

**Ministry of Education**

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

**June 2008**

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## **Executive Summary**

This report details the findings and recommendations of the Operational Review of the Lakehead District School Board (the Board) conducted by the Operational Review Team composed of external consultants from Deloitte & Touche LLP and Ministry of Education staff. The Operational Review was conducted over four days beginning March 31, 2008.

## **Introduction**

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

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

The review found that the Board is well managed, based on the fact that it has adopted a significant number of the leading practices in all of the functional areas reviewed. A summary of the findings and recommendations identified in each of the functional areas reviewed follows. Details can be found in subsequent sections of the report.

## **Governance and School Board Administration**

The Board has adopted a governance structure that clearly delineates the roles and responsibilities of the Board of Trustees and the executive council. The executive council is composed of the Director of Education, four superintendents of education, a superintendent of business and a senior business official. The governance structure is supported by a board of eight trustees, four of whom have served for two terms or more. The trustees are appointed for a four-year term with annual election of the chair and the vice-chair. In addition, one student trustee is elected to serve on the Board of Trustees for a one-year term.

The Board of Trustees sets and maintains policy, while the executive council develops and implements operating plans and procedures consistent with the Board's key goal of student success. Executive council meets regularly to review ongoing operational/financial issues and ensures adherence to the Board's policies.

The Board meeting agenda is set by the Coordinating Committee which meets twice monthly. The committee is comprised of three voting members: the Chair, Vice-chair and one Trustee, who is represented by an alternate in the event they cannot attend a meeting.

A standing committee consisting of all the trustees receives reports for information and reports for consideration and approval of recommendations to be forwarded to the Board for final approval. A two week lag between standing committee and Board meetings allows reflection time and ensures that the trustees are fully informed and have the opportunity to discuss and debate issues before an item is formally tabled for final decision. This advanced review ensures that all parties are fully informed and there are no surprises. This approach also helps to ensure that Board meetings run efficiently and that the agenda covers the key priorities of the Board. The positive working relationship between the Director and the trustees promotes an open dialogue, and contributes to an effective process for decision-making.

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

The Board is organized around a 'family of schools' structure, where each superintendent of education is responsible for the day-to-day operation of schools within his or her area. This structure has facilitated the development of common strategies to improve student achievement.

The administration collaboratively identifies annual priorities in a strategic planning session. These annual priorities are outlined in the operational plan that is presented to the Board for approval. The four priorities identified for 2007-08 are:

- JK to Grade 8 literacy and numeracy
- 7 to 12 student success
- School environment
- Community engagement

Each of the above priorities is outlined with an associated outcome, key actions and intended results. In addition, the Board has established accountability by assigning each priority to a designated lead supported by a dedicated committee. The committees provide annual updates to the Board and to the executive council.

The operational plan is supplemented by the Director's annual action plan that initiates a goal-setting process for all areas of the school system. The action plan for 2007-08 outlines the following five focused areas with specific goals and key strategies:

- clear and focused mission
- student achievement
- leadership
- communication
- management

In addition to the system-wide annual operational and action plans, the Board encourages schools to assume a leadership role in the development and implementation of their own improvement plans. Every school develops a school improvement plan that supports the system plan with input from the staff and the school councils. The superintendent of education and superintendent of school effectiveness share responsibility for monitoring specific school improvement plans, and assessing the effectiveness of instructional strategies.

Over the last decade, the Board had to make a number of difficult choices that led to the closure of a number of schools. These decisions created a significant level of difficulty with its community. Following this difficult period, the Board hired external consultants to assist in the development of an action plan to enhance communication and the corporate image of the Board. The most significant change is in the Board's web site, which has a user-friendly format and style.

### **Recommendations:**

- Management and the Board recognize that a multi-year (three to five year) strategic plan sets the direction for the Board, and establishes the goals and priorities for the operational plan. They have recently started to develop a long-term strategic direction to articulate the Board's vision. The process will incorporate input from various interested parties. Senior staff and the Board should continue to develop this important initiative.



- The action plan developed by the executive council should include a greater level of detail, with targets, timelines and assignment of responsibility. This would facilitate departmental planning and allow the Director to align his annual report to the outcomes.
- The Director and the Board should consider developing a document that formally sets out the roles and responsibilities of the Board of Trustees and the Director. This will enhance the existing positive working relationship between the executive council and the Board of Trustees.
- Many of the policies on the Board website need to be updated. The Board has recently adopted a new process, where the policy committee reviews every policy on a five-year cycle. The Board should continue with this initiative and revise policies to reflect new developments.

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

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

- The department has established its annual plan for 2007-08 that outlines several priorities. Each of the priorities has a number of initiatives identified for action. The following are the department's priorities:
  - Right-sizing of the organization
  - ONSIS reporting
  - Database conversion - migration from legacy system
  - Sun Life benefits project
  - Communication
  - Audit Processes
- The Board has rolled-out a self-serve online HR system that allows the employees to submit time sheets, review benefit information and make annual offence declarations.
- The Board develops an annual recruitment plan for academic staff based on anticipated hiring needs. The determination of vacancies and/or redundancies is a collaborative process between the school and Board staff, based on funded positions.

- The Board has introduced an online Elementary Teacher Placement System (ETPS) to administer the details of the transfer and redundancy process. The system allows principals, teachers and Board administration to access a central database of information. The ETPS is cyclical and each year's information is rolled over to begin the next year's data collection. Along with eliminating spreadsheet manipulation and manual paperwork, the system allows the placement meeting progress to be monitored in real time. It also has dynamic reporting options to monitor staffing allocation at each school.
- The Board has negotiated nine different collective agreements with its bargaining agents, with whom it maintains good working relationships. The Board has seen a decrease in the number of formal grievances by facilitating informal resolution of issues. Regular meetings of the labour/management committee also help resolve issues quickly.
- The Board has a staffing formula for library technicians and elementary and secondary secretaries based on total number of students and supervised teachers. The formula is not part of a collective agreement (rather a guideline) and gives the Board some flexibility.

The HR function within the Board is currently split across the portfolio of two superintendents. The HR and payroll functions report to the superintendent of business and are responsible for performing tasks such as staff allocations, criminal background checks and teacher appraisals. The portfolio of health management, health and safety, attendance management and labor relations reports to the superintendent of education.

This division of HR functions has been in place for some time. It was originally intended to concentrate expertise in the area of labour relations and union negotiations. However, considering the department's current processes and the need for closer coordination across functions, the Board should re-evaluate this structure, with a view to establishing a single HR organization.

### **Recommendations:**

- The HR department plan should be enhanced to include timelines and designated accountabilities. This will enable the department to track and report progress of its defined priorities and goals throughout the year.
- The HR department's organizational charts should be posted on the Board's web site so that they are publicly available.
- The Director and executive council should review its current HR processes, roles and responsibilities, to determine whether an integrated HR function within a single superintendent's portfolio would better meet the Board's needs.

- HR is currently developing a performance review process for custodial staff. The Board should continue with this important initiative to ensure consistency, integration and transparency of all appraisal processes for non-teaching staff.
- The department should develop a comprehensive attendance management program, including policies and procedures to address specific categories of absenteeism. This is an important initiative that will provide management with a consistent and structured approach to improve attendance, by engaging in positive enforcement to employees and adopting standardized practices across all employee groups.
- Management should develop a formal plan for conducting periodic staff surveys and exit interviews. This activity will improve communication with staff and provide input for professional development plans and HR policy.

## **Financial Management**

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

- The finance department has developed an effective annual budget planning process that is transparent, clearly communicated and incorporates input from all key stakeholders.
- The finance department develops an annual departmental plan that is linked to the Board's operational plan and outlines goals and objectives. The broad goal of the finance department is to ensure it meets the Board and the Ministry reporting requirements through relevant, accurate and timely financial information. Specific objectives for the 2007-08 academic year include completing the transition to a new accounts receivable module, implementing a fixed asset accounting system, and revising the terms and conditions of the banking services.
- Management uses an integrated approach in the development of enrolment forecasts, by using macro demographic information, multi-year forecasts and regional planning information, combined with local, school-based data.
- The Board has an approved budget variance policy. It defines the frequency of reporting to the trustees and the executive council on the actual financial results in comparison to budget estimates. The policy ensures that the Board maintains flexibility over in-year resource allocation decisions to react to actual circumstances.
- The Board has a dedicated internal auditor who takes on an independent role and reports directly to the Director. The auditor prepares an audit plan with input

from the audit committee, and also accommodates *ad hoc* requests from the administration. In addition to the school audits for school-generated funds, the auditor also facilitates school based training sessions and conducts business process audits.

- The Board has established an audit committee that includes external advisors to provide oversight and guidance on all financial and accounting related matters of the Board.
- The finance department has adopted an integrated financial system, which combines general ledger, accounts payable and purchasing modules. The Board has implemented online receipting and automated matching of invoices against purchase orders, to achieve significant operational efficiencies.

The Board provides corporate credit cards to trustees and senior staff. The review team's experience is that few boards provide corporate credit cards to trustees, and a very limited number are typically made available to senior board staff. A preferred practice is the use of personal credit cards, with reimbursement of business expenses through the regular expense reimbursement process.

### **Recommendations:**

- The finance department plan should be enhanced to include timelines, expected outcomes and designated accountabilities. This will enable the department to track and report progress of its defined priorities and goals throughout the year.
- The finance department should develop a formal cash flow model to forecast and monitor the Board's cash flow activities. This could minimize the Board's use of its line of credit and its reliance on the bank to monitor cash requirements. This would allow the Board to optimize investment income and minimize interest costs.
- The department should review its purchasing policy and procedures relating to an examination of purchasing activity and approval limit thresholds. This would ensure that they are in line with the needs of the Board and consistent with those of other school boards. Management should also consider requiring mandatory posting of tenders and requests for proposals over \$25,000 on the appropriate electronic bulletin boards.
- The Board should review its current policy and procedure for the use and distribution of corporate credit cards.
- Management should investigate the use of PCards to use for small dollar purchases, to reduce the volume of supplier invoices processed by accounting.

To that end, it should perform a transaction/spend analysis of purchase orders, to identify optimum threshold limits that maintain budgetary control while managing volume of invoices.

- Finance staff should implement EFT payments to all appropriate suppliers, to gain greater efficiency and minimize the risk of payments being altered prior to clearing the bank.

## **School Operations and Facilities Management**

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

- A school environment committee composed of the senior business and property staff coordinates the effective delivery of the Board's priority 'school environment'. The committee's mandate is to focus on key actions including: implementing a comprehensive long-term capital investment strategy; implement a plan to make schools more inviting; implement an energy management strategy; consult with stakeholders to determine annual priorities. The committee provides periodic updates to the Board on the initiatives underway, the progress made and the projects planned for the future. However, the committee does not have an annual operational plan with designated leads and associated timelines. This would enable the department to allocate clear accountabilities, establish performance measures, and track and report progress of its defined priorities and goals throughout the year.
- The department has released a custodial manual and adopted the Quality Management Inspections (QMI) to implement system-wide standards.
- The Board has a comprehensive training program to orient new hires within the custodial department.
- The Board has hired external consultants and uses their findings and recommendations to develop an implementation roadmap for effective energy management.
- The Board has implemented a central response committee for coordinating emergency response, and every school has an evacuation plan. A standard emergency code system shared with the regional fire department and police has been established across all school sites.
- The Board has completed its liquidity template in cooperation with Ministry staff. It has also developed a long-term capital investment plan for 2005-09 that

includes new construction, ongoing school renewal and maintenance, school beautification and accessibility.

**Recommendations:**

- The corporate services and property department should develop an annual operational plan to include timelines and designated leads. This will enable the department to identify clear accountabilities, establish performance measures, and track and report progress of its defined priorities and goals throughout the year.
- Management should consider establishing a multi-year, say 3 to 5 years, preventative maintenance plan, including the funding available to support the plan. This would provide a clear forecast of the Board's critical needs over the next several years.
- Management should investigate the cost-benefit of implementing a new work order system to streamline the management, dispatch, tracking and reporting of facility renewal and general maintenance work orders.
- The Board should continue to expand its existing energy management initiatives. It should develop a system-wide, multi-year energy management plan, with appropriate consumption reduction targets. The Board should also ensure that it has tracking and reporting mechanisms in place to monitor consumption and energy costs for periodic reporting to the individual schools, executive council and the Board of Trustees.
- Management should ask the utility companies to provide consolidated billing in an electronic format. This would support more efficient monitoring and forecasting of energy consumption, and reduce the workload in the accounts payable department.
- As part its energy conservation planning, management should investigate the costs/benefits of implementing a more sophisticated building automation system to track and remotely control energy consumption in individual schools.

# 1. Background and Overview

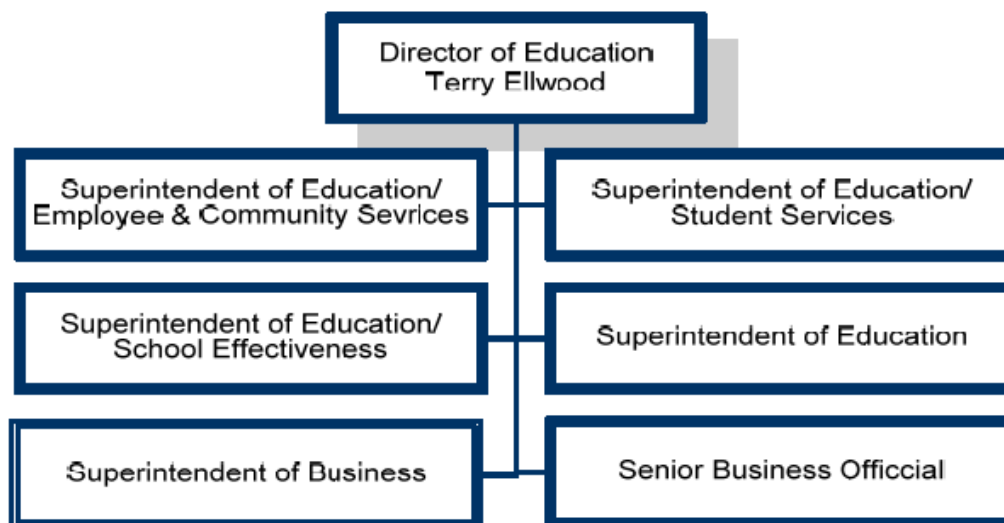
## 1.1 Board Profile and Structure

The Lakehead District School Board is responsible for public education in the rural and urban settings of the Thunder Bay area. The Board has 24 elementary schools, five secondary schools and one adult education centre that are geographically dispersed across the Thunder Bay area. The Board has a total day school enrolment of approximately 10,500 students.

The Board is experiencing declining enrolment, a pattern which is consistent with the majority of Ontario school boards. For the current 2007-08 academic year, 62.5% of the schools are using less than 80% of the available space, resulting in an overall excess capacity of 25%. To address the implications of declining enrolment on its facilities, programs and services, the Board went through an extensive consolidation process over the last decade, which presented many governance and management challenges. The Board has now transitioned into a new phase with a new strategy and has recently built a new elementary school. It is in the process of building a secondary school to replace prohibitive to repair (PTR) schools.

Aboriginal students form a significant segment of the student population. To that end, the Board has established the Aboriginal Education Advisory Committee (AEAC) to provide ongoing advice on matters relating to the education of aboriginal students.

The following figure represents the executive council:



*Figure 1*

## 1.2 Key Priorities of the Board

The Board's mission is - *To develop self-directed life-long learners who are prepared to participate in meeting the challenges of a continually changing society.*

Every year an operational plan that contains the main initiatives for the Board is presented to the Board of Trustees for approval. The four student achievement focused priorities identified for 2007-2008 are consistent with the priorities established in the 2006-07 year. The four priorities are:

- JK to Grade 8 literacy and numeracy
- 7 to 12 student success
- School environment
- Community engagement

Each of the priorities has an associated outcome, key actions and intended results. In addition, the Director has established accountability by assigning each priority to a designated lead supported by a guidance team.

The operation plan is supplemented by an annual action plan. The action plan for 2007/08 outlines the following five focus areas with specific goals:

- Clear and focused mission - To provide strong, visionary leadership in clarifying and implementing the strategic direction of the Board.
- Student Achievement - To provide direction and support to ensure that our organization retains a primary focus on student success.
- Leadership - To provide a leadership structure within the Board that has a focus on the present and ensures sustainability for the future.
- Communication - To ensure that all voices within the Lakehead District School Board community have the opportunity to be heard and that all plans and directions taken by the organization are clearly communicated to the stakeholders.
- Management – To provide direction and model effective leadership in the management of Lakehead District School Board.

Each of these focus areas is supported by detailed strategies to ensure their achievement. These Board level goals and priorities for the upcoming academic year are identified and incorporated into the budget process.



### 1.3 Student Achievement

The 2007-08 action plan identifies 'student achievement' as one of its goals.

The Board is well above average in its Grade 9 Applied EQAO (Education Quality and Accountability office) results, as evident from the most recent test results. It is below the provincial average in the Grade 3 and Grade 6 assessments. The Board has adopted the provincial graduation target of 85% as outlined in the 2007-2008 operational plan. Management's annual plan is targeted to meet and exceed the provincial standards for reading, writing and mathematics for Grade 3 and Grade 6 students by 2008.

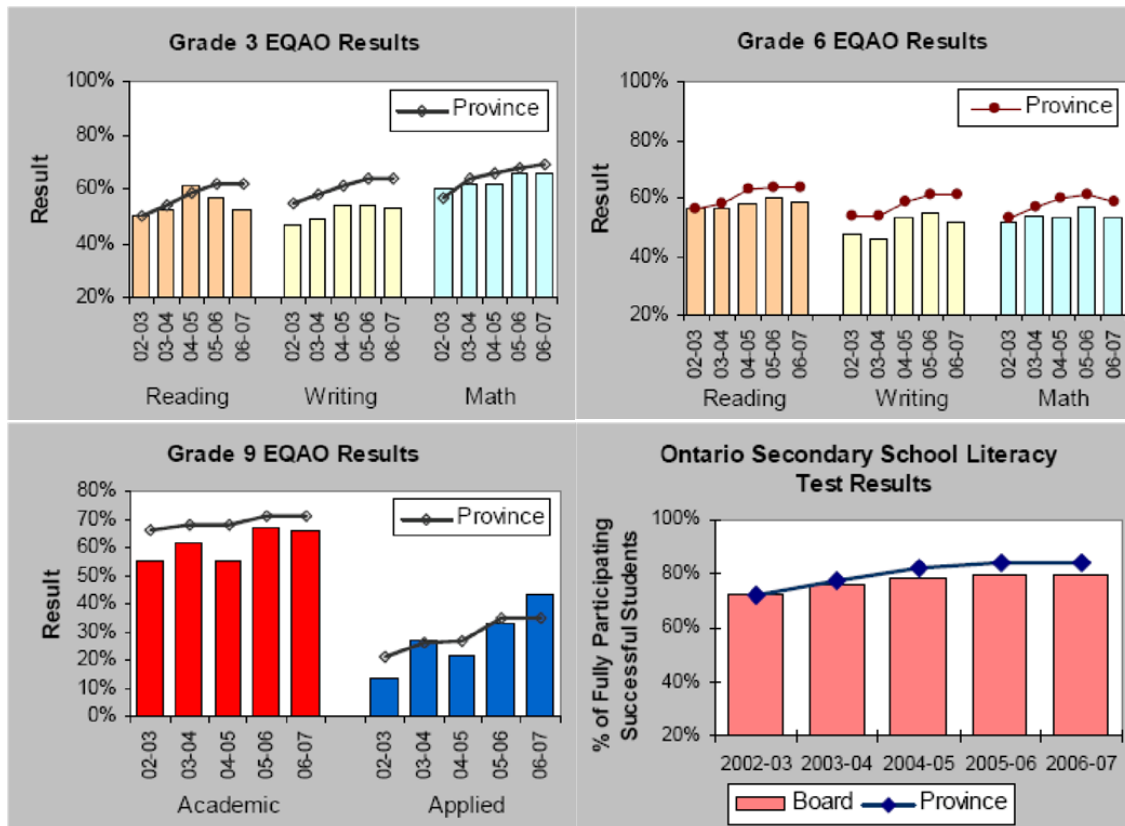
To meet that goal, a JK-8 Literacy and Numeracy Student Achievement Team (SAT) has been established to use assessment tools to identify priorities for school improvement planning, programming and staff training. In addition, leadership learning teams have been established to share learning between schools and cross-pollinate ideas for improved student learning.

To help the Grade 7 and Grade 8 students meet or exceed the provincial standards as measured later by Grade 9 and Grade 10 provincial assessments, the Board has established a 7-12 student success system improvement team. This is a cross-functional team composed of elementary and secondary educators and administrators, program personnel and community representation. The team reports to the Board with the current state of initiatives and the next steps.

Superintendents monitor the progress of student achievement throughout the system. Progress is monitored through regular school visits and tools such as school improvement planning guide to monitor the level of implementation of system initiatives. The Board offers continued training and support to junior teachers in effective literacy and math instruction through coaches and tutors in the classroom.

With a significant aboriginal student population, the Board is exploring course offerings that respect their needs and interests, by delivering programs such as Native as a Second Language (NSL) and by hiring an aboriginal education advisor.

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



## 1.4 Fiscal Overview

The Board has presented a balanced budget over the past three years. This was accomplished in part from the use of some of the Reserve for Working Funds. The balance of the Reserve for Working Funds has decreased from about \$2.6 million at the end of 2004-05 to a forecasted amount of about \$0.8 million at the end of 2007-08. The Board's current special education expenditures exceed the allocation by about \$0.1 million, a variance that has been growing over the past several years.

With declining enrolment and following a period of closing schools, the Board does not expect to construct many schools. The Board has recently built an elementary school, and is currently planning the construction of a new secondary school to replace a Prohibitive to Repair school. These projects are considered critical needs of the system, and the Board is working to identify the capital funding source.

Management develops the annual budget based on the following guiding principles that are developed by the executive council and shared with all stakeholders –

- Students come first
- Financial resources will be allocated based on data and supported by evidence

- Employees and parents will be engaged in setting priorities
- Decisions will be responsive to changing local and provincial environment
- Partnerships are integral in supporting student achievement
- Budget decisions will reflect fiscal responsibility into the future

The following tables provide a fiscal overview of the Board:

### Summary Financial Data (Revenues)

Revenues	2005-06 Financial Statements	2006-07 Financial Statements	2007-08 Revised Estimates
Legislative Grants	\$76,322,265	\$74,181,802	\$75,756,101
Local taxation	\$32,334,659	\$32,143,364	\$32,551,427
Board Revenues	\$3,715,658	\$4,304,956	\$3,320,432
Other Operating & capital Grants	\$3,486,708	\$3,294,007	\$378,320
<b>Total Revenues (Schedule 9)</b>	<b>\$115,859,290</b>	<b>\$113,924,129</b>	<b>\$112,006,280</b>

### Summary Financial Data (Expenditure)

Expenditures:	2005-06 Financial Statements	2006-07 Financial Statements	2007-08 Revised Estimates
Operating expenditures	\$110,085,411	\$108,048,309	\$107,080,109
Capital expenditures - Before transfers to reserves	\$5,705,215	\$6,265,930	\$4,780,846
Transfer to (from) Reserves	\$68,664	-\$390,110	\$145,325
<b>Total Expenditures</b>	<b>\$115,859,290</b>	<b>\$113,924,129</b>	<b>\$112,006,280</b>
<b>Surplus (Deficit)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### School Board Reserves and Deferred Revenues (Balances at the end of year)

School Board Reserve and Deferred Revenues:	2005-06 Financial Statements	2006-07 Financial Statements	2007-08 Revised Estimates
Retirement Gratuities	\$1,357,636	\$1,398,365	\$1,534,690
Reserve for Working Funds	\$2,578,335	\$790,674	\$799,674
WSIB	\$750,000	\$750,000	\$750,000

<b>School Board Reserve and Deferred Revenues:</b>	<b>2005-06 Financial Statements</b>	<b>2006-07 Financial Statements</b>	<b>2007-08 Revised Estimates</b>
Financial Stabilization	\$1,502,889	\$1,594,112	\$1,594,112
Aggregated Total	\$1,331,061	\$1,356,233	\$1,356,233
Board Capital - Other needs	\$1,196,928	\$1,306,328	\$0
<b>Total Reserve Funds (Schedule 5)</b>	<b>\$8,716,849</b>	<b>\$7,195,712</b>	<b>\$6,034,709</b>
Distant Schools Reserve	\$227,559	\$227,559	\$227,559
Proceeds of Dispositions - School Buildings	\$4,005,109	\$0	\$0
<b>Total Deferred Revenues (Schedule 5.1)</b>	<b>\$4,232,668</b>	<b>\$227,559</b>	<b>\$227,559</b>
<b>Total Board Reserves and Deferred Revenues</b>	<b>\$12,949,517</b>	<b>\$7,423,271</b>	<b>\$6,262,268</b>

## 1.5. Key Board Statistics

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

### Day School Enrolment:

<b>Day School Enrolment:</b>	<b>2002-03 Actual</b>	<b>2007-08 Revised Estimates</b>
Elementary Day School ADE	8,304	6,189
Secondary Day School ADE	4,936	4,249
<b>Total Day School Enrolment</b>	<b>13,240</b>	<b>10,438</b>

### Primary Class Size:

<b>Primary Class Size:</b>	<b>2003-04</b>	<b>2007-08</b>
% of Classes Less Than 20	34%	90%
% of Classes Less Than 23	55%	100%
Average Class Size - Jr/Inter	25	25.5
% of 3/4 Classes 23 & Under	57%	100%
% of Combined Classes	26%	42%

## Staffing

Staffing	2003-04	2007-08
School Based Teachers	751	652
Teacher Assistants	172	155
Other Student Support	101	97
School Administration	45	38
School Clerical	60	48
School Operations	146	132
Other Non-Classroom	60	60
<b>Total Staffing</b>	<b>1,335</b>	<b>1,182</b>
<b>Teacher - Pupil Ratio</b>	<b>1:18</b>	<b>1:16</b>
<b>FTE Staff per 1,000 Pupils (ADE)<sup>1</sup></b>	<b>101</b>	<b>113.0</b>
<b>Total Salary &amp; Benefits as % of Net Operating Expenditures</b>	<b>86.8%</b>	<b>87.5%</b>

## Special Education

Special Education	2003-04	2007-08
Special Education Incremental Expenditures	\$11,072,812	\$13,279,751
Special Education Allocation	\$11,285,808	\$13,176,629
<b>Spending above Allocation (Reserve)</b>	<b>-\$212,996</b>	<b>\$103,122</b>

## School Utilization

School Utilization	2003-04	2007-08
Total Capacity (Spaces)	17,045	13,190
Capacity Utilization	77.70%	79.10%
Number of schools	36	29
<b>Board Area (Km<sup>2</sup>)</b>	<b>5,152</b>	<b>5,152</b>
<b>Number of Trustees</b>	<b>8</b>	<b>8</b>

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

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

The Board's governance model and administrative organizational framework make a significant contribution in helping the Board of Trustees, Director, Senior Administration and community stakeholders support both "**Student Achievement**" strategies and effective Board operations.

Governance and board administration processes are reviewed to:

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

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

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

## Development and Reporting of Annual Goals and Priorities

Leading Practices – Governance and School Board Administration	Evidence of Adoption?
The Board of Trustees articulates annual goals/priorities and receives periodic/annual reports on the achievements against them.	Yes
The Director of Education and management develop annual plans which reflect the Board of Trustees' goals/priorities and report on their outcomes to the Board of Trustees and stakeholders.	Yes

## Decision Making Processes

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

## Organizational Structure and Accountability

Leading Practices – Governance and School Board Administration	Evidence of Adoption?
Organizational charts that clearly and accurately reflect the structure of senior management and illustrate roles, responsibilities and accountabilities are available to the public.	Yes

## Stakeholder Engagement

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

## Development and Reporting of Annual Goals and Priorities

The Administration works collaboratively to identify annual priorities. These annual priorities are outlined in the Operational Plan that is presented to the Board for approval.

The four student achievement focused priorities identified for 2007-2008 are consistent with the priorities established in the 2006-07 year. The four priorities are:

- JK to Grade 8 literacy and numeracy
- 7 to 12 Student success
- School environment
- Community engagement

Each of the above priorities has an associated outcome, key actions and intended results. In addition, the Board has established accountability by assigning each priority to a designated lead supported by a dedicated committee. Each committee provides regular updates to the Board on its progress and next steps.

The Operational Plan is supplemented by the director's annual Action Plan that identifies a goal-setting process for all areas of the school system. The Action Plan is developed by the Director's office and the Board Administration. The Action Plan for 2007-08 outlines five focus areas that are listed in section 1.2 of this report – Key Priority Areas of the Board.

While the Action Plan highlights several activities, it could be further enhanced with the establishment of performance targets, timelines and the assignment of responsibilities. This would support departmental planning and enable the Director to align the annual report to the expected outcomes. Currently, the Director publishes an annual report, which outlines activities and initiatives undertaken by the Board over the preceding year.

In addition to the system-wide annual Operational and Action Plans, the Board encourages schools to assume a leadership role in the development and implementation of their own improvement plans. Every school develops a School Improvement Plan with input from the staff and the school councils. These plans include a focus on:

- Quality instruction and assessment
- School environment
- Parent and community engagement

The superintendents of education share responsibility for monitoring specific school improvement plans and assessing the effectiveness of instructional strategies.



Management has recently began a process to develop a multi-year (3-5 years) system plan and strategic directions for the Board that will form the baseline for future Operational Plans. The Board will be initiating a planning process to create the multiyear plan with input from Trustees, as well as internal and external stakeholders to articulate the vision of what the Board will look like in four years and create a plan to help bring that vision to reality.

## Decision-Making Process

The governance model is supported by a procedural by-law that governs the business meetings of the Board and its committees. The Board of Trustees' primary responsibility is to determine policy for the Board, to communicate with parents, students and all community stakeholders, and to advocate on behalf of their communities. The administrative team develops and implements plans and procedures to ensure adherence to Board policies and the accomplishment of key priorities.

The Board's governance model is supported by a positive collaborative relationship between the Director and the Board of Trustees. This positive relationship promotes open communication and contributes to an effective process for agenda-setting and decision-making. To further support this relationship, the Board should consider developing a document that defines the roles and responsibilities of the Board and the Director.

The Board meeting agenda is set by the Coordinating Committee which meets twice monthly. The committee is comprised of three voting members: the Chair, Vice-chair and one Trustee, who is represented by an alternate in the event they can not attend a meeting. A standing committee consisting of all the Trustees receives reports for information and reports for consideration and approval of recommendations that are referred to the Board for approval. The Executive Council has made a commitment to bring issues to the standing committee prior to discussion at the Board meeting. The discussions at the standing committee are not as formal and are normally scheduled two weeks ahead of the Board meetings. In addition, the Board or standing committee also establishes *ad hoc* committees to consider specific matters.

A two week lag between standing committee and Board meetings allows reflection time and ensures that the Trustees are fully informed and have had the opportunity to discuss and debate issues before an item is formally tabled and final decision is taken. This advanced review ensures that all parties are fully informed and there are no surprises. This approach also helps to ensure that Board meetings run efficiently and that the agenda covers the key priorities of the Board.

The Board has established a policy committee composed of all Trustees that consider policies for review or development. The four-phase policy development model includes

– identification of policy issues, development of draft policy, input and final approval, implementation and review of policy. The Board has a comprehensive set of policies that are available on its public website that provide a framework for decision-making and guidelines for the effective operation of the Board.

The Board has recently adopted a new policy review process, where every policy is reviewed by the committee on a five-year cycle. This is critical, since some of the Board policies have not been reviewed since the 1980s. The Board should continue with this initiative and update or revise policies to reflect new developments.

Management organizes seminars to introduce the trustees to school administration, operational issues, and roles and responsibilities. Annual retreats are planned for the trustees and administration, with focus on specific topics such as student achievement, funding and communication.

The Board has re-established the Board Development Committee to improve the effectiveness of trustees through professional development and evaluation. In addition to *ad hoc* committees that are set up to review issues as they arise, the Board has established a number of other committees including budget committee, audit committee and the negotiations steering committee to make specific operational recommendations to the Board.

## **Organizational Structure and Accountability**

The Board is governed by eight trustees, representing communities from across the Thunder Bay area. Four of the current trustees have served two or more terms. In addition, one student trustee is selected from the student body to serve on the Board of Trustees for a one-year term.

The organization of the Board's administrative team is well founded and operating effectively. The Board operations are managed by the Director along with four superintendents of education, a superintendent of business and a senior business official. The portfolio of the superintendent of business includes finance and human resources while the senior business official is responsible for facilities, operations and transportation. In the future, the Board intends to integrate these functions into a single portfolio.

The superintendents of education have responsibility for a family of schools that includes overseeing the schools' day-to-day operations. This structure also facilitates the development of common education strategies to improve student achievement.

All trustee enquiries are directed to the superintendents via the Director's office.

## Stakeholder Engagement

Over the last decade, the Board has had to make several difficult choices that led to the closure of a number of schools. These decisions created a significant level of difficulty with the community. Following this period, the Board hired external consultants to help develop an action plan to enhance communication and image of the Board. The plan was developed using input from parents, staff and the students, and received guidance and feedback from the Senior Administration, Leading Success Committee, Student Success Advisory Committee, Special Education Advisory Committee (SEAC), Aboriginal Education Advisory Committee (AEAC) and the Council of School Council Chairs.

The Board is now actively seeking stakeholder consultation. Its 2007-08 operational plan highlights 'community engagement' as one of its prime goals. The Board has a dedicated communications officer to support effective two-way communication between all stakeholders. Various communication channels such as school newsletters, press releases, website postings, and public consultations keep key stakeholders engaged throughout the year. One of the significant changes was the revision of the Board's web site, which now has a user-friendly format and style.

The Board uses its public website to disseminate information relating to its policies, Director's report, individual school reports, monthly highlights, Board meeting minutes and financial reports to external constituent groups. Management and the Board solicit stakeholder input during the budget development process, the policy review process and the building of new schools. In addition, an online feedback form has been developed to gather input from the community and other interested parties.

The Board has established a Parent Involvement Committee composed of the Director, trustees, and representatives from SEAC, AEAC and the School Council Chairs Committee. In addition, Parent/Community symposiums are organized to engage parents through the Parents Reaching Out (PRO) Grant initiative funded by the Ministry of Education.

Members of the Board's executive council are actively involved at various provincial and national forums including OASBO (Ontario Association of School Business Officials), COSBO (Council of Senior Business Officials), OSBFC (Ontario School Board Financing Corporation), CODE (Council of Ontario Directors of Education) and various other organizations. This ensures that the Board learns and shares best practices from across the sector.

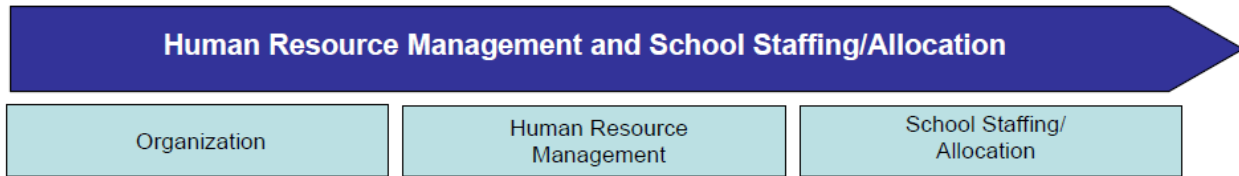
## Recommendations:

- Management and the Board recognize that a multi-year (three to five year) strategic plan sets the direction for the Board, and establishes the goals and

priorities for the operational plan. They have recently started to develop a longterm strategic direction to articulate the Board's vision. The process will incorporate input from various interested parties. Senior staff and the Board should continue to develop this important initiative.

- The action plan developed by the executive council should include a greater level of detail, with targets, timelines and assignment of responsibility. This would facilitate departmental planning and allow the Director to align his annual report to the outcomes.
- The Director and the Board should consider developing a document that formally sets out the roles and responsibilities of the Board of Trustees and the Director. This will enhance the existing positive working relationship between the executive council and the Board of Trustees.
- Many of the policies on the Board website need to be updated. The Board has recently adopted a new process, where the policy committee reviews every policy on a five-year cycle. The Board should continue with this initiative and revise policies to reflect new developments.

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



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

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

#### 3.1 Organization

The review of the organization of the HR department assesses:

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

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

## Development and Reporting of Annual Goals and Priorities

Leading Practices – Human Resource Organization	Evidence of Adoption?
Departmental goals and priorities are aligned to the Board's strategic directives and are documented in an annual department plan accessible by key stakeholders.	Yes

## Organizational Structure and Accountability

Leading Practices – Human Resource Organization	Evidence of Adoption?
Publicly-available HR organizational charts clearly illustrate roles, responsibilities and accountabilities.	No
Senior HR staff has appropriate designations (e.g., Certified Human Resource Professional, etc.).	Yes

## Monitoring and Communication of Policy

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

## Development and Reporting of Annual Goals and Priorities

The HR department jointly develops an annual plan (with the department managers) that lists key initiatives and supporting activities. The key initiatives reflect the goals outlined in the Board's action plan.

The HR department's plan for 2007-08 outlines the following priorities and initiatives:

- Right-sizing of the organization:
  - Reviewing staff allocation at all locations/departments.
  - Strategic planning for succession planning/attrition/future leaders.
- ONSIS reporting:
  - Accurate data must be uploaded as funding is impacted.

- Database conversion - migration from legacy system:
  - Business process required.
  - Development and Testing.
  - Run parallel runs before going live.
- Sun Life benefits project:
  - Convert files to work with new Sun Life program.
  - Weekly upload of benefit changes to Sun life.
  - Positive enrollment.
  - Immediate data transfer and sharing of information with Sun.
- Communication:
  - Ensure accurate timely information sharing of information to all employees through enhanced access to internal communication systems.
  - Ensure the external communication portrays an accurate image of Board as a diverse organization.
- Audit processes:
  - Implement audit controls for on-going department efficiencies for accuracy in budgetary and ministry reporting.

Designated accountabilities and target timelines would enhance the plan. This would link department priorities with performance measures and accountabilities, facilitate clear definition of roles, enable collaboration between the team members, and provide visibility of the overall roadmap of the department.

The department reports to the Board on an 'as-needed' and 'request' basis. It does not produce a formal annual report.

### **Organizational Structure and Accountability**

The HR functions are split across the superintendents of business and employee relations. The HR and Payroll functions report to the superintendent of business and are responsible for tasks such as staff allocations, criminal background checks and teacher appraisals. The portfolio of health management, health and safety, attendance management and labor relations reports to the superintendent of employee relations.

This division of HR functions was put in place many years ago. It was originally intended to concentrate expertise in the area of labour relations and union negotiations. However, considering the department's current processes and the need for closer coordination across functions, the Board should reevaluate this structure, with a view to establishing a single HR organization.

The department staff have appropriate professional designations and regularly attend HR conferences and provincial committees that focus on HR management. Although the Board has documentation to describe HR department roles and responsibilities, there is no publicly-available chart that clearly illustrates the department's organizational structure.

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

The HR department is the lead on various policies, including standard policies to ensure reference checks, background checks for new hires, and teacher performance appraisals. All Board policies are made available to the employees through internal default libraries.

HR staff monitor compliance with Criminal Background Check through the hiring process and maintains a copy of the CBC in its records. It allows the submission of an Emergency Offence Declaration form, which enables the employee to work for 20 days while the CBC is processed.

Each spring, employees are sent email reminders to sign their Annual Offence Declaration (AOD) through the web-based employee information system (iME). Reports are generated through iME and sent to each school weekly during the month of June, to ensure that each employee has completed their AOD prior to the end of the school year. The records are tracked by HR to ensure that employees cannot submit their timesheets until an AOD is received. This further ensures that system records are updated and only contain active staff members.

HR training and policy issues are discussed at monthly operations meetings of principals, managers and superintendents. These include sessions such as positive space workshops, recruiting workshops for principals and vice-principals, and Ontario Human Rights Commission (OHRC) training for managers, supervisors, principals, vice principals, CUPE and high school students. The department also provides training on an 'as-needed' basis. For example, extensive training was delivered to staff when the employee information system was rolled out.



### Recommendations:

- The HR department plan should be enhanced to include timelines and designated accountabilities. This will enable the department to track and report progress of its defined priorities and goals throughout the year.
- The HR department's organizational charts should be posted on the Board's web site so that they are publicly available.
- The Director and executive council should review its current HR processes, roles and responsibilities, to determine whether an integrated HR function within a single superintendent's portfolio would better meet the Board's needs.

## 3.2 Human Resource Management

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

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

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

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

### Attendance Management Processes/Programs

Leading Practices – Human Resource Management	Evidence of Adoption?
Attendance management policies and processes support employees and minimize absenteeism costs.	No

## Labour Relations

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

## Staff Recruitment

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

## Management of HR and Payroll Data

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

## Employee Performance Evaluation Processes

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

## Management of Board's Benefit Plans

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

## Monitoring Staff Satisfaction

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

## Attendance Management Processes/Programs

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

The Board has not developed a formal attendance management program. The Board's HR information system records absenteeism data for each employee group, along with reason for absence, and allows the supervisors to generate absence reports.

The HR department assists principals and supervisors to manage absenteeism among employee groups by providing tools/templates to facilitate retention through positive remedies. The department has a dedicated disability management officer who plays a key role in attendance management via Return to Work (RTW) and modified work options. The Board has established a policy and supporting procedure on modified work. In addition, they have established a modified work committee composed of the disability management officer and union representatives to facilitate the employee transition.

The department should develop a comprehensive attendance management program to address specific absenteeism. This is an important initiative that will provide

management with a consistent and structured approach to improve attendance, by engaging in positive enforcement to employees and adopting standardized practices across all employee groups.

## **Labour Relations**

The Board has negotiated nine different collective agreements with its employee groups, consisting of regular and occasional secondary teachers, regular and occasional elementary teachers, custodial maintenance group, an office/clerical/technical group and educational assistants.

The collective agreements are administered via nine labour-management committees. The Board has a manager of employee relations dedicated to maintain good working relations with its collective bargaining agents. Labour-management committee meetings are used to resolve emerging issues before they evolve into formal grievances. At monthly committee meetings, disagreements about interpretation of the collective agreements are discussed, and adherence to the conditions set out in the collective agreements is reviewed. In addition, workshops are delivered to principals and school administrators, to educate them on grievances and the disciplinary process. The HR staff administers these collective agreements.

## **Staff Recruitment**

All employees are hired directly through the Board office, with the exception of lunchroom supervisors who are hired directly at the school level. The Board does not accept unsolicited applications, and only accepts applications for advertised positions.

The HR department develops an annual recruitment plan for academic staff that is based on anticipated hiring needs. The determination of vacancies and /or redundancies is a collaborative process between the school and the HR department, based on available funding for positions.

The HR department has developed standard guidelines to maintain consistency in its staff recruitment and selection process. They train administrators in interviewing skills, with an emphasis on bias-free interviewing. The guidelines define roles and responsibilities at various steps in the recruitment process, and provide sample documents and templates. The guidelines are currently being reviewed and updated. Specific packages have also been prepared for new hires for each respective employee group to orient them to the Board.

In addition, a standard candidate-selection criterion is developed every year that includes an annual theme to guide the academic recruitment process. This is reflected in the application screening and candidate interview process. For the current academic year, the Board's initiative was balanced literacy.

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

The HR and payroll functions reside within the business department and report to the superintendent of business through the manager of HR/payroll. The Board has ensured segregation of duties, with separate system modules for HR and Payroll. Updates to personnel records for pay and benefit changes or other compensation adjustments are performed by authorized staff only.

The current system involves a manual transfer of data from the HR database to the financial system. The data is refreshed every two weeks and confirmed against the payroll data. The Board will move to an updated system next year, which will allow automatic upload into the financial system.

Management has developed effective processes to ensure that teacher qualifications and experience are formally tracked and updated. Teacher qualifications are updated electronically from the Ontario College of Teachers website into the HR information system. The generation of the qualifications and experience scattergrams for teachers is developed by the supervisor of HR and superintendent of business. These are updated and reviewed at least four times a year.

The HR Manager manages the process of position re-classification for all the unionized staff. The academic positions are re-classified with input from OSSTF (Ontario Secondary Schools Teachers Federation) and QECO (Qualification Evaluation Council of Ontario). The Board relies on external consultants for job-reclassification of non-union staff.

The Board's pay equity is updated every time collective agreements are reviewed and amended.

## **Employee Performance Evaluation Processes**

The HR department has established policy and procedures for the performance appraisal of all academic staff. The HR manager monitors the process to ensure that the appraisals are appropriately completed.

In line with the Ministry of Education's 'Supporting Teaching Excellence' document, the Board evaluates its experienced teachers on a five-year cycle. New teachers are reviewed during the first and second year as part of the New Teacher Induction program. Teachers are encouraged to develop an Annual Learning Plan (ALP) based on student and parent feedback. This forms a part of the appraisal process.

The Board does not have a policy governing the performance evaluation of nonacademic staff. Non-academic staff including clerical, maintenance and administrative staff, are evaluated every three years by their respective supervisors.

The superintendents are evaluated annually based on the 360-degree feedback system that is administered internally. The Director is appraised by the trustees.

The Board does not conduct performance reviews for its custodial staff. A performance review process is currently being developed and will be implemented after training. Management noted that the review process will be non-disciplinary in nature. Staff will be evaluated by the chief custodians, who will in turn be reviewed by the supervisor.

The human resources and employee relations manager provides extensive support to managers and supervisors on matters of discipline, in the form of counseling, guidelines and form letters to facilitate the employee disciplinary process.

Extensive professional development programs are in place for the academic staff. These occur throughout the school year, and focus on various instructional strategies for the teachers, along with workshops on using assistive technology. In addition, the Board has set-up a 'future leaders' team to facilitate succession planning for academic and nonacademic staff.

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

The Board administers 12 different benefit plans that are self-funded and managed through an Administrative Services Only (ASO) arrangement. The Board's benefits plans are negotiated by the employee relations manager and administered by the HR staff. In addition, the Board has created dedicated positions for a disability management officer to liaise with insurance providers on cases of short-term and long-term disability and modified work.

HR produces a useful reference guide for employees that outlines their sick leaves, vacation days, overtime and other benefit entitlements. It is refreshed to coincide with the contract negotiation cycle.

A health and welfare trust committee has been formed with representation from unionized and non-unionized employee groups. The Board calculates benefit cost/employee for each union annually during the budget process.

The Board has hired a third party consultant to annually review the benefit plan provided by the insurance carrier, and to periodically negotiate the fees with the carrier. The review is a quasi-audit of the benefit provider's processes, and forms a validity check related to the completeness of its benefit costs. The external consultant also helps the Board to benchmark its benefits cost against other boards. Annual reconciliation reports, audited by the consultant, are provided to HR by the insurance provider. HR has engaged the services of another consultant to process WSIB claims.

## Monitoring Staff Satisfaction

The Board currently does not conduct any periodic staff satisfaction surveys or formal exit interviews. These practices can provide management with valuable input for staff professional development and policies impacting employee relations.

### Recommendations:

- HR is currently developing a performance review process for custodial staff. The Board should continue with this important initiative to ensure consistency, integration and transparency of all appraisal processes for non-teaching staff.
- The department should develop a comprehensive attendance management program, including policies and procedures to address specific categories of absenteeism. This will provide management with a consistent and structured approach to improve attendance, by engaging in positive enforcement to employees and adopting standardized practices across all employee groups.
- Management should develop a formal plan for conducting periodic staff surveys and exit interviews. This activity will improve communication with staff and provide input for professional development plans and HR policy.

## 3.3 School Staffing/Allocation

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

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

The following table summarizes the leading practices defined for School

Staffing/Allocation, and identifies where evidence was found to indicate that the practice was adopted in full. Where the evidence was not present or the practice was not completely adopted at the time of the review, a “No” indicates that an improvement opportunity exists.

## Planning and Processes for Annual Staffing and Allocation

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

## Monitoring and Reporting on Staff Allocation

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

## Benchmarking Costs with Other Boards and Funding

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

## Planning and Processes for Annual Staffing and Allocation

The HR department has procedures that govern the determination of total staff requirements and their allocation. These procedures are driven by enrolment projections, student need, class size requirements, preparation time and alignment to collective agreements. After consideration of the factors that impact the Board's total anticipated enrolment for the following year, a school-by-school staffing projection is prepared and reviewed by the administration. Principals meet with the superintendent of education, and school-by-school allocation is analyzed considering demographics and EQAO results.

Enrolment projections by elementary school are further refined by grade. From this data, detailed class counts are prepared, to serve as the basis for the number of elementary teachers required for each school. In addition, total school enrolments form the foundation for forecasting staff such as secondary teachers, secondary support staff, and secretaries. Refinements continue through review and discussions with principals, leading to the final approved teaching staff allocation.



The Board has introduced an online system (Elementary Teacher Placement System) to handle the administrative details of the transfer and redundancy process. The system allows the principals, teachers and Board administration to access the central database of information. The ETPS is cyclical and each year's information is rolled over to begin next year's data collection. Apart from eliminating spreadsheet manipulation and manual paperwork, the system allows real time monitoring of progress. It also introduces dynamic reporting options to monitor staffing allocation at each school.

In March, an interim staffing sheet is sent to each principal, and surplus jobs are posted on the Board's ETPS. Teachers make appropriate selections based on seniority and continuity considerations. This is followed by a placement meeting. Transfer requests from teachers trigger a second list of postings.

For the secondary schools, the staffing model is based on credit counts, retention rates and input from principals. Secondary school allocation is derived from the total average daily enrolment numbers. In addition, consideration is given to the following initiatives - Native language, Native studies, special education, student services, library, student success and alternative (out of school) programs.

The superintendent of employee relations, who is also responsible for secondary schools, uses these inputs to project enrolment for each school. This is followed by staffing allocation for principals and vice principals. A surplus list is created based on seniority and a letter indicating their surplus status is sent out to the teachers. This is followed by a placement meeting in June.

Relative to the elementary staffing process, the secondary staffing allocation process is currently manual and managed through a sub system. An electronic placement system, similar to ETPS, is being developed to facilitate the teaching staff allocation process for secondary schools.

The allocation of education assistants is based on a detailed student needs assessment by the schools, which leads to the final allocation near the end of May. The staffing formula for library technicians and elementary and secondary secretaries is based on total number of students and supervised teachers. Other school-based support staff allocations, such as custodians, are based on formulas that are reviewed annually, taking into account budget constraints.

Overall, the Board pursues conservative staffing allocation, to hedge against significant variances between forecasts and actual enrolment. A final meeting is held in September to accommodate potential changes.

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

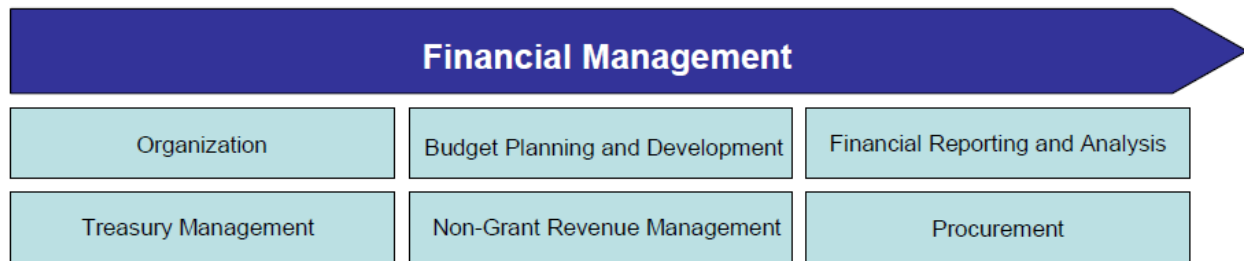
Staffing levels are consistently monitored in collaboration with school administrators. An updated spreadsheet for staff allocation, average class size calculation and FTE enrolment is maintained for each school.

Management tracks original plans with actual allocation of staff on a regular basis. Active collaboration between the HR and finance department ensures that the actual data is reflected in the financial results.

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

The Board compares its staffing costs with similar-sized boards through the negotiation process of collective agreements. The Board also reviews and analyzes compensation and staff cost data supplied by the Ministry of Education.

## 4. Financial Management – Findings and Recommendations



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

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

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

### 4.1 Finance Organization

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

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

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

### Development and Reporting of Annual Goals and Priorities

Leading Practices – Finance Organization	Evidence of Adoption?
Departmental goals and priorities are aligned to the Board’s strategic directives and are documented in an annual department plan accessible by key stakeholders.	No

### Organization Structure and Accountability

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

### Monitoring and Communication of Policy

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

### Development and Reporting of Annual Goals and Priorities

The finance department develops an annual departmental plan that is linked to the Board’s operational plan and outlines goals and objectives. The broad goal of the finance department is to ensure it meets the Board’s and the Ministry’s reporting requirements through relevant, accurate and timely financial information. Specific objectives for the 2007-08 academic year include completing the transition to a new accounts receivable module, implementing a fixed asset accounting system, and revising the terms and conditions for the banking services.

The superintendent of business submits an annual plan to the Director and reports against the plan at year-end. The departmental plan should ensure it reflects the input of department staff relative to activities, timelines, expected outcomes and responsibilities. Such a plan would facilitate clear definition of roles, enable collaboration between the team members and provide visibility into the overall direction of the department.

### **Organizational Structure and Accountability**

The superintendent of business is responsible for finance, accounting, revenue generation, purchasing, office services, payroll and some elements of HR. Within finance, the superintendent is supported by the manager of school services and corporate planning, the supervisor of accounts, the purchasing supervisor, the supervisor of tax and office services and the manager of HR/payroll.

The roles and responsibilities of the department staff are clearly delineated and available on the Board's website. Staff have appropriate financial designations or relevant experience to perform their roles.

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

The department maintains a comprehensive set of policies and procedures covering all pertinent aspects of financial management, ranging from budget variance, travel and expense reimbursement to purchasing. These policies are available on the Board's website.

Purchasing policy compliance is administered by the immediate supervisor and accounting department for thresholds and types of goods or services purchased. School secretaries are trained on the online purchasing module to generate online requisitions. An instructional manual is also available online for the staff.

In addition, the Board has an internal auditor, who conducts routine checks of expenditures for appropriate compliance with purchasing policy and procedures when conducting audits of schools, departments or projects. Periodic audits are also conducted on the organization, processes and controls within the purchasing department and its systems.

Schools are required to use the *Schoolcash.Net* system to track the financial records of their fundraising activities, and must complete monthly bank reconciliations. At year-end, schools submit a set of approved reports for in-year transactions and a year-end bank reconciliation.

Management is also considering a full-day orientation session for new principals on enrolment reporting and policies governing purchasing, finance and banking.

**Recommendation:**

- The finance department plan should be enhanced to include timelines, expected outcomes and designated accountabilities. This will enable the department to track and report progress of its defined priorities and goals throughout the year.

**4.2 Budget Planning and Development**

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

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

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

**Annual Budget Development Process**

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

## Enrolment Forecasting Linked to Budget Development

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

## Identification of Risks and Mitigation Strategies

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

## Annual Budget Development Process

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

The following guiding principles developed by the administration are shared with all stakeholders to guide the budget development process:

- Students come first
- Financial resources will be allocated based on data and supported by evidence
- Employees and parents will be engaged in setting priorities
- Decisions will be responsive to changing local and provincial environment
- Partnerships are integral in supporting student achievement
- Budget decisions will reflect fiscal responsibility into the future

The budget process is guided by the budget committee of the Board, which has all trustees as members.

Each department and school develops its own budget using a standard template, which includes the previous year's actual results. The template is provided by the finance department to all department managers, and allows the manager to input their departmental expenses, including salaries, supplies costs, recruitment and travel expenses etc, into the overall budget process. The department has designated finance

staff to coordinate the budget development process with the superintendent for different areas, such as school-based teaching and support staff, special education, school services and resources.

The budget committee receives input from various stakeholders at the budget deputation meetings. These stakeholders include – Ontario Principals Council, Ontario Secondary Schools Teaching Federation (OSSTF), Continuing Education, Aboriginal Education Advisory Committee, Special Education Advisory Committee, Elementary Teachers Federation of Ontario (EFTO), early childhood educators, Council of School Council Chairs and Lakehead Elementary Teachers Federation of Ontario. This stakeholder input helps the administration identify budget priorities.

The budget committee reviews the proposed budget and if necessary requests changes from the administration. The budget development process is also shared with the principals, administrators and senior staff at the monthly operations meetings.

Once the Board's revenue is confirmed with the issue of the Grants for Student Needs (GSN), staffing projections are refined. The final budget meeting is preceded by a meeting with the chair, vice-chair and the superintendent of business, with final approval received in June.

The budget is developed in Excel and then uploaded into the financial system. The budget document details the changes in specific ministry grants and the associated impact on the Board's operating budget. It outlines the significant program and capital investments that the Board will pursue in the year. The current year budget estimates are presented, with notes and the last year's estimates for comparison and to facilitate the decision making process.

Management also builds contingency into its annual budget. The use of this fund is approved by senior management and is reported to the Board. The Board also benchmarks itself against peer school boards to guide the budget process.

Trustee involvement during the budget development process reduces surprises at the final budget approval stage, and results in a smooth final budget approval process. Budget revisions, if any, are presented to the trustees in September, in response to changes in the staffing model or funding changes announced by the Ministry.

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

The enrolment projections are the responsibility of the manager of school services and corporate planning and the business officer.



The Board is facing a 5% decline in enrolment in the current year and forecasts a similar decline in the next academic year. Consistent with the enrolment decline, management set a 5% target budget reduction for the non-academic departments.

System-wide enrolment projections are produced annually, extending for a 10-year span from the current year's enrolment. The system enrolment projections are created as October 31 data becomes available, and are aggregated by grade, program, residency and age. These projections are used for budget forecasts and reporting.

The Board also produces enrolment projections at school-level, as soon as October 31 data is verified. It is reported to Ministry as part of the capital accommodation plan and used internally for staffing, budget allocation, and facility accommodation planning. A grade-to-grade enrolment retention model is developed from historical data and data from Statistics Canada. This is adjusted to average retention rates, and is based on current population trends, program changes and accommodation changes. The following factors are considered: enrolment trends, impact of accommodation review, attendance area boundary information, co-terminus board enrolment data, city planning for population forecasts and residential development, ministry initiatives, day care and leases, program reviews, and Board initiatives.

Enrolment forecasting is started early in the budget development process. This enables finance staff to develop preliminary high-level expectations of the anticipated change in revenue compared to the previous year. As the budget development proceeds with input from the school level, any significant change in the enrolment forecast is incorporated in the budget.

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

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

The risks of spending beyond authorized or budgeted levels are mitigated through the procurement and budgeting controls of the current financials system, which has encumbrance accounting.

### 4.3 Financial Reporting and Analysis

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

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

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

#### Integrated System for Variance Analysis and Financial Reporting

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

#### Interim Financial Reporting Accountability

Leading Practices – Financial Reporting and Analysis	Evidence of Adoption?
Interim financial reports provide sufficient detail and appropriate explanations for a clear understanding of the current year’s budget and the outlook for the year.	Yes
Senior management is accountable for the integrity of financial reporting, through formal sign-off and approval procedures.	Yes

#### Internal Audit

Leading Practices – Financial Reporting and Analysis	Evidence of Adoption?
Management maintains an independent internal audit function where appropriate.	Yes

Leading Practices – Financial Reporting and Analysis	Evidence of Adoption?
Internal and external audit plans are clearly documented. Audit report recommendations are acted upon by management.	Yes

### **Integrated System for Variance Analysis and Financial Reporting**

The Board uses a financial system (BAS 2000) to record, track and report financial data. The system integrates general ledger, accounts payable and purchasing modules. The accounts receivable module resides on a legacy system and will be gradually transitioned to the new system. The financial system facilitates variance analysis, and enables management and budget holders to track their budget status on line.

The Board maintains appropriate control over access to the financial system. General Ledger accounts are created by the senior accounts clerk and verified by the Supervisor of Accounts.

### **Interim Financial Reporting Accountability**

Finance staff prepare financial reports for review and approval by executive council and submission to the Board for information. The financial information is comprised of the Annual Budget and a comparison of the prorated budget for the period to the total spending to date. The difference is expressed as the amount of current surplus or deficit for the period. The report also provides a high-level explanation of the variance. Finance staff indicated that the presentation of the information has been prepared in the current format for some time. They also stated that they are prepared to respond to questions, should they arise.

The Board recognizes that variance in actual enrolment versus projections, combined with contract negotiations, macro-economic trends, Ministry directives and other circumstances can result in in-year variances between budget estimates and actual costs. To that end, the Board has an approved Budget Variance policy. The policy requires the administration to report on projected budgeted variances at least three times in a year – when the enrolment numbers are determined in fall, mid-way through the school year and at the end of the year when the audited financial statements are released. The purpose of this policy is to ensure that the Board maintains flexibility over in-year resource allocation decisions to react to actual circumstances.

The Budget Variance policy is supplemented by a Budget Variance procedure. In addition to the implementation procedures, the document outlines the following threshold amounts for the detailed variance analysis incorporated in the year-end report.

Decision unit total budget	Threshold variance
\$500,000 - \$2,000,000	5%
\$2 M - \$10M	\$100,000
Over \$10 M	\$200,000

Interim financial reporting at the Board includes the following reports:

- Interim financial information is presented to the Audit Committee based on revised enrolment figures and expenditures to identify budget variances along with some narrative commentary. The reports assist the Board with decisionmaking and present an opportunity to address the impact of any forecasted deficits.
- Management reports the use of contingency funds to the trustees and also prepares operating statements on a periodic basis outlining the variance between year-to-date (YTD) budget and actual expenditures. The statement is supplemented with a variance analysis for every variance item.
- The Superintendent of Business prepares a monthly variance reporting that is shared with the Administration on an exception basis. Separate reports are also generated for departments and program areas like Special Education and Adult Education. The department is gradually moving to self-serve with transition to the new version of the financial system.
- Quarterly reports are sent to Principals and the Area Superintendents on expenses and variances from school budgets.

The format of monthly or quarterly financial reporting varies significantly across the school board sector. Relative to many boards, Lakehead District School Board's interim financial reporting is more detailed and provides more useful information for decisionmaking. One opportunity to enhance the reader's understanding would be the inclusion of a comparative percentage for each expenditure/revenue category. This would reflect what the "expected spending to date" should be, relative to either historical averages, prior year's experience or, in the case of salaries and benefits, the number of staff and pays processed to date. The Board currently provides a comparative prorated budget which is supposed to represent the budget for the period being reported. This is an alternative to the suggested format and should achieve the same result providing the prorated budget amount is reflective of what should normally be spent for the period being reported.

## **Internal Audit Function**

The Board has established an internal audit function, which reports directly to the Director. The formal internal audit function assists senior management and the Board of Trustees in exercising their overall governance and accountability roles. The primary function of the internal auditor is to provide added assurance that internal controls established by management are operating effectively and in compliance with policies and procedures. The internal audit function can also assist in the development of performance measures and indicators to further determine whether programs and services are meeting their overall objectives.

The auditor prepares an audit plan with input from the audit committee and is also flexible to accommodate ad hoc requests from the senior administration. In addition to the audits for school-generated funds, the auditor also facilitates school-based training sessions and conducts business process audits. For example, an internal review of the cafeteria operations transformed a financial deficit position to a balanced-budget operation. Department managers and area superintendents lead any follow-up action to the auditor's report.

The external auditors also audit several schools each year, as part of their annual audit of the Board's financial statements. The internal audits conducted by the supervisor of accounts also support the year-end audit of the Board by external auditors.

## **Audit Committee**

The Board has established an audit committee and has a policy and associated procedure on audit committee terms of reference. The committee reports to the standing committee or the Board as appropriate. It is composed of up to three trustees, one alternate trustee, and up to three external members, all appointed by the Board. The chair and vice chair of the audit committee are elected annually.

The Board requires appropriate academic qualifications in accounting and/or business management and relevant experience in financial and/or business management in an institution other than a school board.

- The audit committee has the following mandate, which is documented in the procedures available on the Board's web site:
- Review any report of management which accompanies published financial statements.
- Review the audit plans of the internal and external auditors.

- Assess management's programs and policies regarding the adequacy and effectiveness of internal controls over the accounting and financial reporting systems within the Board.
- Review the results of internal and external audits and any changes in accounting practice or policies and the financial statement impact thereof.
- Review with management, the external auditors and, if necessary legal counsel, any litigation, claim or other contingency.
- Consider any other matter which in its judgment should be taken into account in reaching its recommendations to the Board concerning approval of the financial reports.
- Review the basis and amount of the external audit fees.
- Review policies which impact on financial systems and controls.
- Ensure that Board policies, procedures and practices related to finances and financial management are periodically reviewed.

In May 2006, the audit committee terms of reference were updated to include responsibility for the financial management of the Board. As a sub-committee of the standing committee, the audit committee can make recommendations to the Director on the methods of financial management used by the Board. The Audit Committee formulates the procedures established for reporting, including the variance analysis related to the board's compliance with Ministry reporting requirements.

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

## Cash and Investment Management

The finance department has consolidated the Board’s cash management activities with a single institution. It maintains two general accounts, one each for Canadian and US funds. To manage distinct cash flows, there are also separate accounts for utilities payments and payroll deposit, and an account for collecting taxes on the behalf of townships.

Two trust accounts are used to manage scholarship funds and health and wellness funds, respectively. The Board has not developed an investment policy, and these funds are invested in accordance with the Trustee Act. Scholarship funds are put in 30- day investments, which are managed with the help of an investment advisor. The Health and Wellness fund is invested through two trusts (Sun Life and Royal Trust) and monitored by health and wellness committee members.

Management has recently issued an RFP to review the Board’s banking terms and conditions and ensure competitive terms. The superintendent of business intends to consolidate school accounts with the same banking institution.

Cash balances are monitored daily. The Board does not have a formal cash flow forecasting/management process. Consequently it does not have a cash flow model to optimize cash flow management. It has an automatic arrangement with the bank to engage its line of credit, as required, and also receives interest income on its cash balances. A cash flow model would minimize using the line of credit, using cash reserves or relying on the bank to monitor cash requirements.

**Recommendation:**

- The finance department should develop a formal cash flow model to forecast and monitor the Board's cash flow activities. This could minimize the Board's use of its line of credit and its reliance on the bank to monitor cash requirements. This would allow the Board to optimize investment income and minimize interest costs.

**4.5 Non-Grant Revenue Management**

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

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

Non-grant revenue management is a smaller functional area for the Board as revenue generated outside of grants makes up approximately \$2.7 million (1%) of the Board's overall budget, excluding interest income and "other grants". The Board receives Education Programs –Other (EPO) funding from the Ministry for specific initiatives, which requires the Board to focus on the non-grant revenue line.

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

**Policies to Support Non Grant Revenues**

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



## Technology to Support Registration and Collection of Revenues

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

## Monitoring Procedures for all Non-Grant Revenues

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

## Managing Education Programs – Other (EPO) Grants

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

## Policies to Support Non-Grant Revenues

The Board has three potential sources of non-grant revenue – community use of schools, continuing education and distance education.

The Board's distance education program is targeted primarily to the aboriginal students. The Board does not have a corresponding policy to outline program guidelines or set and revise fees even though the Board does not break-even on these programs.

The Board has established policies on the 'use of school buildings, facilities and grounds' and 'leasing space'. Both the policies and associated procedures are available on the Board's website and are used as guidelines for renting facilities, levying of permits and the application of the fee structure.

## Technology to Support Registration and Collection of Revenue

The Board currently does not use automated systems to collect non-grant revenue. The registration process for the continuing education program is tracked by staff on an Excel spreadsheet. However, the Board is investigating online registration to facilitate and support the high number of applicants for its continuing education program.

## Monitoring Procedures for all Non-Grant Revenue

For the community use of schools, the designated superintendent is responsible for the overall supervision and administration of the program. The principal of the school or their designate is responsible for approving and processing all application/permits.

The Board does an annual cost-revenue analysis for both the continuing education and distant education programs. According to the analysis, the continuing education program is not self-sustaining, while the program fees for the distance education program are based on historical collected revenue. Management noted that the Board has receivables on its distance education program, which are always collected over the long run.

## Managing the EPO Grants

EPO grants received by the Board are designated to appropriate project leads. A new project code is created for each EPO grant in the accounting system (BAS 2000) and assigned a G/L code with revenue and expense line. The project leader assigned to these projects closely monitors the account with the accounting clerk.

The staff generate monthly reports for the supervisor and superintendent of business.

## 4.6 Procurement

The purpose of reviewing procurement processes is to assess:

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

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

## Procurement Policies and Procedures

Leading Practices – Procurement	Evidence of Adoption?
Approved procurement policies and practices are clearly communicated to staff with purchasing authority, and are periodically reviewed and updated.	Yes

## Participation in Buying Consortia to Reduce Acquisition Costs

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

## Purchasing Levels of Authority

Leading Practices – Procurement	Evidence of Adoption?
Procurement authorization levels are commensurate to job title/role, and are monitored by the department head.	Yes

## Policies and Procedures for PCard/Corporate Card Use

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

## Accounting for Completeness of Purchase/Payment Cycle

Leading Practices – Procurement	Evidence of Adoption?
Automated three-way matching (purchase order, receipt/invoice and inspection) is used.	Yes
Commitment accounting is in place to monitor budget utilization.	Yes
Management has implemented electronic supplier interface for ordering, processing and payment, including the use of supplier portals.	Yes

## Use of Electronic Funds Transfer for Greater Efficiency

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

### Procurement Policies and Procedures

The Board has an approved procurement policy and supporting procedures for cost-effective acquisition of quality goods and services, for all of its schools and departments, which also deal fairly and consistently with vendors. The policy and procedure are available on the Board's website. They were last revised in 2005.

The purchasing policy is based on four main objectives –

- Obtain the maximum value for the dollar in all purchases of all goods and services, taking into consideration such factors as quality, service, standardization and the environment.
- Consider all costs, including acquisition, operating and disposal costs, in evaluating bid submissions from responsive and responsible vendors, rather than basing a decision solely on the lowest bid price.
- Maintain a competitive atmosphere between suppliers, ensuring that each is treated fairly.
- Provide an efficient service to all schools and administrative departments.

The Board is located in a region with limited vendors. To sustain competitive bids, management disperses its supplies contract across various vendors. The Board tenders and revises these contracts annually, to produce a list of pre-approved vendors. The purchasing department produces a catalogue of consumables that is updated regularly.

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

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

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

The Board is a member of the Ontario Public Buyers Association and the National Institute of Government Purchasing. The Board actively participates in the Lakehead Purchasing Consortium along with its coterminous board, the City of Thunder Bay and other non-profit agencies located in the vicinity.

The consortium jointly invites tenders, proposals or quotations for commonly used items to leverage volumes to achieve cost reduction. Consortia members produce annual reports to capture and evaluate cost savings.

The purchasing department at the Board takes the lead on consumables like photocopiers, fine paper, refuse removal and hazardous waste disposal.

## **Purchasing Levels of Authority**

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

- Petty cash funds, imprestcheques or corporate credit cards are provided to facilitate purchases up to \$500;
- \$501 to \$5,000: an online purchase order requisition is created using existing Board approved vendors wherever possible. A corporate credit card may be used for a purchase with a vendor via electronic means;
- \$5,001 to \$25,000: minimum of three written quotes are required by the purchasing department; and
- Over \$25,000: a formal process involving RFPs or tender may be required with a minimum of three sealed bids.

Purchasing policy and procedures do not require a mandatory posting of the tender request or the request for quotation on electronic bulletin boards. This practice would ensure the widest market exposure for the supply of goods or services. This would also apply where the Board is purchasing through one of the consortia. The consortia may already be required to do such advertising.

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

The Board has clearly communicated policies and procedures for the use of corporate credit cards that are available on the Board's website and are current, as of October 2007.

There are approximately 20 credit cards currently in use by the trustees and the administration. Similar to other boards in northern Ontario, some staff incur significant travel expenditures travelling across the province. Credit card statements are received in the accounts departments and reviewed by the senior accounts payable clerk and the supervisor of financial services. Credit card statements and supporting original documentation/receipts must be reviewed and approved by the cardholder's immediate supervisor monthly.

Expenditures approvals are defined in the corporate credit card procedures and are as follows:

- The vice chair, who is responsible for the trustees' budget, approves all other trustee expenditures.
- The chair approves the expenditures of the vice chair and the Director of Education.
- The senior business official - finance reviews all trustee expenditures and approves them in the absence of the vice chair.
- The cardholder's immediate supervisor approves all other expenditures.

The review team's experience is that few boards provide corporate credit cards to trustees, and a very limited number are typically made available to senior board staff. The use of personal credit cards with reimbursement of business expenses through the regular expense reimbursement process is a preferred practice. The Board should review its current policy and procedure, to ensure financial control and the validity of corporate credit card expenditures.

The Board currently does not issue PCards, and is considering their adoption for small dollar purchases to reduce the volume of supplier invoices. This is an opportunity area for the Board. As a next step, the Board should perform an analysis of purchase orders by user, by department, by transaction value and by purchasing category. This would allow the Board to develop an optimal PCard program that maximizes purchasing efficiency while ensuring budgetary control.

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

The Board relies on its finance system procurement module to process its purchase-topayment cycle. All invoices and cheque requisitions of less than \$500 are approved by the authorized supervisor of the applicable area, before being processed by the accounts department for payment. Schools may issue cheques for expenditures that are under \$500, and submit monthly reports for posting to the general ledger. The reports

are reviewed by the finance administrative clerk to ensure that multiple invoices/cheques are not used to avoid the dollar threshold of \$500.

For purchases over \$500, all requisitions for goods and services are submitted to the purchasing department electronically. These requisitions are electronically approved by the school administrator. Once approved, the requisition is verified by the buyer for compliance with policies and procedures. After buyer approval, a purchase order is then auto-faxed, emailed or mailed to the vendor.

A purchase order creates an accounting commitment. Once it has been approved and submitted online, it automatically encumbers those funds against the budget. A system-generated warning appears if the purchase order exceeds the budget. The warning does not stop the purchase order from being further processed.

The goods are shipped directly to the site and online receipting is done by the school secretary using information on the packing slip. At the Board office, the invoice is checked against the online receipt, keyed in and payment is remitted. If an online receipt is missing the invoice is not entered in the system. The Board also has standing orders for plant operation and maintenance supplies. These standing orders are manually receipted by matching invoices against the packing slips.

The department reviews outstanding purchase orders at year-end. The staff in the Purchasing and Accounts departments collaborates to ensure that discrepancies are questioned. For example, the Accounts department looks for frequent purchases from suppliers that would warrant the issue of standing purchase orders. In addition, invoices and requisitions are reviewed periodically for thresholds and types of goods or services purchased.

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

At the time of the operational review, the Board had issued an RFP to renegotiate its banking terms. It will be reviewing electronic funds transfer (EFT) during the process. The Board currently uses EFT for paying utility bills, payroll, taxes and pension plans.

Management noted the limited use of EFT in the Thunder Bay area, as it is not supported by suppliers.

### **Recommendations:**

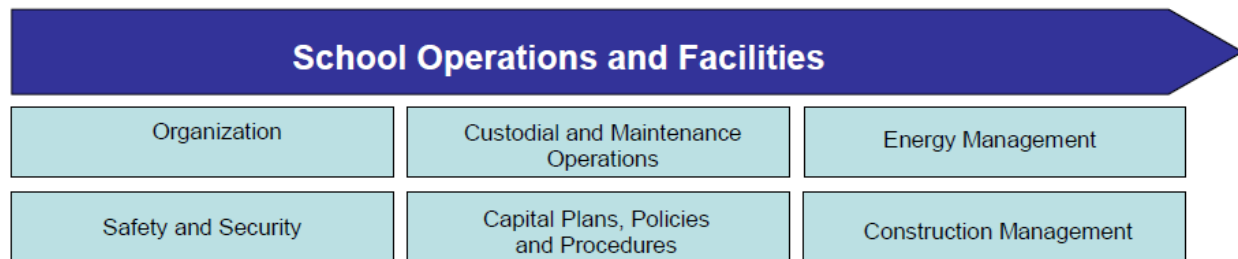
- The department should review its purchasing policy and procedures relating to an examination of purchasing activity and approval limit thresholds. This would ensure that they are in line with the needs of the Board and consistent with those of other school boards. Management should also consider requiring mandatory

posting of tenders and requests for proposals over \$25,000 on the appropriate electronic bulletin boards.

- The Board should review its current policy and procedure for the use and distribution of corporate credit cards.
- Management should investigate the use of PCards to use for small dollar purchases, to reduce the volume of supplier invoices processed by accounting. To that end, it should perform a transaction/spend analysis of purchase orders, to identify optimum threshold limits that maintain budgetary control while managing volume of invoices.
- Finance staff should implement EFT payments to all appropriate suppliers, to gain greater efficiency and minimize the risk of payments being altered prior to clearing the bank.



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



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

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

### 5.1 Organization

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

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

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

### Development and Reporting of Annual goals and Priorities

Leading Practices – Operations and Facilities Organization	Evidence of Adoption?
Departmental goals and priorities are aligned to the Board’s strategic directives and are documented in an annual department plan accessible by key stakeholders.	No

### Organizational Structure and Accountability

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

### Monitoring and Communication of Policy

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

### Development and Reporting of Annual Goals and Priorities

The Board identifies ‘school environment’ as one of the four student achievement focused priorities within its 2006-07 and 2007-08 operational plans. A school environment committee was established to coordinate the effective delivery of this priority. It is composed of the senior business official (corporate services and property), manager of property services and transportation, superintendent of business and

manager of school services and planning. The committee's mandate is to focus on four key actions:

- Implement a comprehensive long-term capital investment strategy which includes program, facility renewal, accessibility and ongoing maintenance
- Implement a plan to make schools more inviting
- Implement an energy management strategy to be environmentally responsible and cost efficient
- Consult with stakeholders to determine annual priorities

The committee provides periodic updates to the Board on the initiatives underway, the progress made and the projects planned for the future. However, the committee does not have an annual operational plan with designated leads and associated timelines. Such a plan would enable the department to allocate clear accountabilities, establish performance measures, and track and report progress of its defined priorities and goals throughout the year.

### **Organizational Structure and Accountability**

The senior business official (corporate services and property) manages the portfolio of maintenance and facilities, along with the manager of property services and transportation. The department is supported by one maintenance supervisor and two plant services supervisors. The Board has approximately 20 maintenance employees who are assigned geographically, including plumbers, carpenters, electricians, masons, painters, welders and mechanical staff. The department manager holds bi-weekly meetings with the team to share updates and operational issues.

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

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

Policies and procedures on security, energy management, environment and leasing are available on the Board's website and also through internal electronic libraries.

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

**Recommendation:**

- The corporate services and property department should develop an annual operational plan to include timelines and designated leads. This will enable the department to identify clear accountabilities, establish performance measures, and track and report progress of its defined priorities and goals throughout the year.

**5.2 Custodial and Maintenance Operations**

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

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

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

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

Leading Practices – Custodial and Maintenance Operations	Evidence of Adoption?
The school board has set cleaning/maintenance standards for schools and reports annually on results.	Yes
Management’s custodial/maintenance allocation model optimizes use of staff.	Yes

## Development of Annual/Multi-Year Maintenance Plan

Leading Practices – Custodial and Maintenance Operations	Evidence of Adoption?
Using stakeholder input, management develops an annual/multi-year maintenance plan for deferred maintenance priorities and maintenance standards. Outcomes improve the learning environment. The plan optimizes the use of available funding (Annual Renewal Grant and Good Places to Learn funding) and is approved by the Board.	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.	Yes
Common standards ensure efficient procurement of supplies to minimize costs and promote energy and operating efficiency.	Yes

## Project Management, Monitoring and Support Systems

Leading Practices – Custodial and Maintenance Operations	Evidence of Adoption?
A work-order system and process that records, monitors, and evaluates projects ensuring the effective use of resources.	No
Management regularly evaluates the overall effectiveness and efficiency of its maintenance and custodial service practices.	Yes

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

Corporate services has developed a custodial allocation model for the optimum use of resources for the Board's cleaning standards and appropriate practices. The model assigns a multiplicative factor to each site element, and calculates staffing based on the frequency of custodial work required at each element.

The model accommodates each school's specific needs, and outlines the shifts and hours of each custodian and their position.

Management has identified areas for daily, alternate day and progressive cleaning. For example, hallways, washrooms, cafeterias and JK/SK classrooms have been identified for daily cleaning while classrooms have been identified for alternate day cleaning. This arrangement has helped to reduce the number of custodial staff required by 17%.

Board-wide cleaning standards are applied and evaluated within the Quality Management Inspections (QMI) framework. The QMI framework is supplemented by a comprehensive custodial information handbook that details role descriptions, job classifications and associated activities. It includes work allocations, assignment of areas and time breakdown, along with templates for work plans and completion records. The handbook also outlines the limit of minor maintenance work performed by custodial staff, information on overtime, vacation, probation etc.

The custodial staff are expected to perform minor maintenance. This offers opportunities for lateral movement between the custodial and maintenance staff. Custodial staff works at multiple sites on a daily basis to respond to changing needs. Management acknowledged that such an arrangement does not support loyalty to a school however, adds flexibility in the staffing model.

The Board has a well-established hiring practice for custodial staff that is headed by the HR officer. Candidates are short listed and interviewed by HR, plant supervisor and chief custodians followed by a written test and final interview with the principal, HR and plant supervisor.

Custodial staff report to the principal at each school. While the plant supervisor facilitates quality control and provides technical and training support, the principal is responsible for any disciplinary action.

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

The department prepares an annual maintenance plan for each school site, with input from school administrators, maintenance supervisors and custodial staff. The plan outlines the projects with associated labour and material costs along with estimated labour hours. These projects are used to generate in-year work-orders.

The Board has prepared a template for both exterior buildings/grounds and internal items that lets each school community identify its desired requirements for its learning environment. The template allows the Board to receive feedback and assists in the identification of capital budget needs and development of annual maintenance programs.

Management does not prepare a multi-year maintenance plan. The development of a multi-year preventative maintenance plan of, say three to five years, would give the administration 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 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 clearer planning perspective.

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

Management has established a comprehensive training program to orient new hires within the custodial department. The five-day program includes four hours of classroom instruction by plant services personnel and another four hours of practical work in an assigned school, for a total of 40 hours of training. Training topics include – asbestos awareness, health and safety, Workplace Hazardous Material Information Systems (WHMIS), chemical usage, equipment use and care, grounds care and various other custodial procedures. Vendors are also required to provide 'product use' training, where required.

A master employee training record is kept on file for each employee at the home base school and completed by the chief custodian as further training is performed. Once the record is complete, HR retains a copy in the employee's personnel file.

The department does not have an annual professional development program scheduled for its custodial staff. Ongoing training needs are identified and referred to the plant services supervisor and coordinated with the health and services officer on an 'asrequired' basis.

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

Custodial supplies are standardized and managed centrally through the Board office. Chief custodians are provided with an annual budget for the cleaning supplies. Custodial staff at each school can order supplies on an as-needed basis from system-approved suppliers. Custodians complete the custodial order form, which is entered into the requisition system by the school secretaries and approved by the principal. For any special cleaning-related items that are not on the purchase order form, an expenditure requisition form is completed and faxed to the supplier.

The department maintains only sufficient amounts of supplies inventory within schools at any given time. Supplies are ordered monthly in accordance with site-specific storage capability. The Board maintains a list of preferred vendors through which to procure materials for work orders. It also has standing orders for small consumables like electrical and maintenance supplies.

An inventory of custodial equipment is maintained at each site and centrally at the Board office. Facilities staff have a log of maintenance equipment in each truck and also maintain purchase orders as back-up records of equipment.

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

Management currently tracks and records its maintenance work orders on an electronic system. The schools fax their work orders to a centralized maintenance shop. The maintenance supervisor determines the priority sequence of work orders to be completed in accordance with inspection reports, ReCAPP, safety, cost and importance.

These work orders are then allocated to the maintenance staff on the basis of trade and geographical territories. The department maintains a list of maintenance projects along with associated material and labour costs. However, the system provides limited ability to report on the status of work orders.

Management noted that they are investigating a web-based work-order system that will integrate with the financial system. It also allows school administrators to check on the status of their work orders.

The plant supervisor performs bi-annual quality management inspections at all work sites, and provides technical information to principals for follow-up on identified performance improvements. The quality management inspections result in an objective scoring and are reviewed by the plant supervisor to maintain consistency across schools and to evaluate the custodial staff at each school. Plant services supervisors work with school principals to indirectly supervise and monitor the day-to-day cleaning activities performed by custodial staff to reach objectives and standards of cleanliness.

### **Recommendations:**

- Management should consider establishing a multi-year, say 3 to 5 years, preventative maintenance and plan, including the funding available to support the plan. This would provide a clear forecast of the Board's critical needs over the next several years.
- Management should investigate the cost-benefit of implementing a new work order system to streamline the management, dispatch, tracking and reporting of facility renewal and general maintenance work orders.



### 5.3 Energy Management

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

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

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

#### Energy Management Plan

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

#### Tracking and Reporting Energy Conservation

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

## **Energy Management Plan**

Management has a policy to manage the consumption of energy efficiently and effectively, and maintains a program of energy conservation awareness. However, the policy was last reviewed in 1985 and should be refreshed to reflect new developments.

The energy management initiatives are led by the school environment committee, which informs the trustees on the various initiatives and progress updates. Management has also hired external energy consultants and used consultant reports to develop an implementation roadmap for energy management, prioritizing projects based on the payback horizon. This exercise had not been developed into a formal multi-year energy management plan.

The Board is currently in the second phase of an initial \$11 million energy management project. This includes the launch of an energy awareness initiative within the schools, to encourage student behavioural changes for increased energy conservation at both school and home. The Board is also renovating schools to install energy efficient lighting, upgrade mechanical systems, install waterless urinals and change water metres to reduce energy consumption. Staff replicate exemplary practices across the system, some of which are shared between schools by virtue of the rotation of custodial staff between school sites. In accordance with the Board's environment policy, energy efficient products are used.

Management has not implemented centralized technology to automate energy regulation and conservation. The current automated control system gives the staff limited ability to remotely troubleshoot for maintenance purposes. The control system is monitored daily by the chief custodians.

All schools (except rural schools) use the same utility company, which allows the Board to pay utility bills on a consolidated basis.

## **Tracking and Reporting Energy Conservation**

Management prepares a report that tracks consumption and cost across all its school sites, on a three-year timeframe. The report is currently only used by management and not disseminated to the school administrators. Such a report can enable the school administrators to benchmark themselves against their peers and share best practices.

In addition, an annual report is presented to the Board to track the cost savings realized from projects implemented by the energy consultants. The Board estimates that the projects undertaken to date will result in savings of approximately \$500,000 per year.

The Board has an automated control system that provides limited capability to view facilities remotely and perform minor programming fixes. The Board recognizes that a

more sophisticated system would enhance its ability to automate energy regulation and conservation.

### **Recommendations:**

- The Board should continue to expand its existing energy management initiatives. It should develop a system-wide, multi-year energy management plan, with appropriate consumption reduction targets. The Board should also ensure that it has tracking and reporting mechanisms in place to monitor consumption and energy costs for periodic reporting to the individual schools, executive council and the Board of Trustees.
- Management should ask the utility companies to provide consolidated billing in an electronic format. This would support more efficient monitoring and forecasting of energy consumption, and reduce the workload in the accounts payable department.
- As part its energy conservation planning, the Board should investigate the costs/benefits of implementing a more sophisticated building automation system to track and remotely control energy consumption in individual schools.

## **5.4 Health, Safety and Security**

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

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

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

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

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

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

The health and safety portfolio resides with the employee relations department and is led by the health and safety officer. The Board has established a security policy (reviewed every seven years), a health and safety policy (reviewed annually by the superintendent) and an environmental policy (reviewed according to policy development and review policy). There are several policies related to safe schools. All policies are supported by procedures and are available on the Board's website.

A central response committee coordinates emergency response, and every school has an evacuation plan. A standard emergency code system across all school sites is also shared with the regional fire department and police. Every school has a monitored security system, with an annual change of codes.

Each school has a safe schools team, a health and safety committee and bulletin boards to highlight relevant communication.

The department delivers various training sessions to all employees. These include grounds equipment training, aerial lift training, confined space awareness training, Lockout/Tag out, health and safety orientation to new employees, accident investigation and WHMIS training. Management has also instituted programs to provide prescription safety eye wear to employees and safety footwear to prevent injuries caused from falling or rolling objects, sharp objects and slippery surfaces. Specific training is also provided to education assistants on first-aid and 'lift and transfer'. The health and safety staff also provide training to the staff of the coterminous Board.

Management has prepared a template to track incident investigation reports across all employee groups. The reports are compiled by the health and safety officer and

investigated by principals/supervisors. Follow-up investigations and root cause are tracked for all incidents and discussed at the labour management committee. The health and safety officer also provides reports to the trustees on an annual basis that compares the data with prior year data. The Board also tracks WSIB incidents and presents the associated statistics at the monthly operations meetings.

The department uses the Property Services Safety Index to recognize lost time days for cafeteria, custodial and maintenance staff. This number is compared against provincial benchmarks. Over the last few years, the Board has reduced the lost time due to injuries and the duration of injuries. It attributes this to initiatives like health and safety training for custodial and maintenance staff to increase safety performance and the modified work committee to coordinate return to work for employees.

The Board has partnered with Lakehead Elementary Teachers of Ontario to train joint health and safety committee members in workplace inspections and committee duties. This has given the committee members a better understanding of their roles in providing safety leadership and improved monthly workplace inspections. The Board has also developed a partnership with the Heart and Stroke Foundation to provide an automated external defibrillator to each secondary school. This initiative will be supported by training to staff and students. The Board is also participating in the High School CPR program in partnership with the Advanced Coronary Treatment Foundation.

The Board has an accessibility committee, and accessibility improvement is part of the annual plan. Management acknowledges that some schools are not compliant with the Ontario Disability Act, because of their age.

The Board has implemented new province wide requirements for flushing and testing of water systems in schools and day nurseries. Water filters at all sites are changed every six months. Custodians conduct water flushing, and logs are maintained.

The Board has eight sites on a well water system and custodians are certified in maintaining well water at the appropriate sites. The Board disinfects the sites and supports Ministry of Environment audits to comply with regulations.

A semi-annual report, prepared by the health and safety officer, is presented to the Board to inform trustees of the current status of the Board's health and safety program and related activities. The semi-annual report includes accident statistics for all employee groups during the year, and an update on recent initiatives to ensure compliance with various acts and regulations. The report also outlines the action plan for the year.

## 5.5 Capital Plans, Policies and Procedures

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

- Assess whether school capital assets are being utilized effectively and efficiently;
- Assess how well management is planning for future capital requirements, based on enrolment forecasts and the capacity/maintenance issues of the existing asset base, relative to the funding available from the Ministry (i.e. NPP funding);
- Assess whether management is appropriately prioritizing the maintenance and renewal expenditures in light of the available Ministry funding and multi-year capital programs;
- Identify appropriate controls and transparency within the current planning process;
- Identify opportunities to support continual improvement in the effectiveness and efficiency of all processes.

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

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

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

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

Leading Practices – Capital Plans, Policies and Procedures	Evidence of Adoption?
The school board maintains accurate and up-to-date inventories of school capacity and utilization.	Yes

Leading Practices – Capital Plans, Policies and Procedures	Evidence of Adoption?
Capital forecasts and related funding plans are assessed annually and adjusted to meet current needs and changes to original assumptions such as enrolment projections and capital grants.	Yes
An accurate and up-to-date assessment of facility conditions is maintained, based on industry standards (using RECAP methodology).	Yes
Funding allocations are analyzed to determine if they meet the current and forecasted needs of the school board's capital requirements.	Yes
Management tracks compliance and monitors new legislation or changes to existing legislation.	Yes

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

In January 2005, after extensive rationalization and renewal planning, the Board approved a long-term capital investment plan for 2005-09. The Board's school environment committee is responsible for implementing the long term-capital investment strategy that focuses on program, facility renewal, accessibility, ongoing maintenance and energy management.

The plan includes program capital enhancements, new construction, ongoing renewal and maintenance, school beautification and accessibility. These initiatives require a total investment of approximately \$50 million. The Board plans to fund the projects from capital reserves (\$8 M), annual renewal grants (\$6.6 M), Ministry of Education day care allocation (\$1 M) and prohibitive to repair (PTR) schools allocation (\$34 M).

The capital plan is developed using inputs from maintenance records, the ReCAPP database, SFIS (school facilities inventory system), FCI (facilities condition index), external consultants, long-term accommodation review and energy consultants. While developing a capital plan, the planning staff also incorporate inputs such as subdivisional yields, schools listed in the accommodation review, construction costs, enrolment forecasts, NPP (new pupil placement) grants, ministry directives, utilization rates and available capital reserves.

The Board has a formal policy on school accommodation. In addition to the capital plan, the Board has also prepared a list of capital projects required over a five-year period (2006-2010) to support its long-term accommodation plan. Updates are presented to the trustees every year.

The Board is in regular contact with the Ministry officials and has completed the liquidity template in cooperation with Ministry staff. At the time of the operational review, the Board had received approval for PTR funding from the Ministry to replace a PTR high school. However, the Board was also in the process of examining other funding options

because the expected cost of construction was likely going to exceed the Ministry funding.

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

The Board maintains accurate and up-to-date inventories of school capacity and utilization. The monitoring and planning of school capacity is reported within the framework of the Student Facilities Inventory System (SFIS).

Facilities services staff currently use ReCAPP as a tracking tool for projects funded by the Good Places to Learn (GPTL) funding. Staff update the ReCAPP database on an ongoing basis and supplement the information with site visits and a review of patterns of work orders to prioritize projects. The long-term capital plan is reviewed in conjunction with the ReCAPP data, and supports the coordination of renewal projects with the capital plan.

The Board is currently updating its FCI database. The site inspections have been completed and associated metrics will be uploaded to the system. School capacity and utilization information is updated and reviewed annually as part of the budget development process. The Board has an annual accessibility plan that is available on its website.

## **5.6 Construction Management**

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

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

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



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

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

## Monitoring and Reporting on Progress of Construction Projects

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

## Maintaining Current Approved Professional Service Providers

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

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

Continued decline in enrolment means that the Board is not expected to construct schools on a regular basis. As a result, the Board does not have its own standard footprints for construction. It relies on the Ministry funding guidelines and architects for standard footprints and to evaluate the various building components that should be incorporated into additions or new schools. The Board benchmarks its cost through consultations with Infrastructure Ontario, architects and the Ministry. However, the Board's construction costs are higher than the provincial average because of its geographic location.

The Board has recently finished construction of an elementary school and is in the process of building a secondary school to replace PTR schools. For the construction of the secondary school, the Board collaborated with the architect to condense the footprint by reducing the class size compared to historic class sizes and ministry benchmarks. In addition, the Board has developed partnerships with the City of Thunder

Bay and other agencies to achieve cost savings through practices like the shared use of parkland for schools.

The Board has a design steering committee (with representation from finance, plant operations, planning, principals and academic department heads) to find opportunities for cooperation and coordination between programs. The committee also solicits input from the community via public consultations, energy management consultants and various advisory committees (SEAC, Aboriginal, Council of School Council Chairs etc.). The Board approves the design of the school, the RFP process and the start of the school construction phase.

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

The Board has hired a project manager on contract to manage its current construction projects. A steering committee, comprising the superintendent of business, and representatives from the departments of purchasing, academic programs, plant services and planning, meets on a periodic basis to review the progress of the project. The architect is also present at these meetings.

Construction projects are tracked internally, using spreadsheets and the financial system. Invoices from the general contractor are approved by the architect and authorized by the project manager and manager of property services. The invoices are verified for compliance by the purchasing department before payments are remitted.

The project manager presents periodic updates/memos to the Board on construction progress. A contingency amount of ~5% is built into the contract cost to meet unanticipated changes. A change order requires approval of the steering committee and is validated by the project manager.

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

In the face of declining enrolment, the Board does not expect to construct many schools. As a result, it does not maintain a list of approved architects and/or related service providers. It tenders architectural services for each project on an 'as-required' basis.

## Appendices

### Appendix A: Overview of the Operational Review

#### Operational Review Objectives

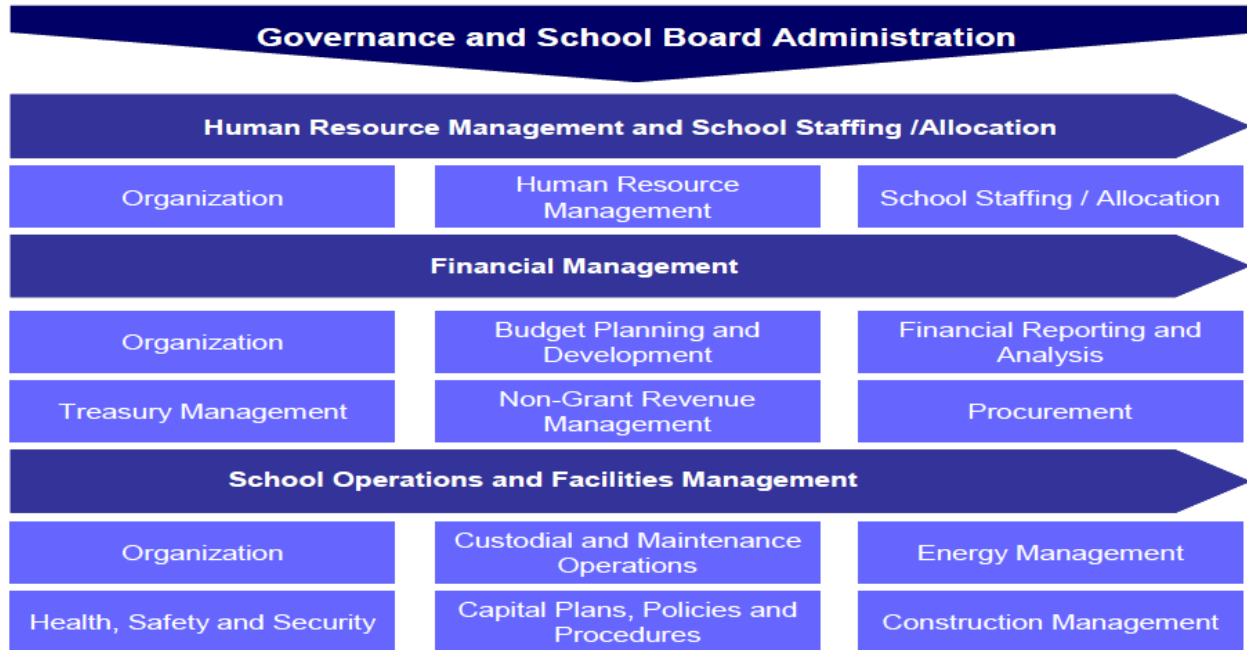
In order to perform an effective and consistent operational review the Ministry has worked with independent consultants to develop a Sector Guide that defines consistent standards and leading practices against which the operational reviews and analysis will be based.

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

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

#### Operational Review Summary Scope

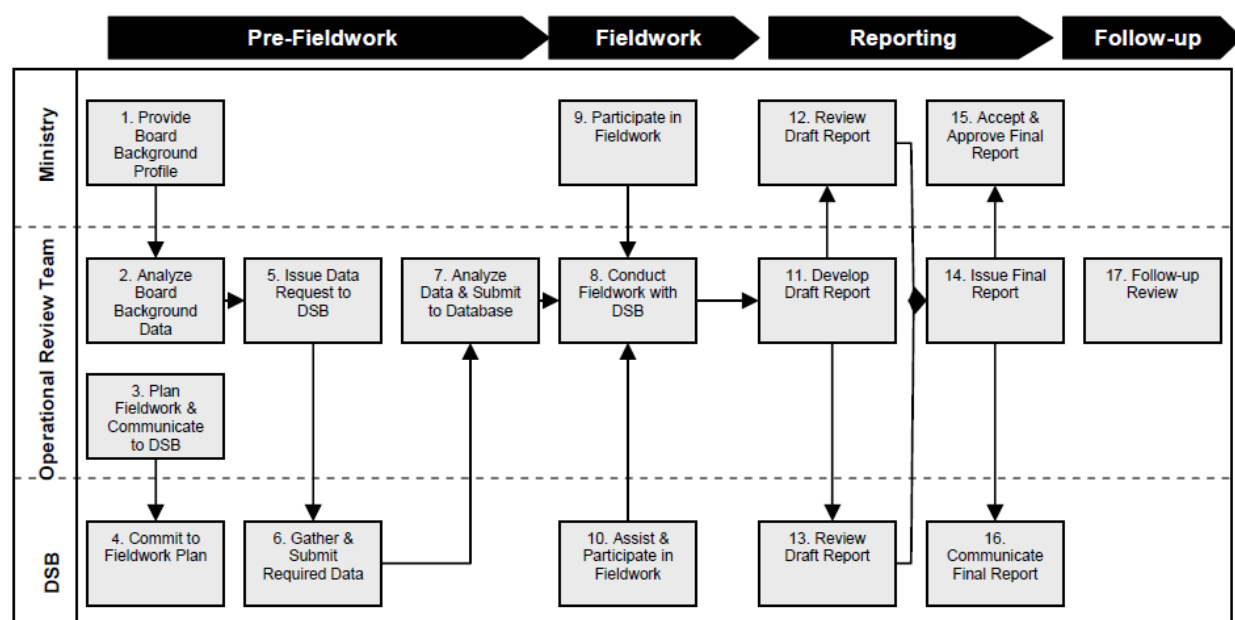
The scope of the Operational Review consists of the following functional areas which have been divided into key processes as shown below. The processes represent the end-to-end lifecycle of activities performed by Boards under each functional area. Each of the processes was examined based on its activities and its adoption of sector agreed leading practices, including alignment and support of student achievement strategies.



### Operational Review Summary Approach

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

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



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

### Phase: Initial Planning and Analysis

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

Key Activity	Description
	sector-wide database that will be used to compare the results for each Board.

### Phase: On Siteview

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

### Phase: Develop Final Report

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

### Phase: Board Report Review

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

### Phase: Final Report

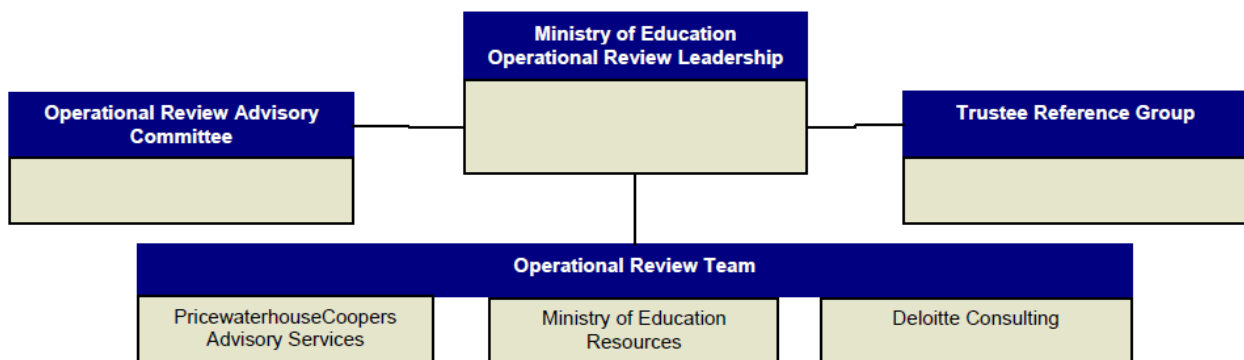
Key Activity	Description
Issue Final Report	The review team will incorporate the feedback from the both the Ministry and the Board and prepare a final report.
Accept and Approve Final Report	The final report will be issued to the Ministry for approval and release.
Communicate Final Report	The Ministry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

Key Activity	Description
Follow-up Review	Six to 12 months after the submission of the final report, the review team will conduct a follow-up review. This will determine the extent of the Board's adoption and implementation of the recommendations,

## The Operational Review Team

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

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



## Limitations of this Review

The purpose of this Report is to document the results of the Operational Review of Lakehead 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.	Management and the Board recognize that a multi-year (three to five year) strategic plan sets the direction for the Board, and establishes the goals and priorities for the operational plan. They have recently started to develop a longterm strategic direction to articulate the Board's vision. The process will incorporate input from various interested parties. Senior staff and the Board should continue to develop this important initiative.
2.	The action plan developed by the executive council should include a greater level of detail, with targets, timelines and assignment of responsibility. This would facilitate departmental planning and allow the Director to align his annual report to the outcomes.
3.	The Director and the Board should consider developing a document that formally sets out the roles and responsibilities of the Board of Trustees and the Director. This will enhance the existing positive working relationship between the executive council and the Board of Trustees.
4.	Many of the policies on the Board website need to be updated. The Board has recently adopted a new process, where the policy committee reviews every policy on a five-year cycle. The Board should continue with this initiative and revise policies to reflect new developments.

### HR Management and School Staffing/Allocation

No.	Recommendation
5.	The HR department plan should be enhanced to include timelines and designated accountabilities. This will enable the department to track and report progress of its defined priorities and goals throughout the year.
6.	The HR department's organizational charts should be posted on the Board's web site so that they are publicly available.
7.	The Director and executive council should review its current HR processes, roles and responsibilities, to determine whether an integrated HR function within a single superintendent's portfolio would better meet the Board's needs.
8.	HR is currently developing a performance review process for custodial staff. The Board should continue with this important initiative to ensure consistency, integration and transparency of all appraisal processes for non-teaching staff.
9.	The department should develop a comprehensive attendance management program, including policies and procedures to address specific categories of absenteeism. This will provide management with a consistent and structured approach to improve attendance, by engaging in positive enforcement to employees and adopting standardized practices across all employee groups.



No.	Recommendation
10.	Management should develop a formal plan for conducting periodic staff surveys and exit interviews. This activity will improve communication with staff and provide input for professional development plans and HR policy.

## Financial Management

No.	Recommendation
11.	The finance department plan should be enhanced to include timelines, expected outcomes and designated accountabilities. This will enable the department to track and report progress of its defined priorities and goals throughout the year.
12.	The finance department should develop a formal cash flow model to forecast and monitor the Board's cash flow activities. This could minimize the Board's use of its line of credit and its reliance on the bank to monitor cash requirements. This would allow the Board to optimize investment income and minimize interest costs.
13.	The department should review its purchasing policy and procedures relating to an examination of purchasing activity and approval limit thresholds. This would ensure that they are in line with the needs of the Board and consistent with those of other school boards. Management should also consider requiring mandatory posting of tenders and requests for proposals over \$25,000 on the appropriate electronic bulletin boards.
14.	The Board should review its current policy and procedure for the use and distribution of corporate credit cards.
15.	Management should investigate the use of PCards to use for small dollar purchases, to reduce the volume of supplier invoices processed by accounting. To that end, it should perform a transaction/spend analysis of purchase orders, to identify optimum threshold limits that maintain budgetary control while managing volume of invoices.
16.	Finance staff should implement EFT payments to all appropriate suppliers, to gain greater efficiency and minimize the risk of payments being altered prior to clearing the bank.

## School Operations and Facilities Management

No.	Recommendation
17.	The corporate services and property department should develop an annual operational plan to include timelines and designated leads. This will enable the department to identify clear accountabilities, establish performance measures, and track and report progress of its defined priorities and goals throughout the year.
18.	Management should consider establishing a multi-year, say 3 to 5 years, preventative maintenance plan, including the funding available to support the plan. This would provide a clear forecast of the Board's critical needs over the next several years.
19.	Management should investigate the cost-benefit of implementing a new work order system to streamline the management, dispatch, tracking and reporting of facility renewal and general maintenance work orders.
18.	The Board should continue to expand its existing energy management initiatives. It should develop a system-wide, multi-year energy management plan, with appropriate consumption

No.	Recommendation
	reduction targets. The Board should also ensure that it has tracking and reporting mechanisms in place to monitor consumption and energy costs for periodic reporting to the individual schools, executive council and the Board of Trustees.
19.	Management should ask the utility companies to provide consolidated billing in an electronic format. This would support more efficient monitoring and forecasting of energy consumption, and reduce the workload in the accounts payable department.
20.	As part its energy conservation planning, the Board should investigate the costs/benefits of implementing a more sophisticated building automation system to track and remotely control energy consumption in individual schools.