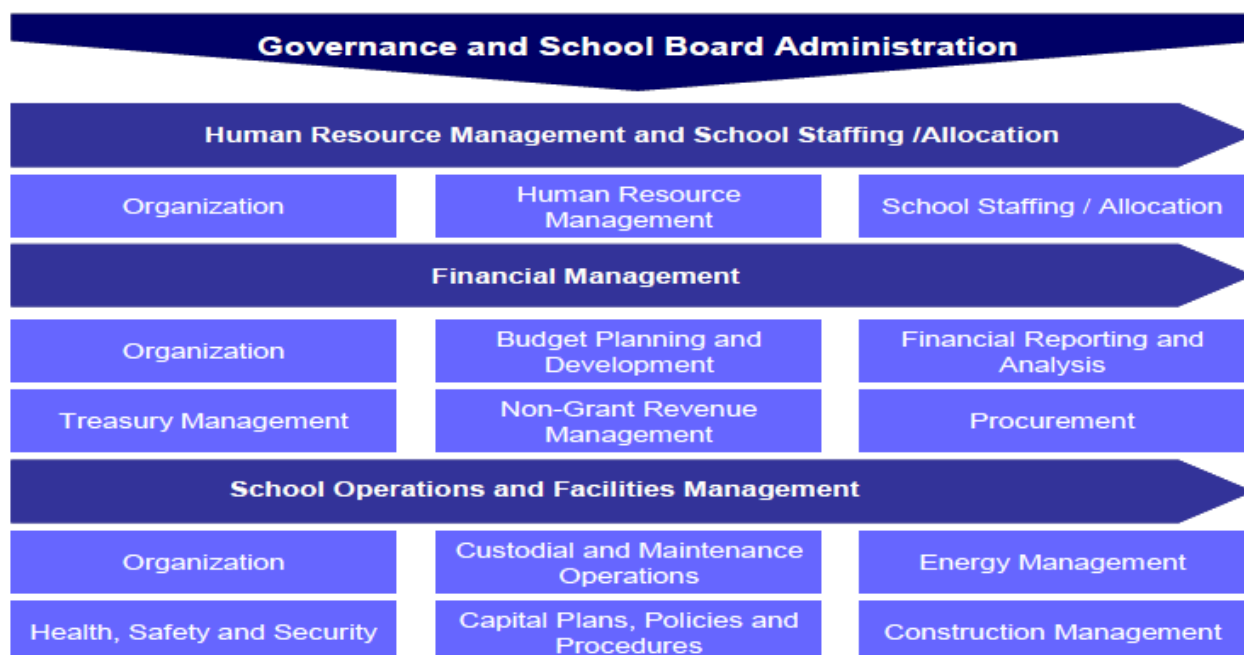
Recognizing the unique characteristics of each DSB, the specific purpose of the Operational Reviews is to:

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

Operational Review Summary Scope

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

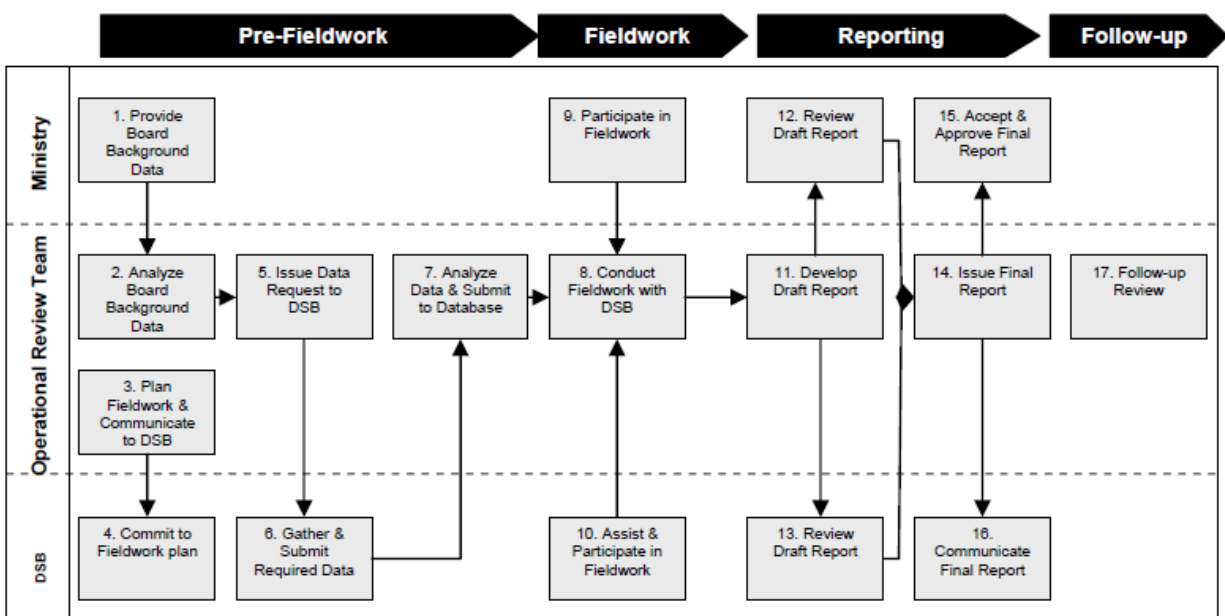
Each of the processes was examined based on its activities and its adoption of sector agreed leading practices, including alignment and support of student achievement strategies.



Operational Review Summary Approach

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

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



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

Phase: Pre-Field Work

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

Key Activity	Description
Gather and Submit Required Documentation	Upon receipt of the request for supporting documentation, each school board compiles the requested data. School boards 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 analyzes the data provided by each school board and adds the results to a sector-wide database to compare the results for each school board.

Phase: Field Work

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

Phase: Reporting

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

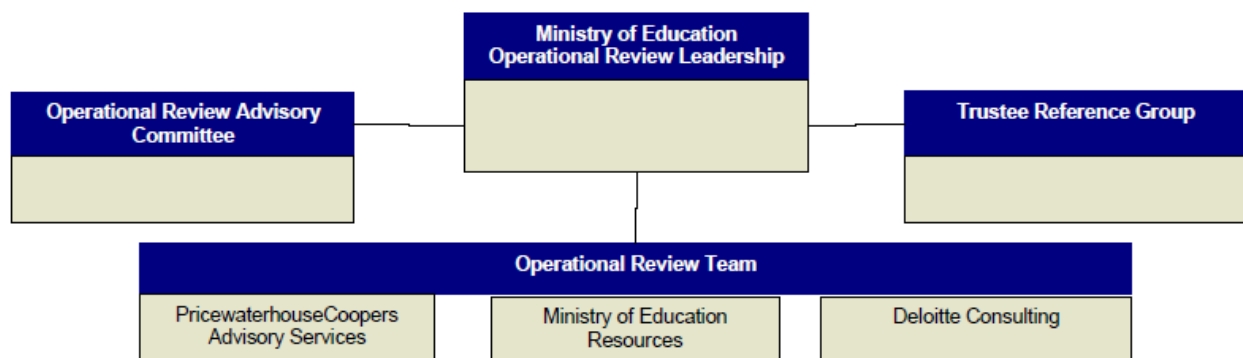
Phase: Follow up

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

The Operational Review Team

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

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



Limitations of this Review

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

Appendix B: Summary of Recommendations

Governance and School Board Administration

No.	Recommendation
1.	The Administrative Council should help the Board develop the school board's strategic directions, to create the foundation for a multi-year strategic plan.
2.	The annual Board Improvement Plan should incorporate input from the non-academic departments and be aligned with the school board's multiyear strategic plan. It should include goals that are specific, measurable, achievable, relevant and timely. This will enable the Administrative Council and managers to focus on the planned targets for each priority for the year, develop departmental plans, and support reporting on the school board's accomplishments.
3.	The Board should establish a review schedule for its policies and administrative procedures. The frequency of the review cycle should reflect the nature of the specific policy or administrative procedure, with a designated department responsible for monitoring and tracking. This will ensure that key policies and procedures are current.
4.	The Director, in consultation with senior staff, should develop a formal succession plan to manage retirements and resignations at the senior administrative level.
5.	Senior administration should revise its organizational chart to clearly identify reporting relationships. The organizational chart should be published on the school board's website.

Human Resources Management and School Staffing/Allocation

No.	Recommendation
6.	HR management should develop an annual departmental plan aligned to the school board's strategic plan and Board Improvement Plan. The departmental plan should include performance measures and targets for specific goals and priorities, and support annual reporting on achievements. This will enable staff to focus on the planned targets for each priority throughout the year, and support reporting on the department's accomplishments.
7.	HR management should proceed with its plans to formalize recruitment policies and procedures for all staff groups.
8.	HR management should establish a formal policy and procedures for evaluation of principals and vice-principals.
9.	Management should establish formal disciplinary procedures for all teaching and non-teaching staff. The existing progressive discipline practices should be formalized and communicated to all staff.
10.	The HR department should develop and implement a formal attendance management program.
11.	The HR department should consider conducting periodic staff satisfaction surveys across all staff groups. This information, together with input obtained from exit interviews, would highlight potential professional development opportunities and contribute to HR policy development.
12.	HR management should establish formal policies and procedures for the staff allocation process based on existing practices.

Financial Management

No.	Recommendation
13.	The business department should develop an annual plan that includes performance measures and targets for its specific goals and priorities, and supports the annual reporting on achievements. This will enable staff to focus on the planned targets for each priority throughout the year, and provide support for reporting the department's accomplishments.
14.	Management should develop an organizational chart to clearly demonstrate the structure of the departments and reporting relationships.
15.	Interim financial reports should be enhanced by providing explanations of variances and a forecast of expenditures for each category, based on historical data, or (for salaries and benefits) the number of staff and pays processed to date.
16.	Management and the Board should consider establishing an internal audit function. Management could start by identifying options for its mandate and scope and the estimated annual cost of each option.
17.	The audit committee should be expanded to include at least two external members with appropriate professional backgrounds and designations to act as advisors and contribute to the committee's effectiveness.
18.	Management should periodically compare the school board's banking terms and conditions to those of similar school boards to ensure competitive banking terms.
19.	Management should develop a formal policy for the management of school-based funds with mechanisms for monitoring of compliance.
20.	Management should conduct a spend analysis of purchases to determine potential benefits of PCards for low-value transactions. Policies and procedures for corporate credit cards and PCards should provide sufficient details on use and safekeeping of the cards. Policies and procedures should be clearly communicated to all card users through regular training and monitoring.
21.	Management should consider implementing an electronic payment and registration system for its continuing education and community use of facilities programs. In doing so, management should review the existing electronic solutions in place at several other school boards.
22.	Management should expand the use of the electronic supplier interface for ordering, processing and payment.
23.	Management should consider implementing an automated three-way matching process using the capacity of the existing financial system.
24.	Finance staff should maximize use of EFT payments to gain greater efficiency and minimize the risk of payments being altered prior to clearing the bank.

School Operations and Facilities Management

No.	Recommendation
25.	Plant management should develop an annual departmental plan that includes performance measures and targets for its specific annual goals and priorities, and complete the planned annual reporting on achievements. This will enable staff to focus on the targets for each priority throughout the year, and support reporting on the department's accomplishments.

No.	Recommendation
26.	Plant management should update the organizational chart to clearly show the reporting lines of duty. The chart should be made available to all school board staff.
27.	The school board should consider establishing a formal multi-year energy management plan that incorporates quantifiable measures and is aligned with its strategic direction.
28.	Management should establish a multi-year maintenance and renewal plan that includes the funding available to support it. This would provide the senior administration, the Board and its stakeholders with a clear forecast of the school board's critical needs over the next several years.
29.	The school board should develop and implement cleaning standards, with periodic site visits and a formal review log.
30.	Management should develop an inventory of major equipment used by maintenance and custodial staff. Trades employees could work with their supervisors to complete an inventory of their own tools. These measures would increase management confidence that staff are accountable for their use of the school board's assets.
31.	Based on the existing monitoring of cost and usage of custodial supplies, management should further develop common standards to ensure efficient procurement of custodial products.