Ministry of Education

Operational Review Report
Lambton Kent District School Board

June 2008

Table of Contents

Executive Summary

This report details the findings and recommendations of the Operational Review of theLambton Kent District School Board (the Board) conducted by the Operational Review Team composed of external consultants from PricewaterhouseCoopers LLP and Ministry of Education staff. The Operational Review was conducted over a four-day period 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 was well managed based on the fact that it has adopted a significant number of the leading practices in all of the functional areas that were 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 model that clearly delineates the roles and responsibilities of the Board of Trustees and the senior administration. The senior administration is composed of the Director and the Superintendents. The governance structure is supported by a Board with eleven Trustees.

The working relationship between the Director and the Board of Trustees is positive. The Director meets frequently with trustees to keep them apprised of key administrative developments. The Director's roles and responsibilities are clearly defined and well documented. The strong working relationship between the Director and the Board of

Trustees contributes to the achievement of the Board's goals and priorities. Additionally, the Director undertakes an annual administrative organizational review which is reported and approved by the Board of Trustees.

The Board of Trustees has responsibility for setting and maintaining policy, while the senior administration develop, implement and maintain operating plans and procedures. The senior administration ensures adherence to the Board's policies and the accomplishment of the Board's growth plan. Additionally, a Board resource ensures that all policies and procedures are refreshed and updated as required, with activities then communicated to the broader Board staff.

The Board develops its strategic goals for a three year period. It has documented the most recent goals in a report, *Lambton Kent Growth plan 2006/07 to 2009/10*. The Board's current goals are as follows:

- continuous growth in student achievement

- provision of safe learning environments

Each of the goals is supported by a number of focus areas such as quality programs, numeracy and literacy, student engagement, and student and staff wellness. Detailed strategies for each focus area identify key activities to support the achievement within the defined focus area. These strategies include timelines, responsibilities and measurable outcomes. This enables the Director to provide the Board with annual progress updates on the achievements associated with the approved strategies.

The growth plan is developed utilizing feedback from a consultations with school council chairs, student council presidents, community agency partner groups and trustees. An on-line survey on the Board's website gathered input from staff, students, trustees and community members, providing valuable input to the Director. The senior administration is a key participant in the discussions leading to the growth plan.

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 Board has established an employee performance appraisal policy and related procedures covering all Board staff. The HR department is responsible for monitoring and ensuring the completion of all performance appraisals.

- HR regularly communicates with employee groups on policy and procedures, using a variety of media such as communication sessions with the principals, written memos and online publications.

- The Board has established policies and procedures aimed at minimizing the incidence of grievances.

- The Board provides regularly scheduled HR policy awareness, training and education sessions.

- Teacher qualifications and experience are formally tracked and HR records are current.

- HR conducts confidential exit interviews for staff.

HR management actively provides input into the development of the Board's three-year goals. The Board growth plan incorporates several focus areas that the department will be responsible for during the period covered by the plan. To provide specific guidance to its managers and staff on the focus areas identified as well as other priorities of the department, HR should develop a departmental plan that would detail those areas. The plan would also include the staff responsible, timelines and appropriate performance measures to be used to measure accomplishments.

Recommendations:

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

- The department should develop an attendance management strategy with the associated policies and procedures for all staff categories. The Board should also assess available attendance management systems that would provide timely and accurate data for analysis of attendance patterns. This would improve management of this critical area of the Board's operations and reduce absenteeism costs.

- The department should consider conducting periodic staff satisfaction surveys across all staff groups. This information, together with input obtained from exit interviews, would highlight potential professional development opportunities and contribute to HR policy development.

Financial Management

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

- A transparent and clearly communicated annual budget process that incorporates input from all key stakeholders. The process used to engage all stakeholders in the budget planning and development process is notable.

- Management develops the Board's enrolment forecasts by utilizing multiple sources of information for demographic forecasting and regional planning information, combined with school based information.

- The Board participates in the Chatham-Kent-Lambton-Administrators Group (CKLAG) purchasing consortia for many goods and services. The Board also participates in the CKLAG consortia to benefit from advantageous and competitive market banking rates. This arrangement appears to be an excellent way to join several of the local boards, colleges, municipalities and agencies to leverage the total value of all the participants' cash flow and maximize the management and investment returns from temporary surplus cash. The rates of interest paid on overdrafts and received on surplus cash are very competitive. This is a practice that other school boards could assess for their own use.

- Board management actively monitors risks in the budget planning process and mitigates the risks of spending beyond authorized/budgeted levels.

- The finance department prepares quarterly financial reports for the senior administration and the Board of Trustees. Financial information is presented in reasonable detail, using the Ministry reporting expenditure categories. The reports include a comparison of the approved budget and the year to date expenditures and the remaining budget at the reporting date. The remaining budget amount is expressed as a percentage remaining. This is compared to the benchmark of what the remaining budget should be, based on either historical spending patterns or what is expected to be remaining in salary and benefits, based on the number of pays processed to date. Finance staff are prepared to respond to questions regarding variances and other related matters when the report is presented to the senior administration and the Board of Trustees.

As reported in the HR section, finance management actively participates in the development of the Board's three year goals. The Board growth plan incorporates several focus areas that the department will be responsible for during the period covered. To provide specific guidance to its managers and staff on the focus areas and priorities, finance should detail them in a plan, along with the staff responsible, timelines and appropriate performance measures. Since the superintendent is responsible for the business and plant and maintenance functions, this comment and recommendation applies to the department as a whole.

Recommendations:

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

- The interim financial reporting to management and the Board is very comprehensive in the detail and analysis provided. An enhancement of the report would be to provide written explanations of variances that are significantly greater or lesser than what the expected level of spending should be for the period reported.

- Management and the Board should consider establishing an internal audit function. Management could start by identifying options for its mandate and scope and the estimated annual cost of each option. Management's proactive assessment of need and cost would be a useful first step.

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

- Management should consider mandatory posting of tenders and RFPs on the electronic advertising bulletin boards. This practice would ensure the widest circulation of its tenders.

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

School Operations and Facilities Management

The plant and maintenance department employs many of the leading practices in its caretaking and maintenance operations. The following significant practices are noted:

- The Board has conducted a comprehensive energy consumption analysis and assessment of all of its facilities to reduce its energy costs. Several initiatives, such as an automated energy management system for all schools, have contributed to significant energy cost savings for the Board.

- Management has established and implemented accountability mechanisms. These include well-documented departmental roles and responsibilities, policy compliance awareness training, and appropriate professional designation for

senior staff. These support effective and efficient performance of the maintenance and operations functions.

- The Board has a well-defined maintenance and custodial staff allocation model that supports the allocation of resources to its schools in support of the Board's cleaning standards and practices.

- An annual training program for caretaking staff covers a broad range of job related training including computer basics, Megamation, use of custodial products and equipment, first aid, and general repairs.

- The Board's maintenance and renewal activities are re-assessed annually through individual school assessments. Priorities are incorporated into the annual plan. This approach ensures schools are maintained in good condition, supports improved student learning, and facilitates employee productivity.

Recommendations:

- Management should consider establishing a multi-year, say 3 to 5 years, maintenance and renewal plan, including the funding available to support the plan. This would provide the senior administration, the Board and its stakeholders with a clear forecast of the Board's critical needs over the next several years.

- The Board should complete a multi-year energy management plan, with measurable energy baselines and savings targets to be monitored annually. Any investments in the energy management plan should identify the basis of associated funding.

1. Background and Overview

1.1 Board Profile and Structure

The Lambton Kent District School Board provides educational services to more than 26,000 students in 66 elementary and secondary schools. Lambton and Kent County are made up of numerous small towns and communities over a large area in southwestern Ontario. The Board maintains two corporate offices, one in the Municipality of ChathamKent and the other in the City of Sarnia.

The Board's enrolment has declined by about 3,900 students since 2002-03 to the forecasted 2008-09 fiscal year or about 14.2%. The decline has been about the same percentage for both elementary and secondary. This trend is expected to continue for the next several years. The Board has developed a 10-year capital plan. The implications that declining enrolment will have on program delivery and school facilities, is a significant factor to be addressed in the plan.

The Board's senior administration (executive council) is as follows:
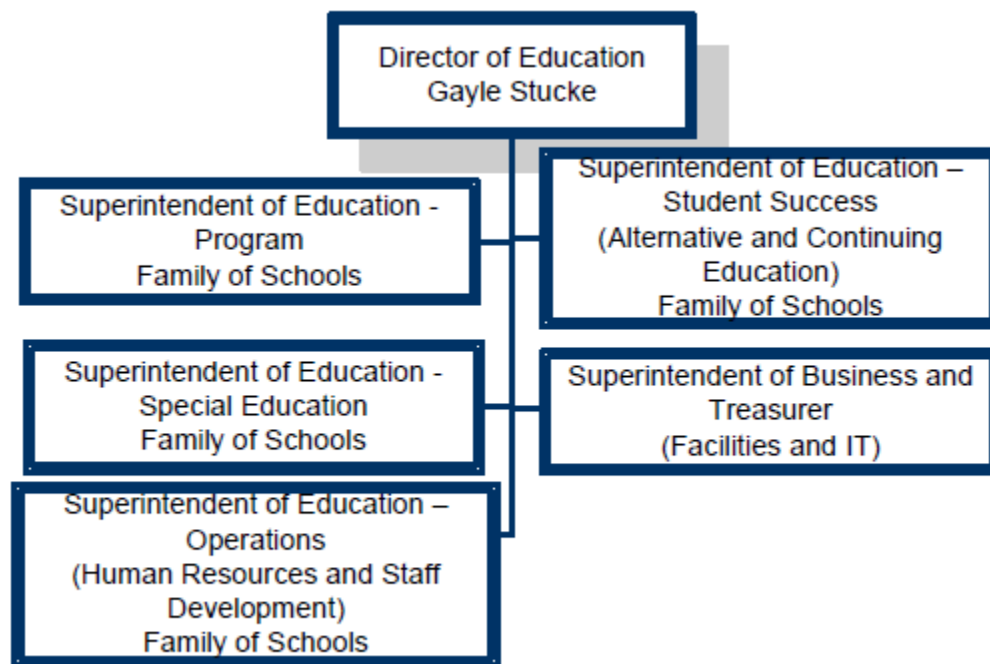
Figure 1

1.2 Key Priorities of the Board

The Board develops its growth plans on a three year-cycle. The most recent plan was developed in 2006/2007 and is entitled Lambton Kent Growth plan 2006/07 to 2009/10. The Board has a clearly defined process for the development of its growth plan. While

the Board does not develop its growth plan annually, it does report on measured outcomes annually. The Director is responsible for the development of the Board growth plan and uses feedback from consultations with school council chairs, student council presidents, community agency partner groups and trustees. The senior administration is a key participant in the discussions leading to the development of the Board growth plan.

The Board growth plan highlights the following core goals:

- Continuous growth in student achievement.

- Provision of safe learning environments.

These goals are, in turn, supported by key focus areas and specific strategies that will be used to achieve the goals and thereby contribute to achieving the Board's growth plan. Based on the Board growth plan document, the Board then develops its annual budgets which include priorities, high-level targets, strategies, timelines, measurement tools and a process for reporting against the plans that is available for the public. These strategies, however, are not directly assigned to an owner.

The Director reports to the Board on the annual progress of the Board growth plan in a document entitled *Progress Report on Attainment of the Goals Contained in the Board growth plan, 2006/2007*. This provides detailed information on the implementation of the related strategies together with the respective actions taken and the success achieved.

The Board growth plan provides the basis for senior administration to set and align individual departmental priorities and action plans. These department plans are discussed in more detail in the respective sections of this report. The Board growth plan is presented to principals for use in their own school improvement planning.

1.3   Student Achievement

The Board has shown a steady increase in most of the student achievement results as measured by the EQAO scores since 2002-2003. However, the results for 2006-2007 showed student scores in Grade 3 and Grade 6 reading and math have decreased to below provincial averages. The Board recognizes that the results create on opportunity for improvement, and has taken action to improve the outcomes through the strategies and key areas of focus for 2007-2008.

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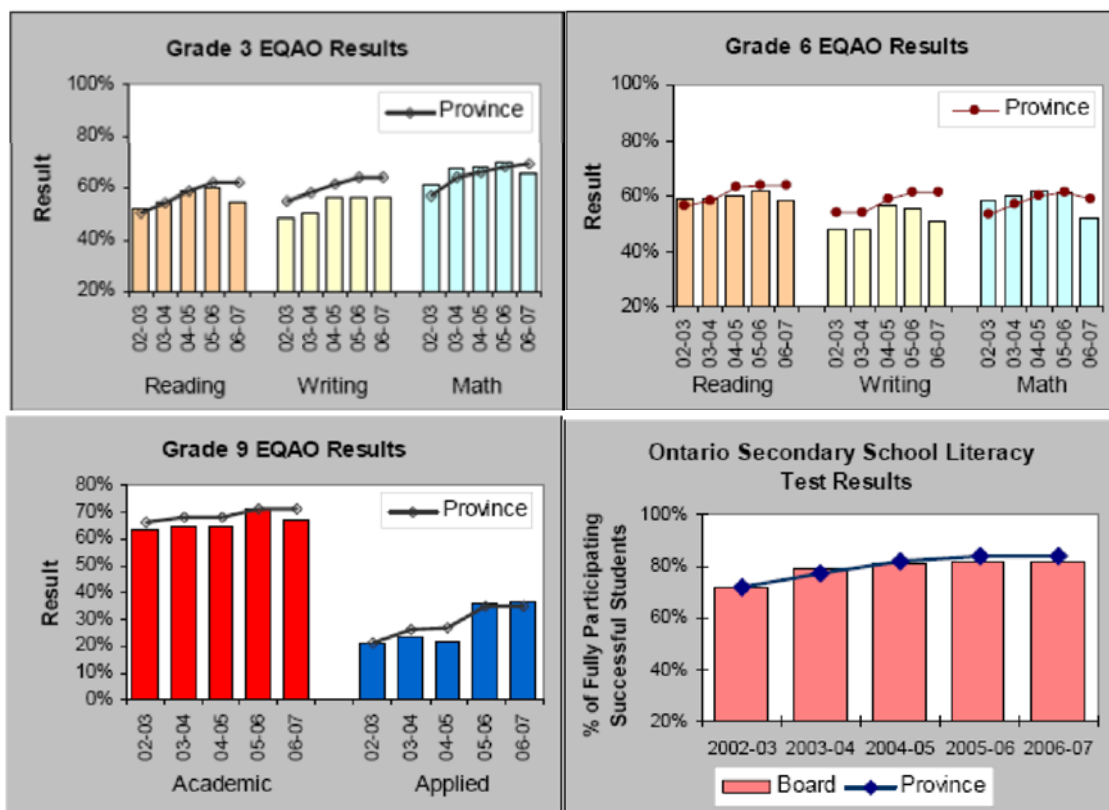
1.4   Fiscal Overview

The Board has achieved a balanced budget for the past several years. In the budget plan for 2007-2008, the Board approved the draw down from the reserve for classroom expenditures of about $599,000. The Board forecasts that its Reserve for Working Funds will be about $4.9 million as of August 31, 2008.

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	$142,725,014	$150,021,847	$155,367,150
Local taxation	$61,258,515	$60,379,848	$60,737,600
Board Revenues	$8,243,642	$10,229,405	$4,990,454
Other Operating & capital Grants	$4,563,910	$3,032,647	$0
Total Revenues (Schedule 9)	**$216,791,081**	**$223,663,747**	**$221,095,204**

Summary Financial Data (Expenditure)

Expenditures:	2005-06 Financial Statements	2006-07 Financial Statements	2007-08 Revised Estimates
Operating expenditures	$207,865,861	$212,543,130	$214,880,169
Capital expenditures - Before transfers to reserves	$6,472,743	$10,745,784	$6,567,906
Transfer to (from) Reserves	$2,452,477	$374,833	-$352,871
Total Expenditures	**$216,791,081**	**$223,663,747**	**$221,095,204**
Surplus (Deficit)	**$0**	**$0**	**$0**

School Board Reserves and Deferred Revenues

School Board Reserve and Deferred Revenues:	2005-06 Financial Statements	2006-07 Financial Statements	2007-08 Revised Estimates
Retirement Gratuities	$3,304,295	$3,404,798	$3,404,798
Reserve for Working Funds	$4,597,280	$4,949,412	$4,885,412
WSIB	$1,785,811	$1,866,041	$1,866,041
Other	$1,204,303	$1,180,533	$1,180,533
Building and Grounds	$1,522,082	$260,136	$260,136
Computer Infrastructure	$925,746	$967,337	$967,337
Total Reserve Funds (Schedule 5)	**$13,339,517**	**$12,628,257**	**$12,564,257**
Reserve for Classroom Expenditures	$4,190,612	$2,985,142	$2,485,142
Special Education Reserve	$99,721	$104,201	$4,480
Proceeds of Dispositions - School Buildings	$2,884,811	$960,661	$160,661
Total Deferred Revenues (Schedule 5.1)	**$7,175,144**	**$4,050,004**	**$2,650,283**
Total Board Reserves and Deferred Revenues	**$20,514,661**	**$16,678,261**	**$15,214,540**

1.5   Key Statistics: Lambton Kent District School Board

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

Day School Enrolment:	2002-03 Actual	2007-08 Revised Estimates
Elementary Day School ADE	16,695	14,465
Secondary Day School ADE	10,510	9,312
Total Day School Enrolment	**27,206**	**23,777**

Primary Class Size

Primary Class Size:	2003-04	2007-08
% of Classes Less Than 20	39%	96%
% of Classes Less Than 23	73%	100%
Average Class Size - Jr/Inter	25.6	25
% of 3/4 Classes 23 & Under	43%	100%
% of Combined Classes	40%	49%

Staffing

Staffing:	2003-04	2007-08
School Based Teachers	1,527	1,536
Teacher Assistants	180	233
Other Student Support	80	80
School Administration	83	85
School Clerical	117	109
School Operations	224	218
Other Non-Classroom	80	73
Total Staffing	**2,291**	**2,334**
Teacher - Pupil Ratio	**1:18**	**1:15**
FTE Staff per 1,000 Pupils (ADE)[1]	**84**	**98**

[1] Note: Impacted by Class Size and Special Education

Staffing:	2003-04	2007-08
Total Salary & Benefits as % of Net Operating Expenditures	84.3%	84.3%

Special Education

Special Education:	2003-04	2007-08
Special Education Incremental Expenditures	$17,757,615	$23,642,784
Special Education Allocation	$19,059,630	$23,452,283
Spending above Allocation (Reserve)	-$1,302,015	$190,501

School Utilization

School Utilization:	2003-04	2007-08
Total Capacity (Spaces)	33,134	30,800
Capacity Utilization	82.10%	77.30%
Number of schools	69	68
Board Area (Km^2)	5,540	5,540
Number of Trustees	10	10

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 Board develops and updates its strategic plan every three years. Currently, the Board's activities have been guided by a strategic plan document, entitled *Board growth plan 2007/2008 to 2009/2010,* which identifies the following two goals of the Board:

- continuous growth in student achievement

- provision of safe learning environments.

Under these core goals the growth plan identifies 15 focus areas: quality programs; numeracy and literacy; student engagement; special education programs; character development; technology; professional development; leadership development; partnerships; first nations; parent involvement; system/school organization; harassment and anti-bullying; student and staff wellness; school maintenance, accessibility and green environment. The plan provides strategies for each of the focus areas and the related timelines, responsibilities and measurable outcomes. The plan has guided the Board since 2004 and will continue to do so until the Board's next system review in 2010. The current Board growth plan document was formally approved by the Board in October 2007 and is available on the Board website.

The Director works with the senior administration and trustees in extensive consultations with the Board's key stakeholders to develop the growth plan and focus areas. The process includes formal feedback discussions and consultations with trustees, community partner groups, elementary and secondary principal representatives, federation and union representatives, managers, school council chairs and parent involvement committee representatives.

The Director provides annual progress reports to the Board of Trustees. The reports illustrate the progress of the annual priorities to achieve the three-year goals. These annual priorities are agreed upon during the annual budget development process, presented in section 4.2 of this report. Progress reports assess the actions, and resulting achievements, taken during the year as noted in section 1.2 of this report. The Director acknowledges that the goals contained within the Board growth plan do not meet SMART (Specific, Measurable, Attainable, Realistic, and Timely) guidelines, and that this is an area of focus for the future. The Board growth plan does identify accountabilities and general success measures. These should be more specifically aligned to the strategy identified for each of the focus areas.

Decision-Making Process

The Board has formal, documented and easily accessible policies for governance and school board organization. Management believes that it operates in a generally harmonious relationship with trustees and that this has contributed to an effective

consensus-driven decision making style. Members of the Board of Trustees understand their roles and responsibilities and work with the senior administration in a constructive manner.

The Board maintains a comprehensive set of policies and related administration regulations for all areas of operation, which are available on the Board's website. The Board has a staff resource dedicated to the maintenance of the policies and regulations in a standard format. The policies are reviewed by both senior administration and the Board and are approved by the trustees. The Board's regulation states that all Board policies and regulations must be reviewed prior to the fourth year of implementation, or sooner if necessary. The review of the policy website shows that this true for many of the policies and regulations, but there a several where that is not the case. Each policy and regulation includes the date of its implementation and the dates of the last review and/or revision. Staff should review the policies and regulations that are beyond the stated review time frame to ensure they are current.

Organizational Structure and Accountability

The Board's governance model clearly delineates the roles and responsibilities of the Board of Trustees and the senior administration. This governance structure is supported by Board members whose roles and responsibilities are clearly outlined in the trustee handbook.

The Board of Trustees is responsible for setting policy and the senior administration develops and implements plans and procedures to ensure adherence to Board policies and the accomplishment of key priorities.

There is a very positive relationship among the Director, senior administration and the Board of Trustees, and the existing policy governance model appears to be operating effectively. The strength of this relationship contributes to the achievement of the Board's goals and priorities.

Stakeholder Engagement

The Board has demonstrated that it consistently administers its responsibilities (both directly and through its committees) in an open and transparent manner. Various communication channels, such as emails, website postings and town hall meetings, keep key stakeholders engaged throughout the year. Examples include the development of the Board growth plan, annual budget development workshops, and the continuous feedback sought following training programs.

The establishment and periodic review of Board policies is another area where internal and external stakeholder input is sought. Management has established appropriate

means of monitoring and communicating Board policies to ensure adherence, through written communications and training for key policies.

3. Human Resource Management and School Staffing/Allocation – Findings and Recommendations
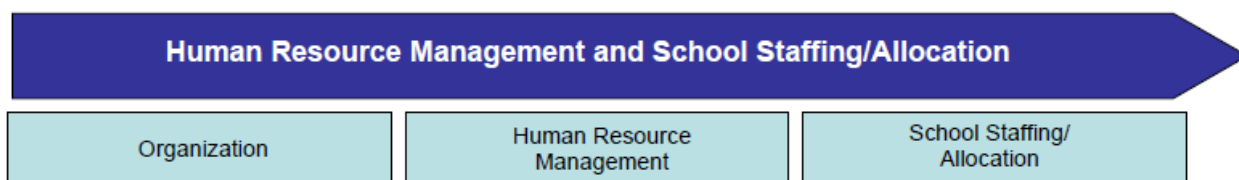
Effective management of human resources ensures that the staff allocations to schools and classrooms meet the Ministry's class size requirements and are in line with the Board's collective agreements and approved allocation models. The allocation models adopted by the Board are designed to ensure the 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.	No

Organizational Structure and Accountability

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

Monitoring and Communication of Policy

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

Development and Reporting of Annual Goals and Priorities

HR management actively participates in the development of the Board's three-year goals. The Board growth plan incorporates several focus areas that the department will be responsible for during the period covered by the plan. To provide specific guidance to its managers and staff on the focus areas and other priorities of the department, HR should develop a departmental plan. The plan would detail those areas that are to be addressed, along with the staff responsible, timelines and appropriate performance measures. The department should produce an annual report that accounts for the achievement of the applicable priorities set out in the Board growth plan and others identified in its annual plan.

Organizational Structure and Accountability

The Board's HR function is the responsibility of the superintendent of education operations. The manager of human resources responsibilities include:

- health and safety;

- wellness;

- recruitment;

- benefits.

The organizational structure and management that supports the HR function contributes to the accomplishments of the department. The department has clearly defined roles and responsibilities with clear lines of internal reporting.

The description of "Operations" in the title denotes a broader span of responsibilities than "Human Resources". "Operations" often refers to all non-academic functions of a board. Management may wish to consider the title of "Superintendent of Education – Human Resources" as more relevant to the function.

The HR department staff has appropriate professional designations. The department also provides professional development for staff. All staff participate in development programs aimed at improving their skill sets.

Monitoring and Communication of Policy

HR-related policies, regulations and administrative procedures are revised and refreshed on a three-year cycle. The process to review the policies, regulations and administrative procedures involves all relevant stakeholders. Once HR management is satisfied, the policies, regulations and administrative procedures are reviewed by the executive council. They are then presented to the Board of Trustees for approval before being implemented and posted on the Board's website.

A series of workshops is given to stakeholders following approval.

Recommendation:

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

3.2   Human Resource Management

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

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

- Appropriate processes are in place to promote the personal and professional growth of all staff;

- 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.	Yes
Management has implemented an employee evaluation system for all staff.	Yes

Management of Board's Benefit Plans

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

Monitoring Staff Satisfaction

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

Attendance Management Processes/Programs

The Board currently tracks teacher absenteeism for the sole purpose of managing supply teacher assignments. The Board does not have a formal and supported attendance management program. The HR department recognizes that a more comprehensive and proactive approach to attendance management can improve staff attendance, resulting in improved staff morale and a reduction in associated costs.

The Board has an attendance management policy and indicated that, due to an increasing absence trend, the development of supporting administrative procedures is being considered. Management acknowledged that the Board currently lacks an effective procedure to manage attendance and analyze the impact of absenteeism. To initiate an attendance management review, the Board engaged consultants to report on performance information for key areas related to attendance challenges and the resulting impact on costs. This was delivered to the Board in January of 2008. The findings are currently being considered.

The HR department does not track attendance statistics for its employee groups. The HR department has investigated the implementation of an attendance management program. It plans to continue its efforts in this regard and engage its unions in discussions to arrive at an acceptable solution. The current attendance management system is questionable, as it is difficult for management to ensure that the data is not distorted due to coding errors. This prevents the HR department from validating troubling absence patterns and taking corrective steps to reduce instances of absence.

Labour Relations

HR management described good working relations with unions. This could be attributed to the formal and informal practices followed in dealings with the unions. The establishment of labour/management committees such as the CUPE committee helps to maintain an open dialogue. Specifically, there have been successes related to limiting the incidence of grievances, as well as positive grievance resolution.

Training and workshops are provided to principals and management to address relevant labour/management issues and contribute to a harmonious relationship. The HR

department provides regular status updates to the Board of Trustees on both outstanding and resolved grievances.

Staff Recruitment

The HR department has developed and documented detailed procedures for hiring and recruiting. HR continually evaluates and seeks improvement for its recruiting processes. For example, HR implemented the use of the Apply to Teach website as the basis for recruiting activities. The website connects over 185 Canadian school boards and 300 private employers with candidates.

The Board illustrated a detailed process for staff recruitment and in most cases highlighted these processes in formalized documentation, with the exception of the Long-Term Occasional (LTO) teacher hiring process. It would be beneficial to have LTO hiring processes formally documented.

The Board is challenged to recruit qualified French-speaking and technical teaching staff, a challenge that is faced province-wide. HR management has attended recruiting fairs to address this issue, and created a recruitment package to increase the number of applicants. This was a collaborative effort between school administrative staff and principals.

The HR department has implemented mentoring and development programs for all new employees, which includes the Ministry-supported New Teacher Induction Program (NTIP).

Management of HR and Payroll Data

The payroll processing function reports to the finance department and has access to confidential personnel records, including compensation and job level information. The finance department has been given the appropriate authorization to access personnel records, and this arrangement is agreed upon by both HR and Finance. As such, the Board has ensured segregation of duties, so that updates to personnel records for pay and benefit changes, or other compensation adjustments, are only performed by authorized staff. The Board should continue to monitor this arrangement closely, and maintain a high level of vigilance to prevent unauthorized access to confidential personnel records.

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

Employee Performance Evaluation Processes

Management, through the HR department, has implemented performance appraisals for all Board staff and management, and the Board has approved the related policies and regulations. The HR department monitors and ensures the appropriate completion of all appraisals. The procedures require annual performance appraisals to be carried out for superintendents, middle management and all support staff. Management has developed an appraisal template for staff. Superintendent's appraisals make use of an annual summary and resulting performance discussion. The review cycle for principals and viceprincipals is within the first two or three years following their appointment, and within five years thereafter. The teachers' review cycle is five years as required by the Ministry.

The process allows for performance appraisals in addition to those within the defined cycle, if required. If they are applied on a continual and consistent basis, they should achieve the Board's objectives of providing opportunities for individual personal growth and individual accountability for job performance.

The department maintains and communicates formal disciplinary policies and procedures regarding staff competency and behaviour. Teaching and non-teaching performance appraisals are used to address minor performance issues. Major issues are addressed with a separate procedure that includes a request for union involvement, followed by documentation of problematic behaviours. If the issue persists, disciplinary action is taken.

Management of the Board's Benefit Plans

HR has established processes to continually review its benefit plan administrator. This ensures adherence to the benefit plans' terms and conditions, and contributes to cost control. HR uses a benefits consultant to assist in the analysis of plan usage and trends. The consultant also supports the Board in its periodic negotiation of the carrier's administrative fees. The Board has established the use of preferred providers for more costly services such as massage and physiotherapy. Co-payment provisions in the health and dental plans also help control the growth of costs. These provisions are consistent with many school board benefit plans. The Board, with the assistance of the consultant, is reviewing the benefit plan provisions to identify further options to contain the growth in plan costs. Any options identified would be reviewed with the Board's unions before any changes could be implemented.

In addition, data transfer among HR benefits, payroll and external carriers is automated and synchronized. However, there is not currently any automation between the Board and OMERS. This should be considered as an opportunity for automation.

In addition, HR does periodic comparisons/confirmation of all data among HR benefits, payroll and external carriers, to ensure that all employees eligible for benefits are on insurance company records.

Monitoring Staff Satisfaction

Management does not conduct staff satisfaction surveys. An open relationship between the Board and the teaching staff facilitates informal dialogue. However, no formal confidential inquiry is conducted. The periodic monitoring of staff satisfaction can contribute to overall staff performance and morale and ultimately the achievement of the growth plan goals. The results can provide valuable input into the development of professional development and the formulation of HR policies and regulations.

The HR department conducts employee exit surveys. These help the department to understand any potential retention issues and develop proactive and corrective actions.

Recommendations:

- The department should develop an attendance management strategy with the associated policies and procedures for all staff categories. The Board should also assess available attendance management systems that would provide timely and accurate data for analysis of attendance patterns. This would improve management of this critical area of the Board's operations and reduce absenteeism costs.

- The department should consider conducting periodic staff satisfaction surveys across all staff groups. This information, together with input obtained from exit interviews, would highlight potential professional development opportunities and contribute to HR policy development.

3.3   School Staffing/Allocation

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

- Assess whether accurate and efficient processes are in place to forecast and plan for staffing needs to support student achievement target strategies;

- Ensure that staff optimization allocation processes are in place, supported by an effective attendance management system;

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

The following table summarizes the leading practices defined for School

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

Planning and Processes for Annual Staffing and Allocation

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

Monitoring and Reporting on Staff Allocation

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

Benchmarking Costs with Other Boards and Funding

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

Planning and Processes for Annual Staffing and Allocation

The HR department has established detailed procedures to govern total staff needs/requirements and their allocation, driven by enrolment forecasting, student need, class size requirements and alignment to collective agreements (including preparationtime allocations). The enrolment forecasting process is developed on a school by school basis and considers Board level data, trend analysis and a local, school-by-school analysis. The Board uses various sources of information to get an objective and accurate forecast.

The enrolment forecasting begins in the fall. After taking into consideration factors that impact the Board's total anticipated enrolment for the following year, a school-by-school forecast is prepared and reviewed by senior administration. Forecasts by school are further refined by division and by grade. From this data, detailed class counts are prepared for each school, which serve as the basis for the number of staff required for each school. This leads to a detailed teaching staff allocation, in which all staffing requirements are highlighted and the staffing action requests are forwarded to the executive council for approval and then to the Board of Trustees.

The allocation of education assistants is based on a detailed student needs assessment by the schools. Other school-based support staff allocations are based on formulas that are reviewed annually, taking into account budget constraints in the final determination of the allocations.

Monitoring and Reporting on Staff Allocation

HR and financial services continue to monitor the original approved staff allocation plan and budget as compared to the actual allocation. During the course of the school year, the HR department conducts periodic comparisons of the original approved staff allocation plan and budgeted versus the actual allocation. Management monitors the staff allocation complement and budget distribution periodically. The most significant checkpoint occurs in September, when the actual enrolments are known and where some class/school reorganization can occur to adjust for enrolment variations. This has become a greater issue given the mandated elementary class size. According to Ministry records for 2007/08, the Board achieved 96% of its Primary classes at 20 or under and 100% of Primary classes were at 23 or under. The Grade 4 to 8 average class size was at 25 compared to the Ministry target of 25.

Benchmarking Costs with Other Boards and Funding

The Provincial Relations Labour Network meets every two months to co-ordinate and compare findings on salaries and funding. The department conducts periodic market assessments to compare the salaries of the private and public sector. When the assessment yields discrepancies in employee salary and market value, corrective measures are taken to address the difference. Management makes use of its relationships with similar boards, to compare support staffing costs and to ensure efficient use of resources. Additionally, the funding formula is analyzed and compared with Board needs and the costs of similar Boards. This information is used to inform budget decisions.

4.   Financial Management – Findings and Recommendations

Financial Management

Organization	Budget Planning and Development	Financial Reporting and Analysis
Treasury Management	Non-Grant Revenue Management	Procurement
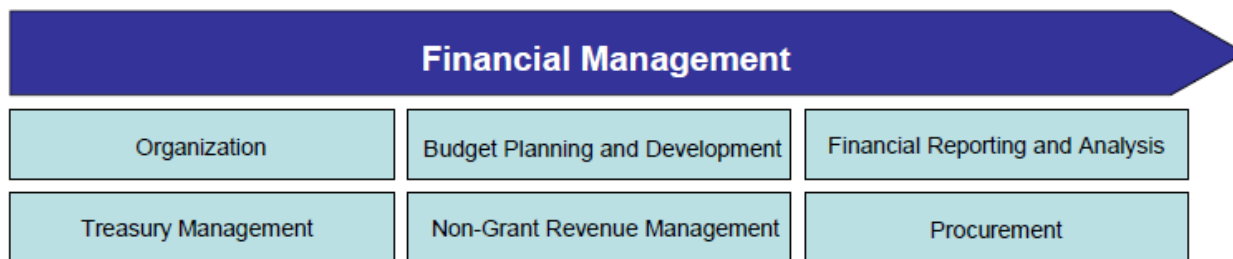
The financial management of the Board contributes to the efficient and effective use of fiscal resources. Financial management ensures that the annual budget is developed within the Ministry's allocation and is aligned with student achievement targets, and that appropriate financial policies and procedures 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

Organizational Structure and Accountability

The financial management function resides within the Board's business department, and has two sections reporting to the superintendent of business and treasurer. The business department includes a planning and reporting officer, business analyst and the manager of financial services who report directly to the superintendent of business. The payroll, accounting and purchasing supervisors report to the manager of financial services. Roles and responsibilities are defined and well understood. The organizational chart has been approved by the Board of Trustees and is available on the Board's website. Senior financial management staff have professional designations where appropriate.

Development and Reporting of Annual Goals and Priorities

As noted in the HR section, finance management actively participates in the development of the Boards three-year goals. The Board growth plan incorporates several focus areas that the department will be responsible for during the period. To provide specific guidance to its managers and staff on the focus areas and other priorities of the department, finance should develop a departmental plan to detail those areas, along with the staff responsible, timelines and appropriate performance measures. We understand that management was considering the development of an annual plan. Since the superintendent is responsible for the business and plant and maintenance functions, this comment applies to the department as a whole. Management would also prepare an annual report to summarize its accomplishments.

Monitoring and Communication of Policy

The business department maintains a set of policies, regulations and procedures covering pertinent aspects of financial management.

These policies and regulations have corresponding administrative procedures, which are not made public but are communicated to all employees. There is a three-year review cycle for policies within the scope of the business department. The business department provides workshops and conferences to management and staff to communicate changes or additions to policy, regulation or administrative procedures. These ensure that all staff are aware of the required processes when they are dealing with matters that may relate to the financial policies.

Recommendation:

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

4.2   Budget Planning and Development

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

- Understand the linkages between the Board of Trustees' goals and priorities and the operational budgeting process;

- Assess whether sufficient transparency and controls exist in the budget planning and development process;

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

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

Annual Budget Development Process

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

Enrolment Forecasting Linked to Budget Development

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

Identification of Risks and Mitigation Strategies

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

Annual Budget Development Process

The annual budget process is transparent, clearly communicated, and incorporates input from all key stakeholders. The finance department develops a detailed and comprehensive annual budget development schedule that guides the overall budget development process and clearly identifies all the necessary inputs, stakeholders and activities. This budget schedule is communicated to all stakeholders to ensure widespread awareness.

Typically, the budget process starts in February and is finalized with the approval of the annual budget by the Board of Trustees in June. Of particular note is the method by which the finance department engages Board stakeholders through the budget development process to ensure alignment to the Board's growth plan. The finance department facilitates a series of budget workshops, during March and April, in which management delivers a presentation that identifies budget categories and funding forecasts to enable the understanding of the operating environment for the coming year. The workshop participants then collaboratively develop the priorities for the coming year. The process is guided by the goals within the Board growth plan. This format provides an opportunity for participants to be fully engaged and to make clearly defined decisions. These priorities or new initiatives become part of the budget process, and will be considered as part of the development of the final budget to be recommended for approval by the trustees.

Prior to the workshops and conferences, the superintendent of business surveys the school councils and parent committees to incorporate their feedback within the budget lines.

As an integral part of the process, the finance department reviews and analyzes the prior year's financial results to set a baseline for the current year's plan. Finance also determines what new cost pressures will impact the budget, and ensures that the base is adjusted for any anticipated or known cost increases.

The finance department creates a system-wide budget based on all the inputs from the various programs and departments developed during the workshops and other activities. Once the Board's revenue is confirmed with the issue of the GSN, staffing projections are refined and revised and a final budget is prepared and presented for the Board's approval in June. The Board's budget demonstrates its alignment of resources to the Board's growth plan. The purpose and use of reserves is also clearly set out in the budget presentation to the Board.

Enrolment Forecasting Linked to Budget Development

The enrolment forecasting is started early in the budget development process and enables finance to develop preliminary high-level expectations of the anticipated change

in revenue compared to the previous year. Significant changes in the enrolment forecast are incorporated into the budget development process.

The Board uses demographic evaluation software (Baragar Model) which details information on the birth rate, immigration and emigration rates, and provides a 10-year projection for each school. Updates are provided in May, June and October and have been historically accurate to within one half of a percent of actual. The finance department also compares information with historical data and a school level retention model. Multiple sources of information provide the business department with an accurate enrolment projection to inform the budget development process. These highly accurate historical enrolment forecasts have enabled management to retain a high level of confidence in the budget development process.

HR and the staffing committee are also very much involved in the budget development process and resulting staffing plan. They provide the required numbers of primary and secondary teachers, supply teachers, and literacy coaches. This information also provides the necessary complement for benefits and pensions costs, which are an essential part of the budget.

Identification of Risks and Mitigation Strategies

The Board identifies the key risk areas in the budget planning process. The most significant issues are whether the enrolment forecast is higher or lower than actual, if energy cost spikes beyond budget and expenditure variances from plan. Other factors include teacher retirement gratuities, emergency catastrophes and WSIB claims. Although management has not formally documented these risks and the planned strategies to mitigate them, they address them through the budget development process. Also they actively monitor expenditures during the year to identify the risk of unfavourable variances and take action to bring costs in line with the budget plan.

The Board also maintains several reserves, including retirement gratuity, WSIB, working funds and equipment malfunction, for unusual or unforeseen in-year budget issues.

In addition, the Board is fully insured against emergency catastrophes. The Board has also created an emergency reserve of $500,000 in the event of a malfunction of major equipment such as boilers.

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.	No
Internal and external audit plans are clearly documented. Audit report recommendations are acted upon by management.	Yes

Integrated System for Variance Analysis and Financial Reporting

The Board has recently implemented an integrated financial system, BAS2000, which provides useful, timely and accurate information to management, school staff and the

Board. The accounts payable, budgeting, accounts receivable and purchase order modules has served Finance and the Board very well.

Interim Financial Reporting Accountability

Finance staff prepares detailed quarterly financial reports for review and approval by senior management. A summarized report is approved at the same time for submission to the Board.

Financial information is presented in reasonable detail, using the Ministry reporting expenditure categories. The reports include a comparison of the approved budget, the year to date expenditures and the remaining budget at the reporting date. The remaining budget amount is expressed as a percentage remaining. This is compared to the benchmark of what the remaining budget should be, based on either historical spending patterns or what is expected to be remaining in salary and benefits, based on the number of pays processed to date. These benchmarks are developed in a model that incorporates rolling data over the previous five years. They are adjusted to reflect changes in contracts and other applicable variables for each major budget category. Finance provides a workshop to explain seasonal spending patterns. The workshops provide the Board with an in-depth understanding of the spending patterns based on the benchmark analysis.

Finance staff is prepared to respond to questions regarding variances and other related matters when the report is presented to the senior administration and the Board of Trustees. The report does not currently provide narrative explanations of variances.

The Board year-end is August 31 and its closing period is approximately three weeks prior.

Internal Audit Function

The Board does not have an internal audit function. Although management recognizes the importance of the function, they believe that the resources are not currently available to support the additional cost to establish the function. Finance staff conduct spot audits of schools and focus on enrolment reporting and school funds. Finance also audits accounts payables, purchasing card receipts and payroll. No formal report is ever issued nor is any recommendations made. Schools are audited by the external auditors each year as part of their audit of the Board's financial statements, and there has not been a management letter in the past six years.

The establishment of a formal internal audit function would assist senior administration and the Board of Trustees in exercising their overall governance and accountability roles. Internal audit would 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 determine whether programs and services are meeting their overall objectives. The function should report to the Board of Trustees. The annual internal audit plan would be presented and approved by the Board and all reports would be presented to the Board.

Audit Committee

The Board has not established an audit committee. Many school boards have established or are now establishing an audit committee. An audit committee acts on the Board's behalf to:

- Review the annual audited financial statements.

- Review and understand the accounting complexities inherent in their preparation.

- Gain a more detailed understanding and appreciation of the significance of maintaining a sound system of internal control in the relevant areas of the Board's operations.

- Review the annual external auditor's appointment, the annual audit plan, the management letter and other matters related to the annual audit of the financial statements.

- Review the treasurer's quarterly report.

- Manage other corporate matters.

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

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

Recommendations:

- The interim financial reporting to management and the Board is very comprehensive in the detail and analysis provided. An enhancement of the report would be to provide written explanations of variances that are significantly greater or lesser than what the expected level of spending should be for the period reported.

- Management and the Board should consider establishing an internal audit function. Management could start by identifying options for its mandate and scope and the estimated annual cost of each option. Management's proactive assessment of need and cost would be a useful first step.

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

4.4 Treasury Management

The purpose of reviewing treasury management processes is to assess:

- Whether processes are in place to ensure the optimal use of cash, investments and borrowings within school boards;

- Whether sufficient internal controls exist to support cash management, investments and borrowings;

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

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

Cash and Investment Management

Leading Practices – Treasury Management	Evidence of Adoption?
There is an efficient cash management process to maximize interest income, using short-term investments where appropriate.	Yes
Cash management activities consolidated with a single financial institution.	Yes

Leading Practices – Treasury Management	Evidence of Adoption?
Staff and management periodically review the Board's investment policy and investment performance reports.	Yes
Staff and management periodically compare the Board's banking terms and conditions to those of similar school boards.	Yes
Management monitors financial risk related to cash/investment management and has a plan to mitigate associated risks.	Yes

Cash and Investment Management

The Board is commended for its use of consortia and related procedures that minimize idle cash. Idle cash is minimized and is moved to the highest yielding account available through the consortia, the Chatham-Kent-Lambton-Adams (CKLAG) banking arrangement. The CKLAG members include the cities of Sarnia, Chatham-Kent and their respective hospitals. Each member has its own separate account. When a member requires funds, it pulls the funds from the pooled banking arrangement. The rate received is calculated dynamically and based on a series of agreed-upon rates, together with the amount of pooled cash. Management indicated that there has been no need to project operating cash flow in a detailed manner, due to the increased flexibility in cash management afforded by the consortium arrangement. However, the finance department does conduct monthly bank reconciliations to ensure accuracy and accountability.

The CKLAG consortium was created 10 years ago and is managed by a single financial institution. It should be noted that the Board has no debt and the Board of Trustees have not supported the issuance of debt.

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 0.5% of the Board's overall budget, or about $1 million excluding Government of Canada students, 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 established policies on the levy of permits, fees and the application of the fee structure, and the related procedures to be followed. The Board adheres to the community use of schools policy. The Board has expressed difficulty in the collection of invoiced fees from the Department of Indian and Northern Affairs. They are addressing this with increased communications. Two Native bands that work with the Board manage their own finances and are very prompt on payments.

Technology to Support Registration and Collection of Revenue

The continuing education department does not make use of an electronic registration and payments system. This is also true for the issuing and payment for community use permitting. However, due to the relatively small value of continuing education program and permitting fees, the Board has established cash and invoicing process procedures that record the revenues. This enables the monitoring of receivables and identifying issues for collections if necessary.

Managing the EPO Grants

To control spending, EPO grants are conducted as a project, with the requisite processes in place to move forward. An application is first sent to the manager of financial services, and a financial code is then created for that project. The financial reports are approved by the superintendent of business and the manager of financial services.

Management tracks the required accountability associated with the individual grants, to ensure that the funds are spent for the purposes intended and that financial reporting is completed on time.

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 purchasing policy, regulation and administrative procedures which have been clearly communicated to all authorized users of the system. The procurement policies are available on the Board's website. The regulation addresses a number of key elements such as:

- methods of procurement (petty-cash, purchasing cards);

- price quotations and tender limits;

- special purchasing processes (request for proposals, negotiated contracts and the exemption from alternative pricing or quotation process);

- freedom of information;

- cooperative operations (CKLAG);

- ethics;

- conflict of interests.

The Board also uses an annually updated catalogue for goods and services that are regularly purchased. Applicants must be approved by the Board to be admitted to the supplier list.

Participation in Buying Consortia to Reduce Acquisition Costs

The Board is commended for its use of the CKLAG consortium for its purchasing and procurement. The consortium provides access to many supplier contracts that are tendered for goods and services. Flexibility is ensured, as any member may opt out of purchasing a good or service through the consortium because of a prior arrangement with other suppliers. CKLAG has enabled members to benefit from best quality for goods and services at competitive pricing.

CLKAG has created a matrix to prequalify the goods and services suppliers. Specific requisitions relevant to the Board are built into the pre-qualification evaluations, to ensure alignment of Board needs and supplier capabilities and qualifications.

The consortium has a number of committees in which the Board participates. The Board participates in the HR committee, the IT committee, the purchasing committee, the finance committee, and the executive committee. The Board leverages from the consortium for special projects, which can involve various committee groups, with representation from multiple consortia members. These committees meet three times per year, and sometimes more frequently, depending on the need.

The meetings allow discussion of common issues, such as providing reliable high speed internet service to member owned facilities. The Board participated in a consortiumdriven request for proposal for Wide Area Network (WAN) implementation throughout the Sarnia/Chatham/Kent area. The CKLAG consortium selected the appropriate supplier, which provided the Board with a significantly discounted technology upgrade for its rural facilities.

Purchasing Levels of Authority

The procurement regulation provides for appropriate authorization levels commensurate with job titles and roles. These are monitored for compliance by the respective department officials. All departments adhere to the following limits for securing supplier quotations:

- Purchases of $1,500 or less - may be purchased without quotations at the discretion of the individual with budgetary authority.

- Purchases of $1,500 to $5,000 - Verbal or written/fax quotations

- Purchases of $5,000 to $75,000 - Written quotations, request for proposal or tender by the purchasing department after an approved requisition has been received.

- Purchases of $75,000 and upwards - Formal tender or request for proposal.

- The purchasing agent may advertise for tenders regardless of dollar value.

It is becoming more common for organizations to advertise for all tenders and/or RFPs over a certain dollar threshold. Flexibility is provided for those purchases below the defined level. The Board should consider making it mandatory to advertise for purchases over a defined level on an appropriate electronic bulletin board. If the Board did make this change, it would have to determine how to address purchases through the consortia, if the consortia does not follow a similar advertising practice.

Policies and Procedures for Purchase Card/Corporate Card Use

Purchase cards (PCards) have been provided to a total of approximately 300 employees. Most of them have between two and three entries per month, and have a spending limit of $1,500. There are clearly communicated administrative procedures for PCard use, and card users are given annual training on those procedures. The finance department believes that school-based staff PCard use for small dollar purchases creates more efficiency, by reducing the volume of supplier invoices to be processed.

Accounting for Completeness of Purchase/Payment Cycle

The Board has a commitment accounting process, where the purchase is encumbered to the general ledger after the purchase order is issued. If a purchase order triggers an "over budget" situation, it is flagged to the user.

Use of Electronic Funds Transfer for Greater Efficiency

The Board does not currently make use of EFTs but recognizes the importance of doing so, both from efficiency and risk perspectives. They are in the process of pursuing the EFT method and embedding this capability within their newly implemented financial system in the near future.

Recommendation:

- Management should consider mandatory posting of tenders and RFPs on the electronic advertising bulletin boards. This practice would ensure the widest circulation of its tenders.

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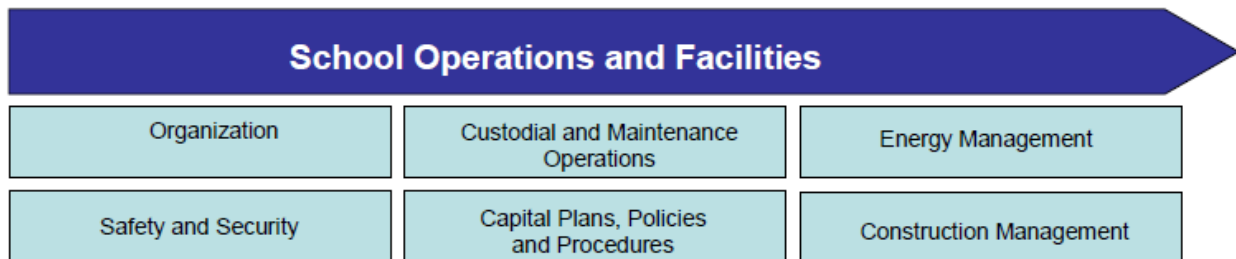
Efficient and effective management of the Board's facilities (particularly schools) is an important factor in student achievement targets and strategies. Along with providing a positive learning environment for students, teachers and staff, it also helps the Board achieve a standard of cleanliness and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

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

5.1 Organization

The purpose of reviewingthe 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 department is considering the development of a departmental growth plan. It currently contributes to the development of the Board growth plan, but does not develop a separate business plan setting out its specific goals and priorities. Through periodic reports and informal discussions with the superintendent of business, the department aligns its activities to the achievement of the Boards goals. The department does

develop a list of capital and maintenance priority projects that is reviewed by the senior administration and implemented over the year.

The existence of an annual plan will enable the department to better assign responsibilities, establish performance measures, and track and report the progress of its defined priorities and goals throughout the year. As part of the process of developing the plan, management could consider the establishment of a mission statement to formally capture the department's purpose. The recommendation related to this matter is included under financial management.

The Board has increased its focus on improving facilities to enhance student achievement. For example, the department has aligned its priorities to this Board goal by developing current technology laboratory facilities for chemistry and science studies.

Organizational Structure and Accountability

The plant and maintenance department reports to the superintendant of business. The Board has defined the organizational structure for the plant and maintenance department and has posted it on the Board's website. 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 trades experience, as evidenced by the P. Eng. designations of senior plant management staff.

Monitoring and Communication of Policy

Plant and maintenance management has a comprehensive set of policies and procedures. These policies and procedures are on the Board's website and are reviewed on a three-year cycle. Management ensures that any revisions or amendments are approved by the executive council and communicated to staff.

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

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

Staffing Model Supports the Board's Cleaning and Maintenance Standards

The department has developed, with the assistance of trades staff, a list of cleaning and maintenance service delivery standards. These standards are found in the custodial procedural manual. The manual's standards are the basis for evaluating the performance of custodial staff at each facility.

The custodial staff allocation model is based primarily on square footage. It also considers a number of other factors, such as a detailed breakdown of total square footage by type of room (i.e. gym, classroom, mechanical room etc) and the type of school, either primary or secondary, to determine the custodial staffing requirements at a school level. The model provides for the optimal use of resources in support of the Board's cleaning standards and practices. The custodial staffing formula includes the use of split shifts as a means of controlling costs

The operations manager frequently meets with custodial staff to ensure that communication is facilitated between management and custodial staff regarding their concerns, suggestions and observations. The Board does not track absenteeism for custodial staff. This matter is discussed in the Human Resource area under section 3.2.

Development of Annual and Multi-Year Maintenance plan

The manager of plant and maintenance develops an annual maintenance plan, which is funded through the school operations and renewal grant and the Good Places to Learn funding. Management develops an annual maintenance plan that addresses its

preventative, critical and deferred maintenance, in accordance with the Board's standards. The Board's maintenance and renewal activities are re-assessed annually through individual school assessment. Priorities are then incorporated into the annual plan.

The annual maintenance priorities are linked to departmental priorities through the annual maintenance plan. This ensures that schools are maintained in the best condition possible to support improved student learning and facilitate employee productivity. However, the department should consider developing a multi-year maintenance plan that forecasts critical and deferred maintenance over three to five years.

Management uses the ReCAPP database as one of its primary sources in developing the annual major maintenance and renewal priorities for the coming year. The Board is also implementing management software, Megamation, and related reporting modules, to enhance its maintenance operations. The ReCAPP database that houses the information required to conduct building and asset maintenance is found to be cumbersome and not always accurate. In addition, because the ReCAPP and Megamation tools are not integrated and not equally updated, the information is not thought to be fully reliable.

Not having one reliable source of information results in contradictory information on the state of the assets. For example, a priority maintenance project can be overturned for a non-priority project, because of misalignment between the systems. Management should consider amalgamating the databases/systems, to ensure one reliable source of information for determining the required annual maintenance projects.

Training to Support Skills Development and Safety

Management takes a proactive approach in raising awareness for facility upkeep, maintenance and safety standards among staff and students. The need for training is determined by a committee that is composed of CUPE representatives, custodial, and maintenance managers. The needs are then incorporated into a professional development curriculum which prioritizes staff needs and schedules appropriate training. The building services department has initiated an annual custodial professional development week to provide skills development for maintenance and custodial staff and to address emerging regulatory issues. Each new staff member is provided initial training and job shadowing. Also, staff can refer to the custodian's procedural manual for guidance. The Board ensures staff are appropriately qualified through the submission of required certification records at the time of hiring.

Standardization of Cleaning and Maintenance Supplies

The business services department develops an annual cleaning and maintenance supplies budget, which is based on historical data. The supervisors evaluate the status of the whole inventory of equipment, and purchase the required standardized cleaning and maintenance supplies for the upcoming school year. Contracted trades have their own tools. Additionally, a budget is allocated to replace any tools damaged while repairing or maintaining a school facility.

The tools and supplies are purchased based on cost, efficiency and effectiveness, ergonomics, and expected rate of wear.

Project Management, Monitoring and Supporting Systems

Management has implemented an online facility management system (Megamation) which allows the Board to enhance its facilities management function. Among other features, the platform enables the Board to automatically generate, track and log work orders, send alerts for maintenance and inspection requirements, and compile historical data for budget planning purposes.

Management does not, however, have access to adequate project evaluation tools. For example, time of completion cannot be measured, because the project is deemed finished or closed out only once an invoice is received by the Board, even if the workorder had been completed long-ago. This has been challenging for management to properly gauge the actual work hours performed and success of the project within the pre-determined limits.

The Board also uses ReCAPP as a tool to track deferred maintenance requirements for its facilities. There is an ongoing effort to continuously improve the integrity of the data within ReCAPP. Facilities management receives regular facility condition reports and staff track completion times for work orders involving emergencies, preventative maintenance activities and warranty work through ReCAPP. This tracking applies to major work.

The Board very minor vandalism costs are handled through a dedicated account in the budget. Graffiti incidents are addressed within a day.

Management has periodically reviewed internal versus externally provided custodial and maintenance services. Currently, 20% of custodial and maintenance services are provided by third parties. Management views in-house custodial services as being more beneficial to schools as they are more involved in the day-to-day operations.

Recommendation:

- Management should consider establishing a multi-year, say 3 to 5 years, maintenance and renewal plan, including the funding available to support the plan. This would provide the senior administration, the Board and its stakeholders with a clear forecast of the Board's critical needs over the next several years.

5.3 Energy Management

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

- Whether adequate planning and communication exist to support the reduction of energy consumption;

- Whether school board structure and processes are in place to ensure that energy is procured for the lowest cost;

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

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

Energy Management Plan

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

Tracking and Reporting Energy Conservation

Leading Practices – Energy Management	Evidence of Adoption?
Management provides formal annual reporting on the conservation savings achieved against plan.	Yes

Leading Practices – Energy Management	Evidence of Adoption?
A comprehensive system exists to budget expenditures, track consumption and identify opportunities for further savings.	Yes
Billing for all board facilities is consolidated from each utility.	Yes
Centralized technology that automates energy regulation and conservation (e.g. light control, desktop power) is used wherever practical.	Yes

Energy Management Plan

The Board is commended for its energy conservation programs, which have been developed since 1998. The Board has worked with an external advisor to conduct a comprehensive analysis of its technology and equipment and the related impact on energy costs. The driver for this analysis was the important energy efficiency incentives available from Ontario Hydro.

The analysis results were captured and a web-based energy tracking system was implemented for use by the plant and maintenance department. The Energy Management Control System (EMCS) was introduced in 2001. The EMCS was implemented and most schools received major renovations such as heating plant upgrades and lighting design. Newer schools also use the system.

EMCS is a web-based temperature regulation program that schedules the appropriate temperature for a specific time and day. The Board has also given preference to Energy Star products and equipment. The resulting energy savings have made funding available for investments in upgrading school roofs.

The Board would, however, benefit from the development of a formal energy management and conservation plan. The plan would help focus on continuous improvement and performance measurement, and leverage the good work the Board has done to date. The plan could also consider the implementation of the Eco Schools program or a similar school-based initiative.

Tracking and Reporting Energy Conservation

Cost benefit analysis have been presented to the Board of Trustees to show how expenditures for new equipment have saved money and improved operations. The manager for financial services reviews the energy consumption costs.

The Board currently collects and analyzes energy expenditures on a school-level basis, and routinely compares energy costs per square foot across facilities, as a way to monitor energy costs at each facility. The Board maintains centralized technology that enables energy efficient practices through automation. The centralized technology

enables the Board to remotely manage and control energy consuming equipment (i.e. heating, air conditioning) on a facility-by-facility level and on a room-by-room level. This has facilitated the achievement of energy saving targets and resulting dollar savings with the implementation of the EMCS. The Board continually monitors consumptions and the impact on costs.

The Board does participate in the Local Authority Services (LAS) consortia for the purchase of electricity and natural gas. This enables the Board to gain from the pooling of the volumes required to be purchased, and contributes to achieving more favourable pricing for the Board's requirements. However, the Board does not currently receive consolidated billing from the utilities. The Board should develop a consolidated billing schedule from the utilities, which would create more cost transparency and administrative efficiency.

Recommendation:

- The Board should complete a multi-year energy management plan, with measurable energy baselines and savings targets to be monitored annually. Any investments in the energy management plan should identify the basis of associated funding.

5.4 Health, Safety and Security

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

- Whether adequate planning and communication exist to support the provision of a safe teaching and learning environment;

- Whether school board structure and processes are in place to implement safety precautions;

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

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

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

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

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

The Board has health and safety policies, regulations and procedures. These policies have been approved by the Board of Trustees, and have been distributed to all of the schools. A joint health and safety committee reviews the policies, regulations and administrative procedures annually.

Management has completed an emergency pandemic plan and has drafted components of a business continuity plan, but has not formalized the entire documentation nor has it been approved. The manager of plant and maintenance and the health and safety manager both chair the parent council meetings to solicit continuous communication and feedback from parents, principals and other school community members. The health and safety committee engages the community and other stakeholders through various formal and informal channels.

Canadian Standards Association (CSA) standards have been adopted, although the Board does not intend on receiving official certification. As part of meeting the CSA standard, the Board has implemented Intelex which is a web-based application used to report all health and safety potential incidents. The health and safety incidents are reported in Megamation, which triggers the necessary preventative maintenance work order.

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.

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

Development of Annual and Multi-Year Capital Plans

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

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

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

The Board has developed and submitted its 10-year capital plan to the Ministry through the Ministry's SFIS web site. This plan includes the Board's capital requirements over the next 10 years, as well as the facility renewal needs for the same time period. The Ministry requires that the plan include both projects with identified funding and those where the funding is unknown. This data is required by the Ministry to provide an understanding of the potential needs of all school boards over that time period. The capital planning committee was composed of principals, planning directors, the plant and maintenance manager and a trustee. The 10-year capital plan is circulated to all schools to inform the next budget planning workshop, change the priorities or to add to the list of priorities.

The Board uses data from various sources to produce an accurate capital needs projection and forecast. The sources of information come from the school council, the Baragar demographic analysis, the planning officer and the principals. Discussion groups cover maintenance reviews and capital projects. This is a thoroughly engaged process. Furthermore, each school submits its own list of priority projects that feed into the 10-year capital plan. The Board approved its pupil accommodation review policy in March, 2007. This is posted on the Board's website.

Ongoing Monitoring and Maintenance of Data to Support Capital planning

The monitoring and planning of school capacity is reported in June each year in the Student Facilities Inventory System ("SFIS"). A second report in October addresses capacity and enrolment issues. The Board maintains accurate and up-to-date inventories of school capacity and utilization, and reports to the Board annually on their status.

Facility staff currently uses ReCAPP as a tracking tool for projects eligible for Renewal Grant and the Good Places to Learn funding. Staff stated that they update the ReCAPP database for renewal projects completed.

5.6   Construction Management

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

- Whether processes are in place to ensure that school boards complete construction projects on-time, on-budget and with due regard to economy;

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

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

Cost Effective Practices in the Design and Construction of Facilities

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

Monitoring and Reporting on Progress of Construction Projects

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

Maintaining Current Approved Professional Service Providers

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

Cost-Effective Practices in the Design and Construction of Facilities

The Board's main construction activity in recent years has focused on a number of facility renewal projects. These projects have been funded through a combination of the annual facility renewal grant, Reserve for Working Funds and the Good Places to Learn funding. The Board works with consultants for renewal projects that include boiler repair and replacement, roof design, classroom size, gyms and computer labs.

For material and other construction supplies, the Board purchases standard sizes and materials to have the appropriate number and quality for replacements. The standards are set to obtain the most energy-efficient and environmentally friendly materials possible. This is kept up to date by monitoring industry progress.

Management minimizes expenditures on construction, renovation and operation costs through the use of cost-effective designs, standard footprints and economical construction practices. The Board secures this expertise through the engagement of external architects, engineers and designers. The Board reported has access to a large pool of qualified trades-people and professionals for its construction projects.

Monitoring and Reporting of Progress on Construction Projects

The Board monitors and controls construction projects with bi-weekly status meetings attended by construction staff and chaired by the plant and maintenance manager. Every project has a binder to monitor and track project costs and all issues and modifications that require additional approval.

For both renewal projects and new construction, external contractors are hired for construction management, using Board-approved procurement policies and pre-qualified professionals. During the construction/implementation phase, management makes frequent site visits to supervise the progress of the project. Change orders follow approved procurement policies and generally require Board approval. The plant and maintenance manager approves the progress payments and the finance department releases the progress payments. The Board, in addition to change orders, uses fixed fee arrangements to control costs. These measures help the Board mitigate the risk of cost overruns.

Maintaining Current Approved Professional Service Providers

A lengthy pre-qualification process for contractors, trades, and professionals provides the Board with a substantial pool of competent and experienced people. Major projects are subject to a request for proposal and also will include input and requirements of the Board's architects. Prior to starting projects, and to qualify for the request for proposal, all contractors are required to submit references and proof of WSIB clearance, and must attend health and safety training. For contractors, the Board uses the standard Canadian Construction Document Committee documents. To ensure safety, the Board provides every approved contractor with an identification card, so school staff are assured that they have been cleared by the Board.

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.
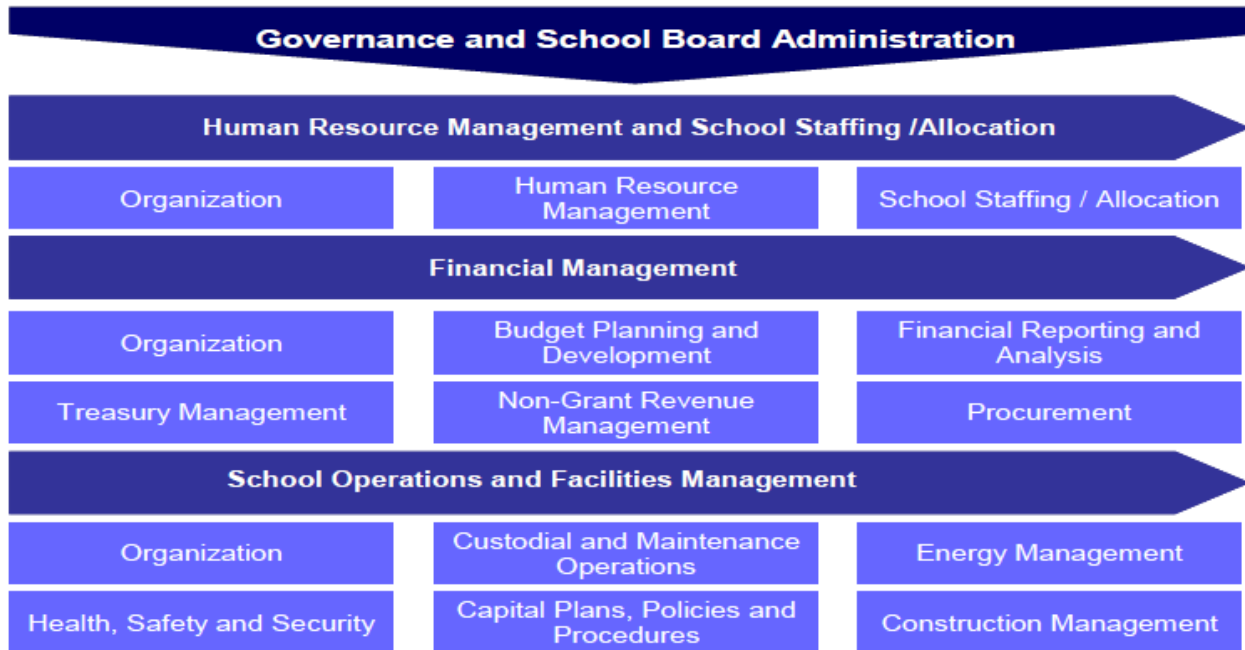
Operational Review Summary Approach

The high level Operational Review approach is shown below. The timing for the end-toend 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.
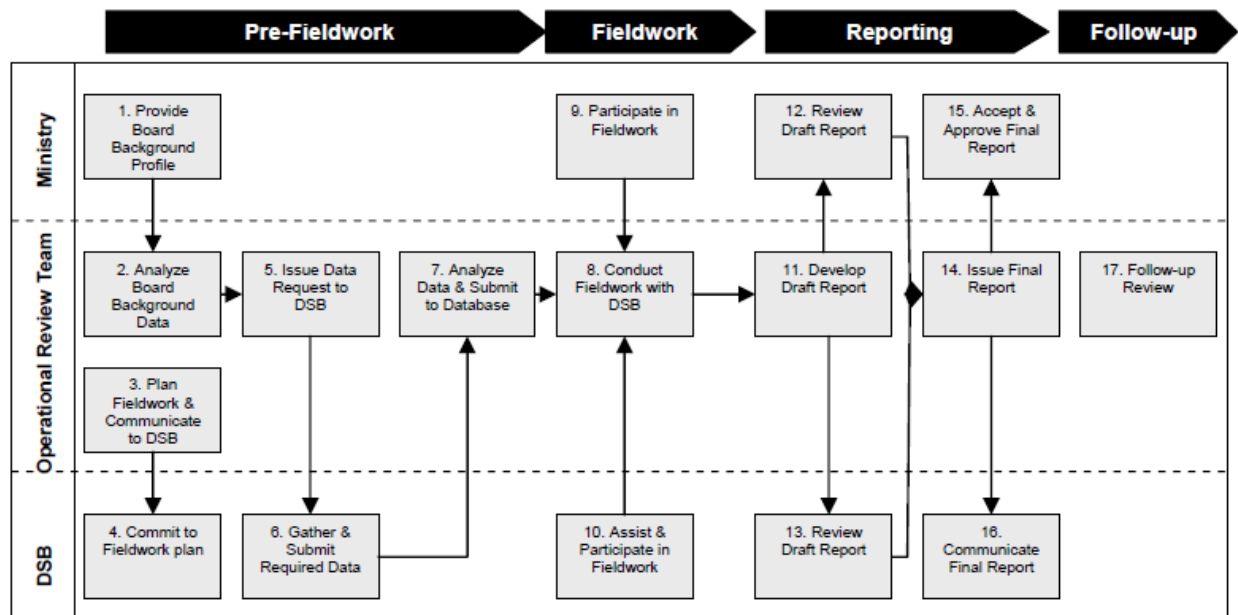
The Table below defines the key phases and activities which comprise the Operational review Metho Initial Planning and Analysis dology.

Phase: Initial Planning and Analysis

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

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

Phase: On Siteview

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

Phase: Develop Final Report

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

Phase: Board Report Review

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

Phase: Final Report

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

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

The Operational Review Team

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

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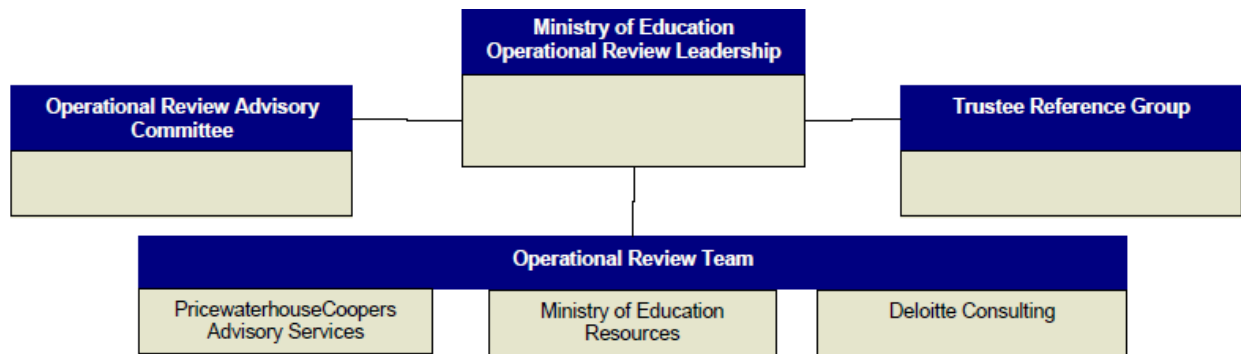
Limitations of this Review

The purpose of this Report is to document the results of the Operational Review of the Lambton Kent 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

HR Management and School Staffing/Allocation

No.	Recommendation
1.	The department should develop an annual plan with the performance measures and targets for its specific goals and priorities, and complete the planned annual reporting on achievements. This will enable staff to focus on the planned targets for each priority throughout the year, and provide support for the reporting on the department's accomplishments.
2.	The department should develop an attendance management strategy with the associated policies and procedures for all staff categories. The Board should also assess available attendance management systems that would provide timely and accurate data for analysis of attendance patterns. This would improve management of this critical area of the Board's operations and reduce absenteeism costs.
3.	The department should consider conducting periodic staff satisfaction surveys across all staff groups. This information, together with input obtained from exit interviews, would highlight potential professional development opportunities and contribute to HR policy development.

Financial Management

No.	Recommendation
4.	The department should develop an annual plan that includes the performance measures and targets for its specific annual goals and priorities, and complete the planned annual reporting on achievements. This will enable staff to focus on the planned targets for each priority throughout the year, and provide support for reporting on the department's accomplishments.
5.	The interim financial reporting to management and the Board is very comprehensive in the detail and analysis provided. An enhancement of the report would be to provide written explanations of variances that are significantly greater or lesser than what the expected level of spending should be for the period reported
6.	Management and the Board should consider establishing an internal audit function. Management could start by identifying options for its mandate and scope and the estimated annual cost of each option. Management's proactive assessment of need and cost would be a useful first step.
7.	Management and the Board should establish an audit committee. The membership of the audit committee would include at least two external members to act as advisors and contribute to the committee's accountability.
8.	Management should consider mandatory posting of tenders and RFPs on the electronic advertising bulletin boards. This practice would ensure the widest circulation of its tenders.
9.	Finance staff should implement EFT payments for the majority of its 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
10.	Management should consider establishing a multi-year, say 3 to 5 years, maintenance and renewal plan, including the funding available to support the plan. This would provide the senior administration, the Board and its stakeholders with a clear forecast of the Board's critical needs over the next several years.
11.	The Board should complete a multi-year, energy management plan. As part of the plan, the Board should identify measurable and quantifiable energy baselines and savings targets to be monitored on an annual basis. Any investments identified in its energy management plan should identify the appropriate the basis of associated funding.