Ministry of Education

Operational Review Report
London District Catholic School Board

May 2008

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Executive Summary

This report details the findings and recommendations of the Operational Review of the London District Catholic 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 from October 30 to November 2, 2007.

Introduction

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

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

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

Governance and School Board Administration

The Board has demonstrated a significant adoption of leading practices with regards to governance and school board administration. The Board's governance model places equal importance between policy development and operational issues. The Board of Trustees is composed of eight members, several of whom are very experienced, having served the Board for many years. The Senior Administration is composed of the Director and the Superintendents. The roles and responsibilities of the Board of Trustees and the Senior Administration are clearly delineated. The Board of Trustees focuses on the development and maintenance of policy matters, and the Senior

Administration focuses on adherence to policies and implementation of operational plans and procedures.

The Board develops four-year strategic priorities and reviews them annually. The Board has documented the most recent four-year strategic priorities in a report entitled "20072010 Strategic Plan". The Strategic Plan was developed using feedback from consultations with trustees, administration and school staff, teachers and community representatives. The process included the use of surveys, focus groups, town hall meetings and trustee retreats. The Board's top three priorities are Student Learning, Accountability and Community Involvement.

The Board has established specific strategies for each priority, and a 2007-2008 Board Improvement Plan that details specific actions. The Board Improvement Plan includes specific performance targets for each focus area, as well as success indicators and assigned responsibilities. Departments and schools also develop local improvement plans reflecting the Board's Strategic Priorities. The Director and staff will report accomplishments during the year and at year end.

The working relationship between the Board of Trustees and the Director is positive. The Director produces agenda for board meetings and administrative recommendations. These are reviewed by the Chair of the Board before each board meeting. The review maintains a high level of communication and transparency between the Senior Administration and the Board of Trustees. The strength of the working relationship between the Director (as head of the Senior Administration) and the Board of Trustees contributes to the achievement of the Board's goals and priorities.

Recommendations:

- The Strategic Priorities for 2007-2010 and the Board Improvement Plan for 20072008 now incorporate "performance targets" for the focus areas of each year's strategies. The Senior Administration is encouraged to maintain this practice of annual reporting on achievements against targets. The departments responsible for each performance target should report periodically to Senior Administration. This will contribute to the achievement of the Strategic Priorities in a measurable way.

- The Board should consider establishing a pre-determined refresh cycle for all policies and their related procedures. The duration of the refresh cycle should reflect the nature of the specific policy, with a designated department responsible for monitoring and tracking. Ideally the reviews would focus on the more critical policies that need to be updated. This practice will ensure that key policies and procedures remain current.

- The Director, in consultation with senior staff, should consider developing a formal succession plan to manage retirements and resignations at the Senior Administrative level.

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, such as:

- The HR department goals and annual plan are aligned with the Board's strategic directives.

- The HR department engages staff and other departments to develop its strategic priorities. HR used information gathered from employee surveys and focus groups obtained during the development of the Board's priorities. The department also uses principal focus groups and periodic employee exit surveys to collect information.

- The HR department has developed attendance management processes and systems to support employees and minimize the cost of absenteeism.

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

- The HR department regularly communicates with employee groups on policy and procedures, through communication sessions with the principals, written memos and online publications.

- The HR department provides extensive professional development for all Board staff. It uses feedback from employee surveys to support the development of future training programs.

Recommendation:

- The HR department should continue to develop the performance measures and targets for its annual goals and priorities, and complete the planned annual reporting on achievements. This will help staff focus on the planned targets for each priority throughout the year, and provide a basis for reporting on the department's accomplishments to the Director and Senior Administration.

Financial Management

The Finance department has demonstrated a significant level of adoption of leading practices, such as:

- The annual budget process is transparent, clearly communicated, and incorporates input from all key stakeholders. The Board engages all stakeholders in the budget planning and development process to a significant extent.

- Management uses a top down and bottom up approach for enrolment forecasts, by combining school based information with macro demographic information, multi-year forecasts, and regional planning information. The variance between actual versus forecasted enrolment has historically been very small.

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

- The Board has implemented practices to ensure that Senior Administration is accountable for the integrity of financial reporting through formal sign-off and approval procedures. The department provides a monthly financial report to the Senior Administration.

The Finance department plays an active role in the development of the Board's Strategic Priorities. As an extension of that process, the department has developed an annual plan that outlines its goals and priorities for the 2007-08 year. The plan includes the strategies for achievement and broad indicators for success. However, the plan does not identify quantifiable indicators for each departmental priority, or the time lines for the achievement of the goals.

Finance staff prepares monthly and quarterly financial reports for review and approval by the Administrative Council, which are then submitted to the Board. The financial information provides a comparison of budget, actual spending to date, remaining budget and the percentage of remaining budget. However, the report does not provide explanations that would provide context for the review of the information.

Recommendations:

- The department should consider expanding its annual plan to include specific performance measures, timelines and responsibilities for the goals and priorities. This would improve accountability for the outcomes. Management could also consider adding priorities, to provide Administrative Council with a broader perspective of the challenges addressed by the department. The department would report annually to the Administrative Council on its accomplishments against the plan.

- Finance staff should consider providing an expanded level of interim reporting in the format suggested in section 4.3 of this report. This would improve understanding of the financial reporting of the year-to-date results.

- Management 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 Board should consider including at least two external members for the Committee to act as advisors and contribute to the Committee's accountability.

- Management should continue to pursue opportunities for joint purchasing with the coterminous board and the municipality.

- Finance staff should consider implementing the use of Purchase Cards (PCards) to appropriate school staff. PCard use can reduce the volume of supplier invoices to be processed and can be a more efficient means of local purchasing. Appropriate control procedures would be put in place to support the use of the PCard.

- Management should proceed with its plan to determine the feasibility and requirements to have a more effective interface of its Palmas online purchasing system with the Board's financial system.

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

School Operations and Facilities Management

The School Operations and Facilities Management department has demonstrated a significant level of adoption of leading practices, such as:

- The Board's custodial and maintenance allocation model provides for the optimal use of staff in support of the Board's cleaning and maintenance standards and practices.

- Management has implemented a system to track energy consumption and expenditures and continuously seeks opportunities for further savings.

- There is an annual training program provided to caretaking staff covering a broad range of job related training.

- The Board has an effective process to monitor and control facilities projects and their costs, including construction management and post project evaluation. They provide meaningful status updates to the Board of Trustees.

Recommendations:

- Facilities management should develop, as they plan to, a comprehensive annual operations and facilities management business plan that sets out the department's goals and priorities. The departmental annual plan would provide details including actions required, timelines for implementation, performance measures and provision for annual reporting. This would keep Administrative Council up to date and demonstrate how the department's activities align with the Board's Strategic Priorities. It would also contribute to the Director's annual report.

- Management should consider developing a multi-year maintenance and renewal plan, with a horizon of three to five years, highlighting the major versus minor maintenance tasks. This plan should include the available funding to support the forecasted costs. This would give the Senior Administration, the Board and its stakeholders a clear forecast of the Board's critical needs over the next several years.

- The Board should consider establishing a formal and comprehensive multi-year energy management plan with the details described in this report in the section "Energy Management Plan". This plan would serve as a basis for management to report periodically or at least annually on the accomplishments. The Board currently has all the elements of an energy management plan, and would benefit from formalizing and improving the communication aspects of the plan.

- Management should complete the planned comprehensive update of current capital commitments and future requirements. This should include the assessment of the adequacy of the funding to support existing debt service costs, and a projection of available sources of funding to support the Board's future capital and facility renewal requirements.

1. Background and Overview

1.1 Board Profile and Structure

The London District Catholic school system has 50 elementary and eight secondary schools providing a full range of education from Junior Kindergarten through to the completion of secondary school. Continuing Education for adult learners is also available. About 21,000 students in the counties of Middlesex, Oxford and Elgin, including the cities of London, St. Thomas and Woodstock are educated in this school system

The overall enrolment of the Board has declined by less than one percent since 200203. This is due to the secondary enrolment growth of about 1,300, offset by the elementary enrolment decline of about 1,500. The Board's enrolment projections show that elementary enrolment will continue to decline over the next five years by about 1,100 students, with secondary enrolment declining over the same period by about 600 students. The cumulative elementary decline will amount to about 2,500 or about 19% of the 2002-03 level. This is a pattern experienced by the majority of school boards in Ontario. Staff recently prepared a report on the implications of the enrolment decline, and will be developing more detailed options to address financial, school program and service implications.

The Senior Administration of the Board is organized as described in figure 1 below:
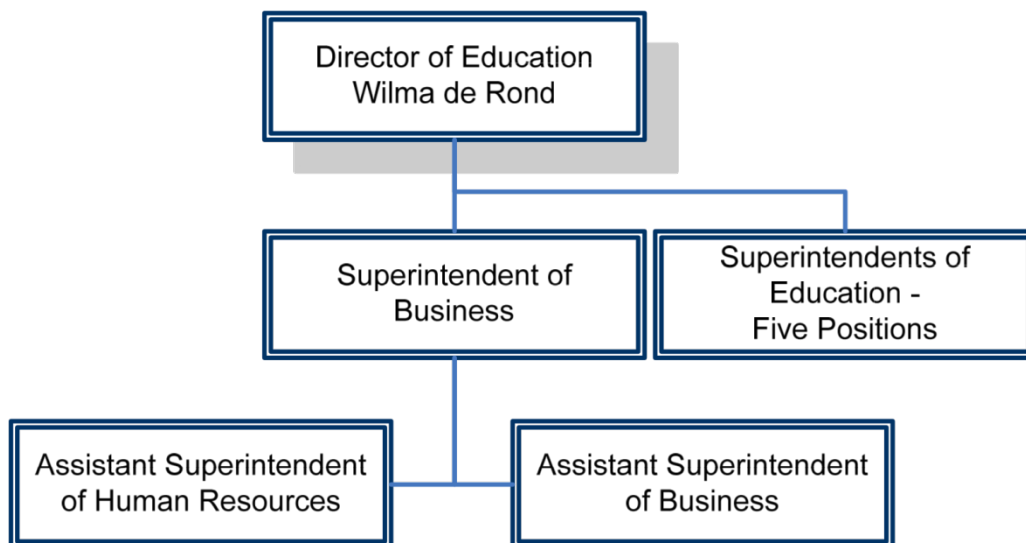
Figure 1

1.2   Key Priorities of the Board

The Board's mission is "To serve the Catholic student in a community that nurtures a living faith and provides a quality Catholic education that enables the individual to become a contributing member of the Church and society". The Board states that Catholic identity is the foundation that supports its Strategic Priorities. The Board has approved its new Strategic Priorities for the period 2007 to 2010. The development of the Strategic Priorities followed extensive consultations over an extended period of time.

The three Strategic Priorities are:

- Learning: The Board will ensure high levels of learning and success for every student within inclusive Catholic learning communities.

- Accountability: The Board will be responsible and accountable and protect and preserve all that has made Catholic education the precious gift it is.

- Community: The Board will foster cooperative community initiatives and partnerships that support, nurture and celebrate the unique gifts of all students.

The Board has established specific strategies for each of the Priorities, and has developed a 2007-2008 Board Improvement Plan to detail specific actions.

Further details on the development of the Board's Strategic Directions can be found in Section 2 of this report.

1.3   Student Achievement

The student achievement data below shows that, with the exception of Grade 3, the Board either meets or exceeds provincial average results for EQAO. It should be pointed out that EQAO results for the most recent year have decreased across the Board. The Board recognizes that the results are disappointing 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[1] and OSSLT[2] results over the last five years.

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[1] Education Quality and Accountability office (EQAO)
[2] Ontario Secondary School Literacy Test

Grade 3 EQAO Results

Grade 6 EQAO Results

Grade 9 EQAO Results

Ontario Secondary School Literacy Test Results
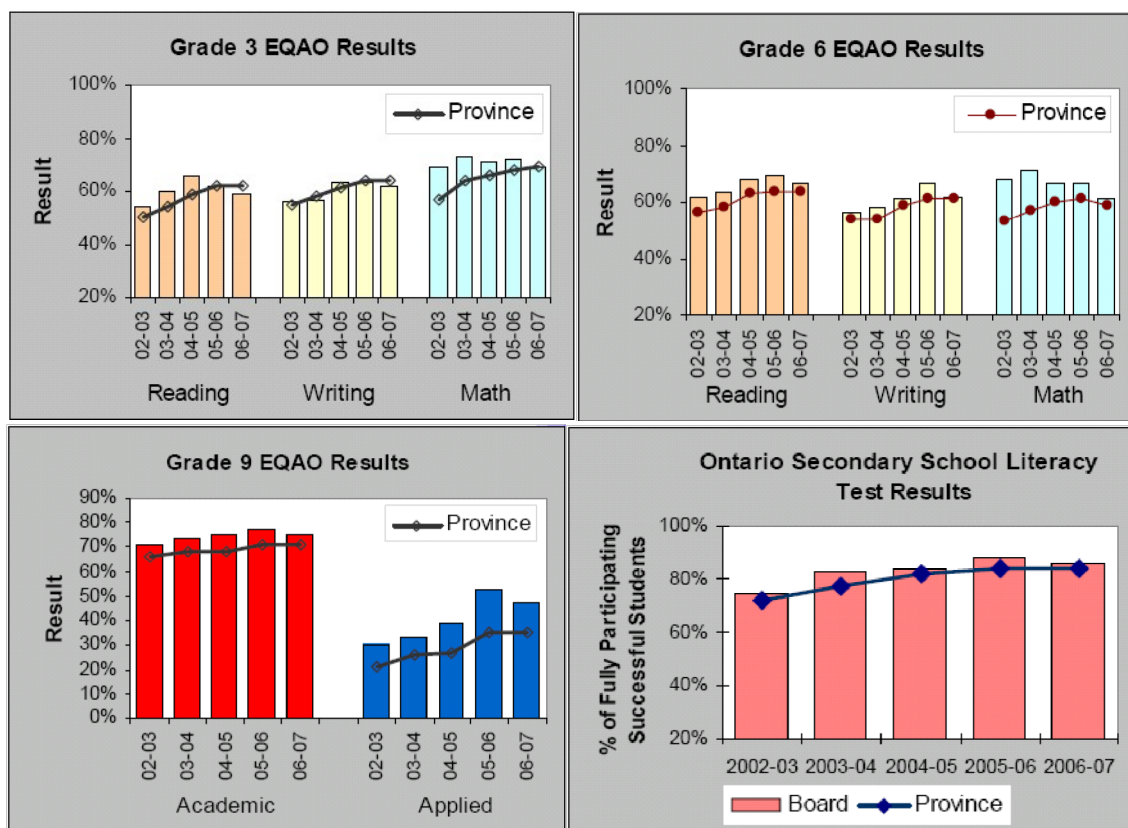
1.4   Fiscal Overview

The Board has achieved a balanced budget over the past several years. The achievement of a balanced budget has required the periodic use of its Reserve for Working Funds. The Board's Revised Estimates for 2007-2008 shows that the Reserve for Working Funds is forecasted to be $2.2 million after a planned draw down of about $0.5 million to support its spending plans for the year.

As noted under the "Board Profile" in the previous section of this report, the Board is forecasting a continued reduction in enrolment in both panels over the next five years. Management is aware of this and is examining the implications of the enrolment decline on facilities, programs and services.

The Board's capital program is financed through capital and facility renewal grants, which appear to be sufficient to support it. Management reports to the Board of Trustees on the status of the existing program and on the future capital requirements for the next several years. The staff work closely with the Ministry to determine what of the identified future capital requirements will be supported by Ministry funding. The Board's declining enrolment will also affect funding support for future capital needs.

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	$131,114,668	$137,279,532	$145,694,134
Local taxation	$45,618,429	$45,877,747	$47,125,746
Board Revenues	$1,657,021	$1,448,767	$954,487
Other Operating & capital Grants	$4,073,464	$3,327,915	$4,232,965
Total Revenues (Schedule 9)	**$182,463,582**	**$187,933,961**	**$198,007,332**

Summary Financial Data (Expenditure)

Expenditures:	2005-06 Financial Statements	2006-07 Financial Statements	2007-08 Revised Estimates
Operating expenditures	$173,913,689	$177,462,310	$188,136,975
Capital expenditures - Before transfer of reserves	$9,124,927	$9,451,939	$10,381,773
Transfer to (from) Reserves	-$575,034	$1,019,712	-$511,416
Total Expenditures	**$182,463,582**	**$187,933,961**	**$198,007,332**
Surplus (Deficit)	-	-	-

School Board Reserves and Deferred Revenues (Balances at the End of Year)

School Board Reserve and Deferred Revenues:	2005-06 Financial Statements	2006-07 Financial Statements	2007-08 Revised Estimates
Reserve for Working Funds	$1,625,105	$2,728,917	$2,217,501
WSIB	$1,727,212	$1,738,112	$1,738,112
Property Claims	$152,207	$152,207	$152,207
WAN/Community Use of Schools	$40,000	$0	$0
Learning Opportunities	$377,007	$322,007	$322,007
Pupil Accomodation Debt Reserve	$5,440,932	$6,120,981	$6,120,981
Total Reserve Funds	**$9,362,463**	**$11,062,224**	**$10,550,808**
Education Development Charge Reserve	$5,066,029	$5,972,969	$5,972,969

School Board Reserve and Deferred Revenues:	2005-06 Financial Statements	2006-07 Financial Statements	2007-08 Revised Estimates
Proceeds of Disposition Reserve - School Buildings	$626,106	$626,106	$626,106
Student Success	$63,232	$108,211	$0
Improved Access for Special Education Reserve	$20,644	$0	$0
Total Deferred Revenues	**$5,776,011**	**$6,707,286**	**$6,599,075**
Total Board Reserves and Deferred Revenues	**$15,138,474**	**$17,769,510**	**$17,149,883**

1.5   Key Board Statistics

The following table highlights key statistics for the Board. Of note are the decreasing enrolment trend and the large geographic area 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	14,045	12,602
Secondary Day School ADE	7,233	8,389
Total Day School Enrolment	**21,278**	**20,991**

Primary Class Size

Primary Class Size	2003-04	2007-08
% of Classes Less Than 20	45%	91%
% of Classes Less Than 23	70%	100%
Average Class Size - Jr/Inter	26.4	26.2
% of 3/4 Classes 23 & Under	30%	100%
% of Combined Classes	31%	40%

Staffing

Staffing	2003-04	2007-08
School Based Teachers	1,190	1,262
Teacher Assistants	155	220

Staffing	2003-04	2007-08
Other Student Support (Note)	153	151
School administration (including clerical)	169	155
School Operations	146	146
Other Non-Classroom	75	77
Total Staffing	**1,888**	**2,011**
Teacher - Pupil Ratio	**1:18**	**1:17**
FTE Staff per 1,000 Pupils (ADE)[1]	**93.2**	**95.8**
Total Salary & Benefits as % of Net Operating Expenditures	**83.0%**	**86.0%**

Note: The Lunchroom/noon hour Supervision was reported at 111 in 02-03 and has been reduced to 15 to be consistent with the reporting done in 03-04

Special Education

Special Education	2003-04	2007-08
Special Education Incremental Expenditures	$13,919,720	$19,735,428
Special Education Allocation	$14,461,625	$19,470,376
Spending above Allocation (Reserve)	**-$541,905**	**$265,052**

School Utilization

School Utilization	2003-04	2007-08
Total Capacity (Spaces)	19,576	19,854
Capacity Utilization	108.7%	105.7%
Number of schools	58	56
Board Area (Km^2)	**7,313**	**7,313**
Number of Trustees	**8**	**8**

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

2. Governance and School Board Administration – Findings and Recommendations

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

Governance and board administration processes are reviewed to:

- Understand how the governance model delineates the division of duties between the Board of Trustees and the administration and supports operational effectiveness;

- Assess the development of the annual plan (including the goals/priorities) and actions to engage and communicate with key stakeholders and the related reporting against the plan;

- Assess the processes for the generation and maintenance of policies and related procedures;

- Assess whether staffing levels and organization structures provide for clarity of roles and accountability sufficient to carry out the Board's objectives;

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

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

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

Development and Reporting of Annual Goals and Priorities

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

Decision Making Processes

Leading Practices – Governance and School Boar Administration	Evidence of Adoption?
The Board of Trustees and management establish appropriate processes to facilitate decision making that address student achievement targets and operational performance.	No

Organizational Structure and Accountability

Leading Practices – Governance and School Boar 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 Boar 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 staff from 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 four-year strategic priorities and reviews them annually. The Board has documented the most recent four-year strategic priorities in a report entitled

"20072010 Strategic Plan". The Strategic Plan was developed utilizing feedback from consultations with trustees, administration and school staff, teachers and community representatives, using surveys, focus groups, town hall meetings and trustee retreats. A draft of the results was reviewed by stakeholders before being approved by the Board of Trustees.

The Board's three strategic priorities as noted in Section1.2 of this report are: Student Learning, Accountability and Community.

The Board has established specific strategies for each of the priorities, and has developed a 2007-2008 Board Improvement Plan to detail specific actions. The Board Improvement Plan includes performance targets for each of the areas of focus, as well as success indicators and assigned responsibilities. Departments and schools will also develop Local Improvement Plans reflecting the Board's Strategic Priorities.

The Director and staff will report during the year and at year end on what has been accomplished.

Decision-Making Process

The Board has formal, documented and easily accessible policies for governance and school board organization. The Board believes that it operates in a generally harmonious relationship between Trustees and has contributed to a consensus-driven decision making style which has proven to be effective and efficient over the years. It appears that the Board of Trustees understands their roles and responsibilities and work with the Senior Administration in a constructive manner.

The Board maintains a comprehensive set of documented policies and procedures for all areas of its operations. They are available on the Board's web site. The policies are developed with input from internal and external stakeholders, using an established process inherited from the pre-amalgamated boards.

Many of the Board's policies were adopted more than five years ago, and some date back 10 years. The Board should establish a refresh cycle, with its duration based on the nature of each policy and procedure. The refresh cycles should be assigned to a designated department for monitoring and tracking purposes. Ideally the reviews would focus on the more critical policies that need to be updated. This practice will ensure that key policies and procedures are current and would support the decision making processes.

Organizational Structure and Accountability

The Board maintains a governance model balanced equally between policy matters and operational issues. The Board of Trustees is composed of eight members, several of

whom have served for many years. There appears to be a positive relationship between the Board of Trustees and the Director, which contributes to efficient and effective decision making processes. An example of this relationship is the development of the Board meeting agenda, where the Director and the Chair meet to review the reports and recommendations and establish the priorities. The review also maintains a high level of communication and transparency between the Senior Administration and the Board of Trustees.

The organization of the Board's administration appears to be well founded and operating effectively. Over the last two years, transitions of key personnel have occurred at a senior level, and staff acknowledges that there has not been a formal succession plan review to address senior personnel transitions for the future. In the coming year, the director will address potential organization change due to possible senior staff retirements.

At present the three operating areas of Facilities, Human Resource (HR) and Business report to the Superintendent of Business. While there are different organization models among school boards, some of them have the HR function as a direct report to the director. The reporting of the Facilities department is as often as a direct report to the director as it is reporting to the Superintendent of Business. Possible changes in the senior administration present an opportunity to examine the administration's organization.

Stakeholder Engagement

The Board demonstrates that it consistently administers its responsibilities in an open and transparent manner, both directly and through its committees. Various communication channels (emails, website postings and town hall meetings) are used to keep key stakeholders engaged throughout the year. Examples of this engagement include the development of the four-year Strategic Plan, which used feedback from consultations with trustees, administration and school staff, teachers and community representatives.

Recommendations:

- The Strategic Priorities for 2007-2010 and the Board Improvement Plan for 20072008 now incorporate "performance targets" for the focus areas of each year's strategies. The Senior Administration is encouraged to maintain this practice of annual reporting on achievements against targets. The departments responsible for each performance target should report periodically to Senior Administration. This will contribute to the achievement of the Strategic Priorities in a measurable way.

- The Board should consider establishing a pre-determined refresh cycle for all policies and their related procedures. The duration of the refresh cycle should reflect the nature of the specific policy, with a designated department responsible for monitoring and tracking. Ideally the reviews would focus on the more critical policies that need to be updated. This practice will ensure that key policies and procedures remain current.

- The Director, in consultation with senior staff, should consider developing a formal succession plan to manage retirements and resignations at the Senior Administrative level.

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

Human Resource Management and School Staffing/Allocation

Organization	Human Resource Management	School Staffing/ Allocation
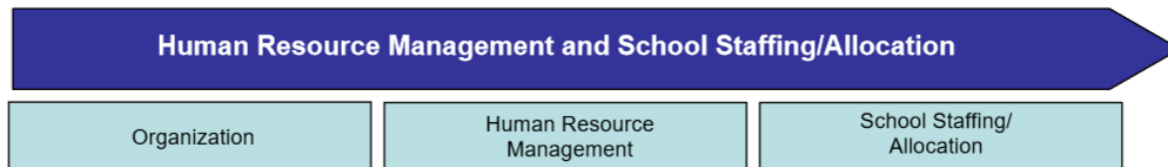
Effective management of human resources ensures that the staff allocations to schools and classrooms meet the Ministry's class size requirements and are in line with the Board's collective agreements and approved allocation models. The allocation models adopted by the Board are designed to ensure the 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 the roles, responsibilities and accountabilities.	Yes
Senior HR staff has appropriate designations (e.g., Certified Human Resource Professional (CHRP), etc.).	Yes

Monitoring and Communication of Policy

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

Development and Reporting of Annual Goals and Priorities

The HR department has developed a mission statement aligned to the Board's Strategic Priorities, and plays an active role in their development. Management prepares a detailed annual plan that outlines key activities and priorities for the department. The department is in the process of incorporating accountabilities and success measures for actions identified in the plan and will begin reporting against these in 2008-09.

The HR department engages Board staff throughout the development of its annual plan by soliciting feedback monthly through staff satisfaction surveys and sessions. Additionally, each professional development session includes a feedback solicitation that is considered during annual planning process. However, the department does not identify and allocate key accountabilities and quantifiable measures for each of its priorities.

Current focus areas for the HR department are: maintain recruiting processes for ongoing needs; enhance the use of IT (e.g. creation of a paperless payroll environment

leveraging the SEMS tool kit); further develop absenteeism management and wellness processes.

Organizational Structure and Accountability

HR reports to the Superintendent of Business Services. HR has well defined roles and responsibilities, with clear lines of internal reporting, as well as detailed priorities that are aligned to the Board's Strategic Priorities. Services provided by HR include payroll, benefits administration, labor relations, health and safety and recruitment, for all Board staff. The HR organization chart is available on the Board's web site. The HR staff has appropriate professional designations.

Monitoring and Communication of Policy

HR monitors and communicates key HR policies and procedures with ongoing training (e.g. harassment and health & safety), communication sessions with the principal groups, and memos. This level of communication facilitates policy training and creates a broad awareness of the Board's HR policies and procedures. Compliance to HR policy and processes is measured and monitored within the department's employee performance appraisals.

Recommendation:

- The HR department should continue to develop the performance measures and targets for its annual goals and priorities, and complete the planned annual reporting on achievements. This will help staff focus on the planned targets for each priority throughout the year, and provide a basis for reporting on the department's accomplishments to the Director and Senior Administration.

3.1 Human Resource Management

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

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

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

- There are adequate systems and procedures in place to manage employee compensation plans, labour relations, employee performance and attendance and other support services to foster employee satisfaction;

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

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

Attendance Management Processes/Programs

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

Labour Relations

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

Staff Recruitment

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

Management of HR and Payroll Data

Leading Practices – Human Resource Management	Evidence of Adoption?
Payroll processing is segregated from payroll and employee data changes.	Yes

Leading Practices – Human Resource Management	Evidence of Adoption?
Teacher qualifications and experience are formally tracked and scatter grams 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.	Yes
Confidential exit interviews are performed for all staff.	Yes

Attendance Management Processes/Programs

Management has been concerned about the rising level of absences over the past few years. HR staff implemented a monitoring system and follow-up procedure to make staff aware of the level of absences and the impact this has on the Board's operating

effectiveness. HR is working on implementing a program in 2007-08 that will apply to all staff. This program will supersede earlier work that was done with the custodial group, which achieved some reduction in absenteeism in the 2006-07 year.

As part of the new 2007-08 initiative, the HR department has developed a "Principal/Supervisor Communication Protocol related to Employee Attendance Management". A committee with management and union representation will address specific areas of concern. HR has also implemented a "Help Line" to support Education Assistants, in cases where there are issues with student behavior.

Attendance management is further supported by the "Early intervention and return to work committee" with corresponding policy and procedures. This group monitors claims, return to work data and results. Evidence of improvement is illustrated by a decrease in the number of days absent per incident over the past two years.

The Board tracks staff attendance and has detailed data over several years. The implementation of the "Smart Find Express" software has improved the management of staff attendance. The teaching staff report daily which enables accurate tracking and reporting of staff attendance by absent code. The data is continually analyzed and assessed against benchmarks from sector and industry research (e.g. a median eight absentee days per annum).

This facilitates communication with principals to identify success measures and areas for improvement and provide them with training on interventions including appropriate language and processes.

Labour Relations

HR citesopen and transparent communication for its positive working relationship with unions. This positive relationship has resulted in a low incidence of grievances. HR tracks all outstanding and resolved grievances, monitors their timelines and reports on them regularly through the "Grievance/Arbitration Status Report".

Staff Recruitment

The HR department has aligned the recruiting practices and staff planning to support of student achievement in a variety of ways. For example, the department reviews its recruiting practices annually with a focus on improvement opportunities. The Director's report highlights the work of staff, principals, and the Director's office during the development of recruiting videos and marketing materials. All of this effort supports securing the best candidates for teaching and support staff positions.

HR continually evaluates the effectiveness of recruiting and retaining staff. The Board has adopted the use of the web-based "Apply to Teach" staff candidate management

tool. The tool enables the job search and the application process from the candidate's perspective, and also gives the Board an efficient candidate management process.

In addition to adhering to the Ministry's New Teacher Induction Program, the Board has implemented a mentoring and development program for new hires. This model extends to support staff as well as teaching professionals. This program enables staff to integrate into the Board in a smooth and comfortable way. It ensures an understanding of roles, responsibilities, policy and procedures through seminars, workshops and coaching.

Management of HR and Payroll Data

The HR department has appropriately segregated Payroll and HR payroll and employee data file duties and accessibilities. Change of status forms are used to initiate a personnel data change. Authorization checks and balances are embedded in the process to ensure data integrity and accuracy. Salaries and benefits are reported on monthly, with variance reporting and analysis.

Employee Performance Evaluation Processes

The Board has established an employee evaluation process for all staff. Teachers are on a five year cycle of evaluation, consistent with all school boards in Ontario. The principals and vice-principals are currently on a three year cycle. In 2007-08, the Board will implement a performance evaluation process for the CUPE support staff. Their evaluation will be on a five year cycle, with annual growth plans to be implemented. Non- union staff and senior staff are on a three year and annual cycle respectively.

The HR department maintains and communicates a formal progressive discipline procedure related to staff performance and behaviour. The "Principal, Manager, and Supervisor Handbook" outlines the procedure and corresponding intervention techniques. Any progressive discipline process related to job performance may be reflected in the Performance Evaluation process, provided the discipline action precedes the performance evaluation and relates to elements of the evaluation.

Management of the Board's Benefit Plans

HR has established processes to continually review its benefit plan administrator. This ensures adherence the terms and conditions, and secures minimum Board costs. HR uses a benefits consultant to assist the Board in the analysis of plan usage and trends. The consultant also supports the Board in its periodic negotiation of the carrier's administrative fees. As part of the management of its benefit plans, 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 to seek their input before any changes could be implemented.

In addition, all data between HR benefits, payroll and external carriers are automated and synchronized. There is not currently any automation between the Board and OMERS/TPP. This reconciliation should be considered as an opportunity for automation.

Monitoring Staff Satisfaction

HR provides and co-ordinates an extensive professional development (PD) program for all staff. One of the key areas of focus is on new teacher training. This training is now incorporated into the Ministry initiative called "New Teacher Induction Program". The broader programs provide for in-service PD for all staff. The Board also partners with Kings College in the provision of PD for secondary teachers. The Board implemented a program titled "Call to Lead" to support staff who aspire to leadership positions.

HR use satisfaction surveys to get input on its PD programs. The results are used by the department to determine which programs meet the objectives and the future direction of PD programs. Employee satisfaction is also measured through the use of exit interviews. This input is very useful for management, both in regard to recruiting strategy and for addressing professional development in areas identified from the feedback from the interviews.

3.2   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 that govern the determination of total staff requirements and their allocation. These procedures are driven by enrolment forecasting, student need, class size requirements and alignment to collective agreements. The enrolment forecasting process is developed on a school-by-school basis, and considers both a top-down (Board level, trend analysis) and a bottom-up (local, school-by-school) approach. This process is reviewed annually.

Student needs analysis is important to determine the additional supports both on an individual student basis and for particular classes and/or schools. This is taken into account in the determination of the total teacher allocation, particularly for special education teachers, education assistants and other related support staff.

The enrolment projection review begins with the October 31 enrolments extracted from the Board's student information system (eSIS). The following year's preliminary forecast is created by moving the grade cohorts forward on an overall basis and considering

other factors and trends. This provides the Finance department with a preliminary budget number. This preliminary enrolment forecast is provided to the Ministry in November.

Detailed enrolment projections (grade by grade, school by school) are prepared for review by the elementary panel by the first or second week in January. This is in cooperation with the Finance department to establish a preliminary budget estimate. These draft projections are then sent out to all elementary schools as part of the staffing package in February. Principals are advised to seek approval from Planning for any enrolment changes. The Planning group coordinates all enrolment projection changes with the staffing superintendent.

There are refinements to the enrolment forecasts, to account for input such as registration data for JK and SK and on-going discussions with school principals. The finalized data is input to the Staff Allocator software program, to generate preliminary staffing allocations based on primary class size caps and teaching contracts. As registrations continue throughout the rest of the school year, updates to this final budget figure may occur from March until May, but only if such changes are significant. Staffing allocations are reviewed with principals again in May, June and late August. Staffing is also reviewed during and at the end of the September, to determine if any adjustments for individual classes or schools are required.

The secondary schools enrolment and staffing planning process is similar to the elementary process, but includes analysis and monitoring of credit and semester related considerations. The Board also ensures alignment with the related collective agreements.

The determination of the number of education assistants is based on the assessment of student needs and budget considerations. Other school based staff for areas such as administration and custodial staff are generally based on formulas that are reviewed on an annual basis. Account budget constraints are considered in the final determination of the allocations.

Monitoring and Reporting on Staff Allocation

HR and Finance monitor the original approved staff allocation plan and budget as compared to the actual allocation. This review occurs on a regular basis through budget reporting compared to actual expenses. This monitoring applies to all staff allocated in the Board. The most significant check point occurs in September, when the actual enrolments are known and where some class/school reorganization can occur to adjust for enrolment variations. There is usually a small teacher holdback to support the realignment of teachers if necessary. This has become a greater issue given the mandated elementary class size for the primary classes. It should be noted that the Board achieved 91% of its Primary classes at 20 students or less; 100% of Primary

classes were under 23 students and the Grade 4 to 8 average class size was at 26.2 students, compared to the Ministry target of 25.

Benchmarking Costs with Other Boards and Funding

HR compares support staff costs with similar boards to ensure efficient use of resources. HR reviews its compensation benchmarks through surveys, and analyzes its staffing costs with similar Board's costs. 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
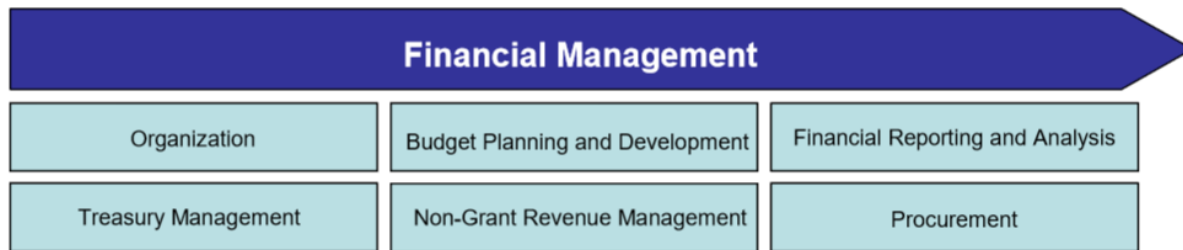
The financial management of the Board contributes to the efficient and effective use of fiscal resources. Financial management ensures that the annual budget is developed within the Ministry's allocation and is aligned with student achievement targets, and that appropriate financial policies and procedures 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 have appropriate designations or related experience.	Yes

Monitoring and Communication of Policy

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

Development and Reporting of Annual Goals and Priorities

The finance department plays an active role in the development of the Board's Strategic Priorities, and has developed its own departmental annual plan that outlines its goals and priorities for the 2007-08 year. The plan includes the strategies for achievement and broad indicators for success. However, the plan does not identify quantifiable indicators for each departmental priority, or the time lines for the achievement of the goals. The goals and priorities are broad-based matters that are connected with the overall responsibilities of the department. There may be other goals and priorities for specific areas which could be added to give senior management a better perspective on the department's challenges.

Organizational Structure and Accountability

The financial management function resides within the Board's Business Services Department, and has two sections reporting to the Superintendent of Business Services. The two sections are the Manager of Financial Services and the Manager of Purchasing. The roles and responsibilities for these positions are clearly outlined in their respective job descriptions, and are well understood by departmental staff. The organization chart is available on the Board's web site. All senior financial management staff have professional designations where appropriate.

Monitoring and Communication of Policy

The department maintains a set of policies and procedures covering various aspects of financial management. These policies and procedures have been posted to the Board's web site. The department has recently updated its policies and procedures relating to procurement and travel/hospitality expenses. Management ensures that any revisions and/or amendments to existing policies and procedures are communicated to staff through the internal communications department. The Board adopted a bylaw in 1998 that sets out the annual budget procedures. The budget bylaw is reviewed annually, however the date has not been revised.

Recommendation:

- The department should consider expanding its annual plan to include specific performance measures, timelines and responsibilities for the goals and priorities. This would improve accountability for the outcomes. Management could also consider adding priorities, to provide Administrative Council with a broader perspective of the challenges addressed by the department. The department would report annually to the Administrative Council on its accomplishments against the plan.

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 and Reporting Process

The Board's annual budget planning and development process appears to be well developed and very comprehensive. It is supported by a "Budget Procedures Bylaw" which sets out in broad terms the procedures to be followed in connection with the

determination of the Board's budget. As part of the annual budget planning process, management prepare a "Budget Procedures Manual" which is presented to the Board early in the planning process. Following the Board approval, the manual is distributed to all departments (including schools) together with appropriate budget forms for completion. The manual is also posted on the Board website for access by all Board staff and other interested community members.

The primary purpose of the manual is to provide the detailed budget process (including the key "actions" and related timelines) and instructions for the development and approval of the annual Board budget. It sets out the detailed assumptions to be followed in preparing the various expenditure forecasts, in areas such as salaries and benefits, instruction and non-instruction expenditures, maintenance/capital expenditures, transportation, and all other expenses. It also delineates, in significant detail, the roles of the various levels of the Board who will be responsible for specific aspects of the preparation and or approval of the budget. That includes the role of supervisory officers and their related departmental responsibilities, administrative council, the community and the Board of Trustees. The Superintendent of Business has the overall responsibility of co-ordinating the development and presentation of the budget material.

In March, all senior staff are instructed to prepare their respective expenditure estimates. These estimates are forwarded to the Finance department who prepare the Board wide preliminary expenditures estimates for submission and analysis by administrative council in April. Administrative council, following their review, will prepare a report to the Board of Trustees on the preliminary expenditure estimates, together with prioritized recommendations regarding any additions, deletions or changes. This will be followed by community consultation if necessary. Once the Board's revenue is confirmed with the release of the Ministry annual grant allocation, the final budget is presented to the Board of Trustees for approval. The detailed annual budget is posted on the Board's web site.

There are several costs and other variables that must be considered and factored into the development of the preliminary forecast on an annual basis. Finance could consider adopting a check-list to identify and track all on-going cost adjustments required that impact the annual budget, including year-over-year required changes, new investments, and over/under spending from prior years. This would enhance the accuracy and completeness of annual budgets.

Enrolment Forecasting Linked to Budget Development

The planning department of the Board is responsible for the annual enrolment projections which are normally prepared in late fall. These system wide projections are supplemented in the early part of the budget planning cycle with grade-by-grade projections that are circulated to superintendents and schools for their review. The final

enrolment projection is then provided to finance staff and HR to project all staffing requirements. This information serves as critical input into the development of the preliminary expenditures forecast and the Board's final approved budget.

Identification of Risks and Mitigation Strategies

The Board identifies the key risk areas in the budget planning process. Management state that the budget planning process is designed to ensure that all known cost increases are provided for in the development of the preliminary expenditures forecast. The most significant risk areas are the accuracy of the enrolment forecast and the staffing that relies on the accuracy of the enrolment forecast. The Board has generally experienced a variance of 1% or less in the enrolment forecast over the past several years. Board staff normally holds back a small number of teachers until the actual enrolment is known in September, to mitigate the risk of enrolment fluctuation. Finance staff and departments actively monitor spending throughout the year, to ensure that spending stays within approved/budget levels.

4.3 Financial Reporting and Analysis

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.

Integrated System for Variance Analysis and Financial Reporting

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

Interim Financial Reporting Accountability

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

Internal Audit

Leading Practices – Financial Reporting and Analysis	Evidence of Adoption?
Management maintains an independent internal audit function where appropriate.	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 financial system allows management and departmental staff to monitor actual results and maintain control over their budgets as the year progresses. Finance staff monitor the Board's actual expenditures against budgeted expenditures and prepare financial reports that the administrative council reviews and approves monthly. Variances are highlighted to council members as part of the review process.

The financial system is not, however, fully integrated with the Board's payroll or purchasing system. While finance staff are currently making use of manual workarounds that adequately manage this lack of integration, the Board could decrease staff time spent on manual processes with the implementation of an integrated solution.

The process would be improved if the superintendents with budget responsibility were required to sign off on their respective monthly reports. Where appropriate, they could indicate corrective action to address unfavourable variances.

Interim Financial Reporting Accountability

Finance staff prepares monthly and quarterly financial reports for review and approval by senior management. The quarterly financial reports are submitted to the Board for information. The financial information provides a comparison of budget, actual spending to date, remaining budget and the percentage of remaining budget. However, the report does not provide explanations that would provide context for review of the information.

Specifically, there is no narrative reference to assist the reader in determining whether the percentage of remaining budget is above or below what should be expected for the reporting period. Finance staff indicated that they are prepared to respond to questions if they arise.

The format of monthly or quarterly financial reporting varies significantly among boards. A more informative format would provide information that includes:

1. Comparison of the annual approved budget with the actual spending to date and the spending to date expressed as a percentage of the budget.

2. A comparative percentage for each expenditure/revenue category. This would reflect what the "expected spending to date" should be, relative to either historical averages, prior year's experience or, in the case of salaries and benefits, the number of staff and pays processed to date.

3. Written explanations to explain any significant variations from the normally expected percentage spent to date. Management will need to define what is "significant" for the reporting of variances.

The level of detailed expenditure and revenue presented will depend on the preferences of management and the Board. At the least it would include a summary of the major expenditure and revenue categories similar to that reported in Ministry financial reports. This is the level of reporting currently prepared by management. The reports would also confirm that the projected fiscal outlook is a balanced position for the year or provide appropriate explanation as to why there is an anticipated variance.

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

Internal Audit

The Board does not have an independent Internal Audit function. Although management recognizes the potential benefit, they believe that the resources are not currently available to support the additional cost to establish the function. Finance staff work closely with schools to ensure appropriate use of funds and that school-generated funds and ESL enrolment are properly accounted for. Also, with the requirement to consolidate non-board funds generated by school councils and schools, finance staff have increased their monitoring of schools and school councils as part of the annual reporting of the financial results.

The establishment of a formal Internal Audit function would assist the administrative council and the Board of Trustees in their overall governance and accountability roles. The primary function of Internal Audit would be to provide added assurance that internal

controls established by management are operating effectively and in compliance with the 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 audit committee of the Board. The annual audit plans would be presented and approved by the committee, and all reports would be presented to the committee.

Audit Committee

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

- Review the annual audited financial statements.

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

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

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

- Review the quarterly treasurer's report.

- Manage other corporate matters.

Along with significant changes in accounting in recent years, the complexity of the annual financial statements is increasing. A special committee can, with the assistance of the Board's senior 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:

- Finance staff should consider providing an expanded level of interim reporting as in the format suggested in section 4.3 of this report. This would improve understanding of the financial reporting of the year-to-date results.

- Management 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 for each option. Management's proactive assessment of need and cost would be a useful first step.

- Management and the Board should establish an Audit Committee. The Board should consider including at least two external members for the Committee 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
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

Leading Practices – Treasury Management	Evidence of Adoption?
Management monitors financial risk related to cash/investment management and has a plan to mitigate associated risks.	Yes

Cash and Investment Management

Finance staff has demonstrated that there are appropriate processes in the treasury management function to minimize idle cash. The process followed by the finance staff includes the coordination and tracking of daily deposits, reconciliation of cash position against forecast, management of interim excess or deficit balances through short term investing or borrowing, and monthly bank reconciliations. These procedures guard against the risks associated with cash management. We noted that there is currently no documentation of the processes and procedures for the treasury function. Given the possibility of staff absences and staff turnover, finance staff should prepare documentation of these processes.

Appropriate checks and balances for all planning and monitoring of short-term liquid assets (including cash and other short-term receivables) are in place. It was noted that the "Good Places to Learn" (GPL) temporary borrowing is internally financed. If the actual interest cost is higher than what the Ministry funds, it could result in a small difference being funded by the Board. Using a short-term loan from the bank at the Ministry-approved rate would eliminate any risk of unfunded interest costs. Finance staff should review the current financing arrangement of the "Good Places to Learn" interim borrowing costs to ensure that there is no net cost to the Board.

The Board has consolidated its cash management activities with a single institution. One of the department's stated goals for the 2007-08 fiscal year, is to tender the Board's banking needs. This will provide the Board with assurance that it is receiving the appropriate service with the most competitive terms and conditions. Finance staff should seek to benchmark the current services from its existing bankers with other school boards to provide a more informed basis with which to compare the responses received from the RFP.

4.5   Non-Grant Revenue Management

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

- Assess whether procedures are in place to ensure the timely, complete and accurate recording of the different types of non-grant revenue;

- Assess whether internal controls exist to support appropriate cash handling and cash management;

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

Non-grant revenue management is a smaller functional area for the Board, as revenue generated outside of grants makes up approximately 1% of the Boards overall budget, or about $2 million excluding interest income and "other grants". The Board receives Education Programs –Other (EPO) funding from the Ministry for specific initiatives, which requires the Board to focus on the non-grant revenue line.

The following table summarizes the leading practices defined for non-grant revenue management, 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 levying 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.

Technology to Support Registration and Collection of Revenue

The Continuing Education program uses an electronic registration and payments system. Due to the small number of occasions and value of permitting there is also a cash and invoicing process. Finance staff monitor any resulting receivables and flag issues for collections.

Managing the EPO Grants

Finance staff has established appropriate procedures to record and track the various EPO grants received. They also track the required accountability associated with the majority of 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.	No
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 Purchasing Card (PCard) 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.	No

Accounting for Completeness of Purchase/Payment Cycle

Leading Practices – Procurement	Evidence of Adoption?
Automated three-way matching (purchase order, receipt/invoice and inspection) is used.	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 and procedures, which are clearly communicated to all authorized users of the system. The policy and procedures were revised in 2007 and are available on the Board's website. The procedures address a number of key elements, such as:

- Obtaining best value due to competition between suppliers.

- Providing an efficient service to all schools and administrative departments.

- "Canadian preference", "environmentally appropriate" products wherever practical from the standpoint of service, quality, delivery and price.

- Compliance with federal and provincial legislation.

Management has developed a Purchasing Procedures Manual which provides details of the various procedures involved in the purchasing process. It is the responsibility of the school principal or the head of the respective department to ensure their staff are properly informed regarding purchasing policy and procedures. The purchasing department is responsible to keep the Board staff informed about the policy and procedures.

The Board of Trustees adopted, effective July, 2007, revised administrative guidelines relating to the reimbursement of staff travel and expense claims. Effective March 1, 2007, administrative guidelines were adopted relating to the use of corporate credit cards, hospitality and advertising. The guidelines are posted on the Board's web site.

Participation in Buying Consortia to Reduce Acquisition Costs

The Board has participated in several purchasing consortia. The Board uses an independent advisor to assist in the acquisition of electricity and natural gas. The Board's participation in consortia in recent years has been limited due to the specifications of many of its supply requirements. Management should consider approaching its coterminous Board and the municipality to re-examine the potential and opportunities for expanding joint purchasing.

Purchasing Levels of Authority

The procurement procedures provide for appropriate purchasing authorization levels commensurate with job titles and roles. These are monitored for compliance by the respective department officials.

The procedures outline a series of purchasing thresholds relating to securing supplier quotations and resulting actions to be taken for each of the thresholds. For instance:

- $0 - $1,000 - no quotes

- $1,001 - $10,000 - minimum three (3) written quotes

- $10,001 - $50,000 - minimum five (5) written quotes

- Over $50,000 - sealed tenders or quotations are required to be called under the direction of the purchasing manager and are publicly advertised.

If the minimum number of quotations for items costing between $1,000 and $50,000 cannot be obtained, the approval of the purchasing manager or superintendent of business must be obtained prior to any commitment being made. All written quotations are required to be retained on file.

Policies and Procedures for Purchase Card Use

The Board does not currently use PCards. Management is considering the limited use of these cards for small purchases by its school staff. The limited and adequately controlled use of the PCards would reduce the number of supplier invoices to be processed and improve efficiency in the local purchase of minor supplies.

Accounting for Completeness of Purchase/Payment Cycle

The Board uses the Palmas online purchasing system to capture and execute orders. This system is not currently integrated with the financial system used by the Board. As a result the purchase requisitions are unable to be encumbered. Finance staff use an alternative process to effect control over the budget commitment arising from a

purchase requisition or purchase order. Finance staff is considering the integration of the systems. The systems integration would provide improved efficiency including the ability to improve the monitoring and reporting procedures by creating an automated, three-way matching process. It would also enable the Board to implement a commitment accounting process at the time the purchase requisition/purchase order is issued.

Use of Electronic Funds Transfer for Greater Efficiency

The Board is not currently making use of electronic funds transfer ("EFT") for payments. Management plans to implement EFT following the tendering of its banking services.

Recommendations:

- Management should continue to pursue opportunities for joint purchasing with the coterminous Board and the municipality.

- Finance staff should consider implementing the use of Purchase Cards (PCards) to appropriate school staff. PCard use can reduce the volume of supplier invoices to be processed and can be a more efficient means of local purchasing. Appropriate control procedures would be put in place to support the expanded use of the PCard.

- Management should proceed with its plan to determine the feasibility and requirements to have a more effective interface of its Palmas online purchasing system with the Board's financial system.

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

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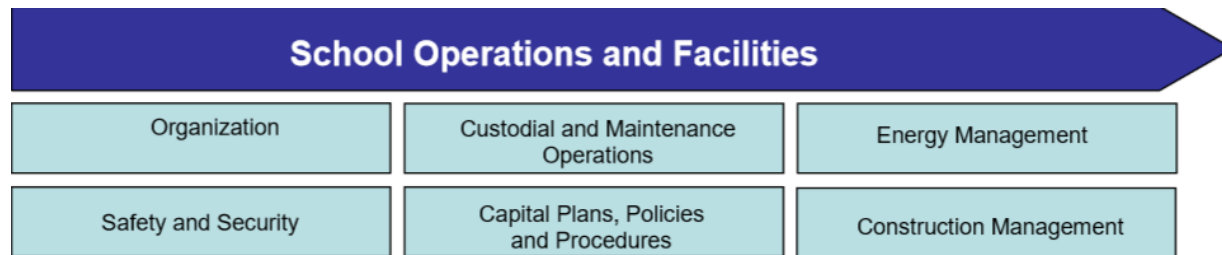
Efficient and effective management of the Board's facilities (particularly schools) is an important factor in student achievement targets and strategies. Along with providing a positive learning environment for students, teachers and staff, it also helps the Board achieve a standard of cleanliness and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

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

5.1 Organization

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

- Whether the Board of Trustees and management have established policies and procedures that support the key departmental functions and activities, strong internal controls and financial management;

- Whether the department supports the overall goals, priorities, and accountability established by the school board in support of student achievement targets and strategies;

- The efficiency and effectiveness of the departmental structure and whether roles and responsibilities support the key functions/activities and the required business practices;

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

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

Development and Reporting of Annual goals and Priorities

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

Organizational Structure and Accountability

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

Monitoring and Communication of Policy

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

Development and Reporting of Annual Goals and Priorities

Management uses a very detailed annual planning process to establish the goals and priorities for the Board's building services requirements. An "Annual Building Review" is completed at each school and Board facility. These results are combined with input from other staff and stakeholders and other sources (including Ministry initiatives) to establish goals and priorities for the year. Management also develops plans in areas such as energy and staff issues. They continue to monitor and assess the needs for facility

renewal, especially considering the funding available under the Good Places to Learn initiative of the Ministry.

Management plans to develop a comprehensive annual business plan for 2008-09. This will consolidate the department's various goals and priorities in one document that can be presented to the administrative council to demonstrate the breadth of the strategic issues being addressed. The plan should include a summary of the individual priorities, actions to be taken, timelines, staff responsible, and performance metrics. It would also provide for the annual reporting of accomplishments. The department should also consider developing a mission statement to articulate its objective or purpose. This would be complemented each year by the business plan.

Organizational Structure and Accountability

The operations and facilities management function resides within the Board's business services department, with the assistant superintendent of business reporting to the superintendent of business and treasurer. The assistant superintendent of business oversees the functions of maintenance, custodial services and capital projects as well as the functions of planning, admissions and transportation.

The roles and responsibilities for these positions are clearly outlined in their respective job descriptions, and are well understood by the organization. This enables the implementation of accountability mechanisms to support effective and efficient performance of the maintenance and operation functions.

Key operations staff have appropriate professional designations and/or related field experience, as evidenced by the urban planner, engineering, and architectural technologist (IFMA) designations of senior facilities management staff.

Monitoring and Communication of Policy

The department maintains a set of policies and procedures. These policies and procedures have been posted on the Board's web site. Several of the policies date back to 1998. Although they may still be relevant, there is no formal refresh cycle to ensure that policies and procedures are reviewed and maintained on a current basis. This point is made under the Governance and School Board Administration section of the report and the related recommendation. When there are revisions, management ensures that any revisions and/or amendments to existing policies and procedures are communicated to staff.

Management makes use of regular training sessions and awareness sessions to communicate the requirements for compliance with regulations related to school operations and facilities management. This practice is an effective way to monitor and communicate policies and procedures for the department.

Recommendation:

- Facilities management should develop, as they plan to, a comprehensive annual operations and facilities management business plan that sets out the department's goals and priorities. The departmental annual plan would provide details including actions required, timelines for implementation, performance measures and provision for annual reporting. This would keep Administrative Council up to date and demonstrate how the department's activities align with the Board's Strategic Priorities. It would also contribute to the Director's annual report.

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 addresses 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 Board maintains written standards for cleanliness at the school level, and uses these standards (summarized in the 'Custodial Operations Standards Manual') to evaluate the performance of custodial staff at each facility. Cleaning services are delivered through a blended service delivery model including both in-house staff and contracted cleaners. Currently the Board operates 13 schools with contracted cleaners and 44 with Board cleaning staff. The Board has relied on historical data, on a periodic

basis, to review the cost/benefit analysis of internal versus externally provided maintenance services.

The Board's custodial allocation model appears to provide for the optimal use of resources in support of the Board's cleaning standards and practices. This is shown by the high ratings (mostly 3's and 4's) of the most recent custodial condition compliance audit results. A detailed staffing formula for custodial work considers a number of factors, including square footage, age of facility, number of stories, portable usage and the use of "split shifts" to determine the custodial staffing requirements at a school level. Site supervisors perform formal site audits twice yearly and frequently meet in person with custodial staff to ensure communication is facilitated between school management and custodial staff regarding their concerns, suggestions and observations.

Management have recently implemented formal procedures to address the absenteeism of custodial staff through the tracking of annual individual statistics. The process in place has resulted in some reduction in the number of absent days. Management continue their efforts in this area and expect further improvement. The Board also has a "Return to Work" Committee to address the issue of 'duty to accommodate' for staff on WSIB. To facilitate the accommodation of staff who will return to work, the Board has designated specific sites to support them.

Development of Annual and Multi-Year Maintenance Plan

Management develops an annual maintenance plan that addresses its preventative, critical and deferred maintenance in accordance with the Board's maintenance standards. At present the Board does not expand their planning to a multi-year framework. The Board's maintenance and renewal activities are assessed annually at each individual school. The assessment and priorities are then incorporated into the annual plan. The department also uses preventative maintenance software to determine what is required on an on-going basis. All of these activities contribute to ensuring that schools are maintained in as good a condition as possible, to support improved student learning and employee productivity.

Managements use the ReCAPP data base as one of its primary sources in developing the annual major maintenance and renewal priorities that will be carried out. This has been supported by the Ministry's Good Places to Learn funding that is enabling the Board to carry out critical renewal work on its schools.

The development of a multi-year maintenance and renewal plan, with a horizon of three to five years, would provide the Board and its stakeholders with a better understanding of the system's needs (both critical and preventative) over an extended period. The annual assessment could be expanded to provide the multi-year perspective of the needs of both planned (regular) and urgent maintenance and renewal requirements. This plan could also be supported by the funding sources available to support the

related costs, which would be from the annual operations and renewal grants, as well as the Good Places to Learn allocation. This would also provide the Board with a clearer planning perspective.

Training to Support Skills Development and Safety

Management takes a proactive approach to raise awareness of facilities upkeep, maintenance and safety standards among staff and students. The Board has established an annual program to provide ongoing skills development and training to maintenance and custodial staff within the Board. On an annual basis, department staff is provided with approximately 18 to 20 hours of training, and attendance is mandatory. All department staff are required to participate in an annual facilities training day, which covers health and safety issues as well as emerging issues. During the annual training day, staff also participate in cross training between custodial and maintenance functions. The department requires its vendors to provide training on equipment (most provide the Board with three sets of operating manuals plus specific training on technical specifications and maintenance requirements).

Standardization of Cleaning and Maintenance Supplies

Department management has endeavoured to standardize equipment to facilitate efficient maintenance. The Board has established system contracts for the various cleaning and maintenance supplies required. Custodial staff order cleaning supplies online, subject to approval by their supervisor. The system's established approval and procurement process is followed. Maintenance staff follow a similar process particularly for small value maintenance requirements. For larger dollar purchases the procurement approval thresholds would apply.

Project Management and Supporting Systems

Management recently installed Webworks, a web-based, real-time facility management system. Among other features, the new platform enables the Board to automatically generate track and log facility work orders, send alerts for maintenance and inspection requirements, track the Board's physical assets, and compile historical data for budget planning purposes. Management uses ReCAPP as a tool to track deferred maintenance requirements for facilities within its jurisdiction, and sees an ongoing effort to continuously improve the integrity of the data within ReCAPP on a real time basis. WebWorks is integrated with ReCapp and allows for interfacing of data between the two systems.

Facilities management receives regular facility condition reports, and staff keep track of completion times for work orders involving emergencies, preventative maintenance activities and warranty work through the Board's facility management system. Examples of monitoring include monthly and annual reports on material costs per building, labour

costs per building, open work orders per staff, complete staff and labour costs, and yearto-date staff and labour costs. The quantifiable data provided by the facility management system allows the Board to set measurable targets and improvement plans.

Recommendation:

- Management should consider developing a multi-year maintenance and renewal plan, with a horizon of three to five years, highlighting the major versus minor maintenance tasks. This plan should include the available funding to support the forecasted costs. This would give the Senior Administration, the Board and its stakeholders a clear forecast of the Board's critical needs over the next several years.

5.3   Energy Management

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

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

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

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

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

Energy Management Plan

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

Tracking and Reporting Energy Conservation

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

Energy Management Plan

In 2006, the Board approved an energy conservation plan. The plan included about $19 million of expenditures to incorporate energy conservation measures over a two-year period. The funding would come from the Good Places to Learn (GPL) allocation. The plan stated that energy savings would accrue at an annual rate of about $575,000. The plan also provided that the annual savings would be leveraged to finance critical facility needs of about $11 million that were not currently eligible under the GPL funding.

Management uses the services of an energy consultant to identify conservation initiatives and to advise and assist in the contracting for the Board's annual electricity and natural gas requirements. The Board currently is in the third year of a supply and pricing contract for their electricity and natural gas requirements. The energy consultant also provides support in the management of the energy consumption in schools and the review of utility billings to ensure over-billings do not occur. Management reports periodically on the benefits that have accrued to the Board from their energy initiatives. The Board is in the process of implementing a school-based conservation initiative titled "Earth Care". A committee with broad representation will guide the process, and curriculum support material will be part of the initiative's roll-out.

The Board is actively engaged in several initiatives. It may be useful to have the various elements of the energy and other conservation efforts, including the related student learning initiatives, captured in a comprehensive energy and conservation strategic plan. This overall plan would clearly demonstrate to all stakeholders the Board's total efforts and commitment in this important area. The plan could have the specific strategies, related actions, timelines, and measurable outcomes. It could also provide a basis for annual reporting, and would also be directly linked to the Board's current Strategic Directions.

Energy Conservation

Management collects and analyzes energy costs on a school level basis, and routinely compares energy cost per square foot statistics across facilities. The Board also works closely with its consultant on a continuous basis to monitor abnormal energy usage patterns (i.e. spikes in water usage and energy use at a particular school). This enables management to take corrective action. The Board maintains centralized technology that automates energy efficient practices. This enables staff to remotely manage and control energy consuming equipment (i.e. heating, air conditioning) on a facility by facility level, and, in some cases, on a room by room basis.

Recommendation:

- The Board should consider establishing a formal and comprehensive multi-year energy management plan with the details described in this report in the section "Energy Management Plan". This plan would serve as a basis for management to report periodically or at least annually on the accomplishments. The Board currently has all the elements of an energy management plan, and would benefit from formalizing and improving the communication aspects of the plan.

- The Board should consider establishing a formal and comprehensive multi-year energy management plan with the details described above in the section "Energy Management Plan". This plan would serve as a basis for management to report periodically or at least annually on the accomplishments. The Board currently has all the elements of an Energy Management Plan, and would benefit from formalizing and improving the communication aspects of the plan.

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 ensure compliance with statutory health, safety and security requirements.	Yes
The security code policy includes alert codes that reflect the situation and threat level, and that 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's health and safety department reports to the assistant superintendent of human resources. The Board revised its occupational health and safety policy in 2006.

The Board's maintains a health and safety committee, which has developed a security plan that is approved by the board of trustees and adopted by each school within the district. The health and safety committee meets regularly, and engages the community and other stakeholders through various channels, including the publication of meeting agendas and minutes and reporting of health and safety matters in the school district newsletter.

School level supervisors are responsible for the implementation of the Board approved safety and security plan. An emergency preparedness plan is developed and reviewed annually during the fall, and the results are filed at corporate offices. The Board works on a non-regular basis with coterminous Boards in developing its safety and security plans.

The Board tracks security incidents with a log that details the time, location, nature and resolution of all incidents that occur under the jurisdiction of the Board.

5.5   Capital Plans, Policies and Procedures

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

- Assess whether school capital assets are being utilized effectively and efficiently;

- Assess how well management is planning for future capital requirements, based on enrolment forecasts and the capacity/maintenance issues of the existing asset base, relative to the funding available from the Ministry (i.e. NPP funding);

- Assess whether management is appropriately prioritizing the maintenance and renewal expenditures in light of the available Ministry funding and multi-year capital programs;

- Identify appropriate controls and transparency within the current planning process;

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

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

Development of Annual and Multi-Year Capital Plans

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

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

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

Leading Practices – Capital Plans, Policies and Procedures	Evidence of Adoption?
Capital forecasts and related funding plans are assessed annually and adjusted to meet current needs and changes to original assumptions such as enrolment projections and capital grants.	No
Accurate and up-to-date assessments of facility conditions are 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 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 plan includes both projects that would have identified funding and those where the funding is unknown. This data is required by the Ministry to enable understanding of the potential needs of all school boards over that time period.

Prior to the development of the 10-year Capital Plan for the Ministry, the Board had developed a multi-year capital plan, "2002-2008 Capital Accommodations Plan". The administration provides the Board with periodic update reports on the status of the plan and specifically tracks the projects that have been completed or are in process and those that are proposed but not yet approved. The report also identifies available funding and specific recommendations for capital project implementation. Only projects which have secure funding are recommended for consideration.

The last status report reviewed was dated September 11, 2006 and indicated that there was sufficient funding available from the annual Facility Renewal and the New Pupil Place (NPP) grants. Since that time there have been a number of changes in the underlying assumptions, especially regarding the enrolment trend for the Board. The most recent projections presented to the Board show total enrolment in decline over the projection period to 2012-2013 by about 1,300 or 6%. This impacts available funding from both the annual Facility Renewal and NPP funding.

Management indicated that they will be preparing an update outlining the Board's short and long term capital requirements, the available/known funding to support existing debt service requirements, and remaining excess funding capacity for new capital needs.

This is a critical analysis for management to complete. The Ministry has developed a capital funding template that assists boards in projecting the funding out to the maturity

of any debt service costs associated with existing debt, or what may arise for projects currently under construction. It also facilitates the forecasting of potential available funding that could be considered for any new capital projects.

Ongoing Monitoring and Maintenance of Data to Support Capital Plans

The monitoring and planning of school capacity is done within the framework of the Student Facilities Inventory System ("SFIS").The Board has a staff member dedicated to keeping the SFIS data current. The Ministry, in 2002, established a "Facility Condition Index" (FCI) as a means of measuring the condition of a school board's facilities. The Ministry uses this FCI as part of its assessment of whether a school is in a condition that would make it prohibitive to repair (PTR). The Board has had one of its schools approved as a PTR school. Management carry out condition assessments of the Board's schools in order to measure their condition. This information is critical, as the reassessment of the future capital needs of the Board are determined.

Management is re-assessing its current and future facility requirements as referred to previously. The previous 10-year plan developed for the Ministry was done in 2006 and, as mentioned, the Board's previous Capital Plan was done at a time of different enrolment expectations and funding rules. As part of its re-assessment, management has completed a new enrolment forecast out to 2012-13 and has engaged an external consultant to validate the projections. An evaluation of all facilities is being done to determine the critical needs of the Board. The report to the Board should include a facility plan to address the need to consider possible school consolidation and where the need for additions and/or new school(s) will exist. In support of its capital planning, the Board has approved the Board's Pupil Accommodation Review policy.

As part of the analysis, management will be assessing the facility renewal requirements. The Board currently uses ReCAPP as one of its tracking tools to identify major maintenance for projects funded by the Renewal Grant and/or the GPL funds. This data base is updated by management as projects are completed. The ReCAPP data base was established based on a Ministry study of facilities back in 2002, and is periodically updated.

Recommendation:

- Management should complete the planned comprehensive update of current capital commitments and future requirements. This should include the assessment of the adequacy of the funding to support existing debt service costs, and a projection of available sources of funding to support the Board's future capital and facility renewal requirements.

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; and,

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

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

Cost Effective Practices in the Design and Construction of Facilities

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

Monitoring and Reporting on Progress of Construction Projects

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

Cost-Effective Practices in the Design and Construction of Facilities

The Board completed many major capital projects over the last few years (eight schools and major roofing projects). The Board ensures that a detailed consultation plan is put

in place and seeks input from stakeholders during the planning for major additions and/or new schools. The input is acquired through focus groups with stakeholders and regular administrative reports to the Board of Trustees. Due to the low frequency of new school construction, the Board does not maintain its own inventory of school design blueprints, relying on the consulting architect to provide economical design options. During the design stage, the Board proactively compares its design and construction costs on a per square footage basis, to ensure that overall construction costs are reasonable.

Management minimizes expenditures on construction, renovation and operation costs through the use of cost-effective designs and economical construction practices. The Board secures this expertise by hiring external architects, engineers and designers.

Monitoring and Reporting of Progress on Construction Projects

During the construction/implementation phase, management conducts frequent site visits to supervise the progress of the project. Change orders follow approved procurement policies and generally require Board approval.

Management has established an effective process to monitor and control construction projects and their costs. Each capital project is approved by the Board of Trustees, and regular status reports are provided.

The Board maintains standard policies and procedures for procurement to control school renewal and construction costs. These include the use of pre-qualified general and sub contractors, approved and standardized parts and supplies, and the solicitation of input from other school boards.

Maintaining Current Approved Professional Service Providers

Management evaluates and updates its approved list of contractors, architects and related professionals periodically. All contractors are pre-qualified, and contracts are extended only during the duration of each major capital project, as opposed to indefinitely.

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. This 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 that have been divided further 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 adoption of, sector agreed, leading practices, including alignment and support of student achievement strategies.
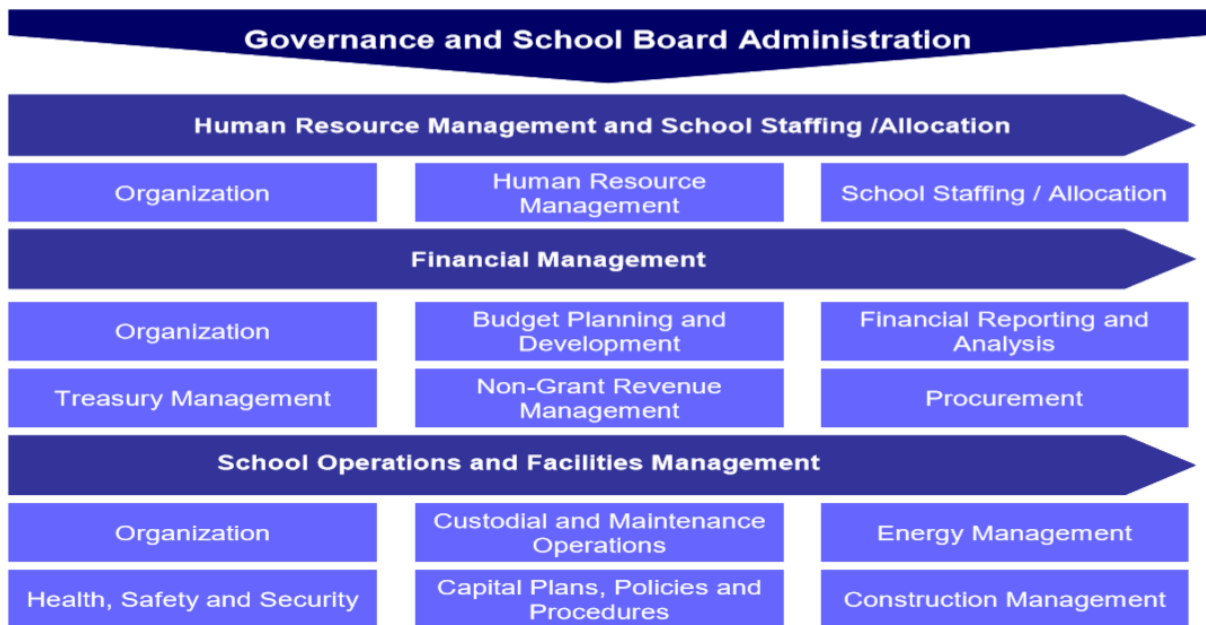
Operational Review Summary Approach

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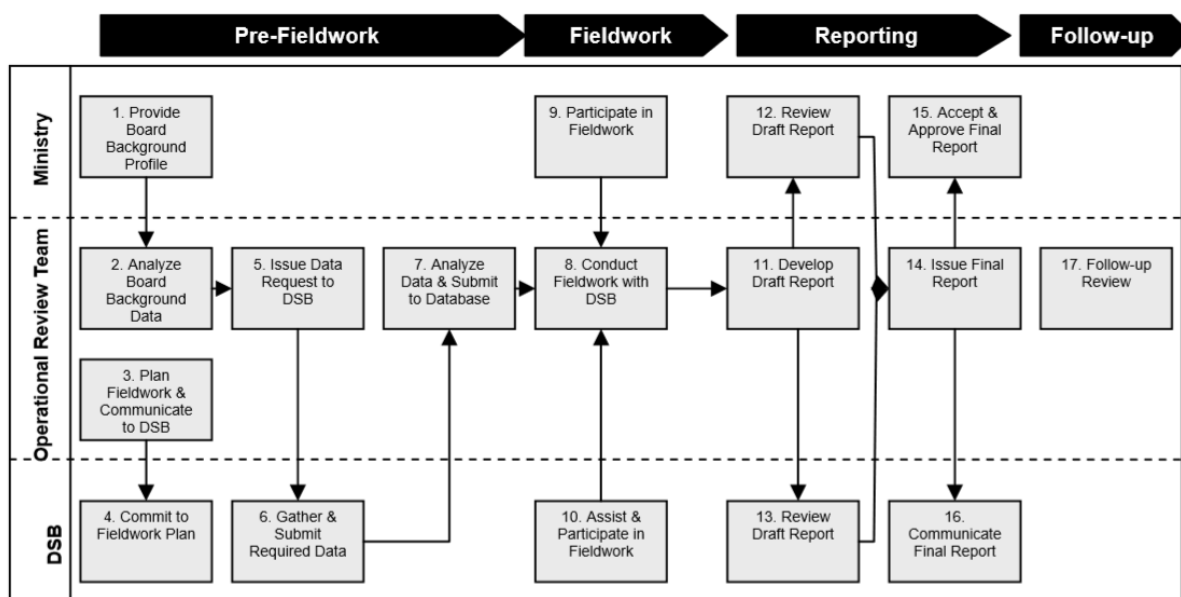
The Table below defines the key phases and activities which comprise the Operational review Methodology.

Phase: Initial Planning and Analysis

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

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

Phase: On Site Review

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 fifteen 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 to determine to what extent the Board has adopted and implemented 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.
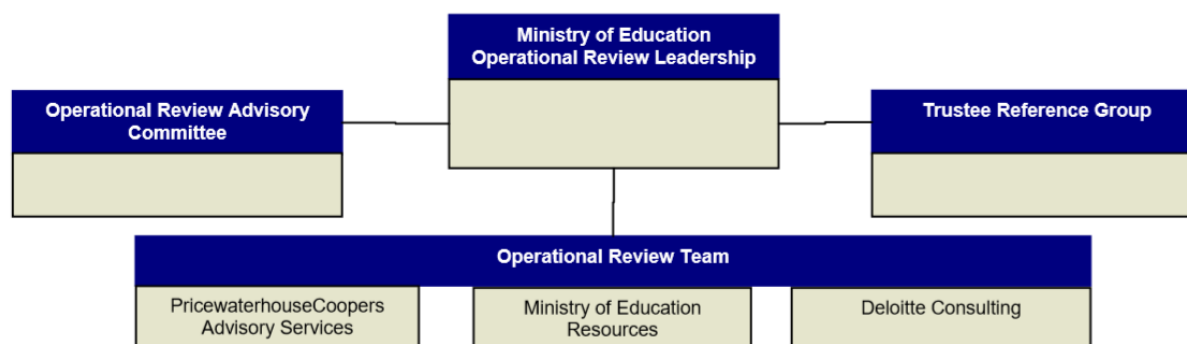
Limitations of this Review

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

Appendix B: Summary of Recommendations

Governance and School Administration

No.	Recommendation
1.	The Strategic Priorities for 2007-2010 and the Board Improvement Plan for 2007-2008 now incorporate "performance targets" for the focus areas of each year's strategies. The Senior Administration is encouraged to maintain this practice of annual reporting on achievements against targets. The departments responsible for each performance target should report periodically to Senior Administration. This will contribute to the achievement of the Strategic Priorities in a measurable way.
2.	The Board should consider establishing a pre-determined refresh cycle for all policies and their related procedures. The duration of the refresh cycle should reflect the nature of the specific policy, with a designated department responsible for monitoring and tracking. Ideally the reviews would focus on the more critical policies that need to be updated. This practice will ensure that key policies and procedures remain current.
3.	The Director, in consultation with senior staff, should consider developing a formal succession plan to manage retirements and resignations at the Senior Administrative level.

HR Management and School Staffing/Allocation

No.	Recommendation
4.	The HR department should continue to develop the performance measures and targets for its annual goals and priorities, and complete the planned annual reporting on achievements. This will help staff focus on the planned targets for each priority throughout the year, and provide a basis for reporting on the department's accomplishments to the Director and Senior Administration.

Financial Management

No.	Recommendation
5.	The department should consider expanding its annual plan to include specific performance measures, timelines and responsibilities for the goals and priorities. This would improve accountability for the outcomes. Management could also consider adding priorities, to provide Administrative Council with a broader perspective of the challenges addressed by the department. The department would report annually to the Administrative Council on its accomplishments against the plan.
6.	Finance staff should consider providing an expanded level of interim reporting as in the format suggested in section 4.3 of this report. This would improve understanding of the financial reporting of the year-to-date results.
7.	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.

No.	Recommendation
8.	Management and the Board should establish an Audit Committee. The Board should consider including at least two external members for the Committee to act as advisors and contribute to the Committee's accountability.
9.	Management should continue to pursue opportunities for joint purchasing with the coterminous Board and the municipality.
10.	Finance staff should consider implementing the use of Purchase Cards (PCards) to appropriate school staff. PCard use can reduce the volume of supplier invoices to be processed and can be a more efficient means of local purchasing. Appropriate control procedures would be put in place to support the expanded use of the PCard.
11.	Management should proceed with its plan to determine the feasibility and requirements to have a more effective interface of its Palmas online purchasing system with the Board's financial system.
12.	Finance staff should implement EFT payments to all suppliers, to gain greater efficiency and minimize the risk of payments being altered prior to clearing the bank.

School Operations and Facilities Management

No.	Recommendation
13.	Facilities management should develop, as they plan to, a comprehensive annual operations and facilities management business plan that sets out the department's goals and priorities. The departmental annual plan would provide details including actions required, timelines for implementation, performance measures and provision for annual reporting. This would keep Administrative Council up to date and demonstrate how the department's activities align with the Board's Strategic Priorities. It would also contribute to the Director's annual report.
14.	Management should consider developing a multi-year maintenance and renewal plan, with a horizon of three to five years, highlighting the major versus minor maintenance tasks. This plan should include the available funding to support the forecasted costs. This would give the Senior Administration, the Board and its stakeholders a clear forecast of the Board's critical needs over the next several years.
15.	The Board should consider establishing a formal and comprehensive multiyear energy management plan with the details described in this report in the section "Energy Management Plan". This plan would serve as a basis for management to report periodically or at least annually on the accomplishments. The Board currently has all the elements of an energy management plan, and would benefit from formalizing and improving the communication aspects of the plan.
16.	Management should complete the planned comprehensive update of current capital commitments and future requirements. This should include the assessment of the adequacy of the funding to support existing debt service costs, and a projection of available sources of funding to support the Board's future capital and facility renewal requirements.