

Ministry of Education

Operational Review Report Simcoe County District School Board

June 2008

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Executive Summary

This report details the findings and recommendations of the Operational Review of the Simcoe County District School Board (the Board) conducted by the Operational Review Team composed of external consultants from PricewaterhouseCoopers LLP and Ministry of Education staff. The Operational Review was conducted over four days beginning November 7, 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 adopted many of the leading practices with regards to governance and school board administration. The Board has changed its governance structure over the past three years, and is now close to formally delineating the roles and responsibilities between the Board of Trustees and the Director of Education. The Board intends to adopt a clear policy governance model, with the Board of Trustees responsible for policy development and senior administration responsible for maintaining and implementing procedures in accordance with policies.

The Board is also finalizing a formal policy on the job description of the Director of Education. The Chair of the Board and the Director intend to complete the job

description of the Director in the near future. The formalization of the roles and responsibilities of the Board of Trustees and Director of Education will contribute to increased efficiency and effectiveness in the Board's decision-making processes.

The Board has developed four system goals that serve as the foundation for the development of system plans and the annual goals and priorities. The Board's Goals were developed through broad-based consultations through surveys, focus groups, town hall meetings and trustee retreats. The system goals are:

- Student Achievement
- Safe, Supportive Environments
- Leadership and Staff Development
- Employee Excellence.

Senior administration develops three-year system plans under "Key Result Areas (KRAs)" for each of the system goals. These action plans include a description of the current status (including evidence) of each task, resources and tools required, lead responsibility, and methods to communicate progress. Senior administration provides annual updates to the Board of Trustees regarding ongoing data collection and analysis of system performance in the KRAs. Senior administration also uses the system goals as a guideline for developing departmental goals and objectives.

The Board has clearly articulated guidelines regarding the development, review and maintenance of its policies, including who is responsible for their implementation. The Board recognizes that policies provide the basis for the day-to-day operation of the system. Our review of the policies indicates that the majority of them have been revised within the last five years. Some school boards have established a pre-determined refresh cycle to ensure that over time all policies are reviewed even if it does not result in any amendments.

Recommendations:

- In order to enhance the system plan, the Board should review all indicators of success to ensure that all potentially measurable indicators are identified with specific performance measures. This will improve the measurement of progress in a more specific, quantifiable fashion. The Board should also consider reducing the number of "lead responsables", (the staff responsible for the specific area of the plan), to ensure that clear accountability can be assigned to specific individuals.

- The Board should establish a pre-determined refresh cycle for each policy and its related procedures. Each refresh cycle should reflect the nature of the specific policy, and should be assigned to a designated department for tracking purposes.

Human Resources Management and School Staffing/Allocation

The Human Resources (HR) Department's adoption of leading practices is very good. Leading practices include:

- The HR department's annual plan and key result areas include measurable performance indicators, specific timelines and lead responsibilities, and are aligned with the system goals.
- The HR department engages staff and other departments during the development of its key result areas and annual strategies. The department uses principal focus groups, employee surveys and exit surveys to collect information. The HR department has implemented attendance management procedures to support employees and minimize the cost of absenteeism. HR management is working with employee groups to further develop an attendance support strategy and program.
- The Board's plans to establish a board-wide employee appraisal system. It has established procedures covering teachers, non-union administrative staff and senior staff. It is expanding the appraisal system to other staff groups through consultation and pilot processes. 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 principals, memos and online publications.
- The HR department provides extensive professional development for all Board staff and obtains feedback through employee surveys to support the development of future training programs.
- The HR department has established policies and procedures to govern the annual staff allocation process.
- The HR department has mechanisms to adjust staff allocation for school-based staff, if estimates for enrolment and/or funding change after budget approval.

Recommendation:

- Management is encouraged to continue with the implementation of the board-wide employee appraisal system. Management should consider developing a board policy governing the appraisal system, to complement the procedures that will eventually be developed. A periodic report on the status of the staff groups in process and timelines for completion would be useful for Executive Council.
- The HR department should consider conducting periodic staff satisfaction surveys to better monitor the developmental needs of all staff groups. Management should continue with their plans to implement confidential exit interviews with staff that leave the Board.

Financial Management

The Finance department has adopted many of the leading practices, such as:

- The annual budget process is transparent, clearly communicated, and incorporates input from all key stakeholders. All stakeholders are actively engaged in the budget planning and development process.
- The budget planning and development process is thorough and well documented. It is supported by a budget implementation policy which sets out in broad terms the procedures for the determination of the Board's budget. The Finance department issues a set of budget guidelines for the upcoming fiscal year, which are reviewed and approved by the Board of Trustees.
- Management uses a top-down and bottom-up approach for enrolment forecasts, using macro demographic information, multi-year forecasts, and regional planning information, combined with school based information.
- Management actively monitors the budget planning process to mitigate the risk of spending beyond authorized or budgeted levels. The Board's practices ensure that senior administration is accountable for the integrity of financial reporting, through formal sign-off and approval procedures.
- The Board participates in consortia for procurement and purchasing for cost savings.

The Finance department contributes to the Board's annual update of its system goals and key results area action plans. Department managers develop annual goals and priorities documents, which include activities and a description of their purpose. Each activity is also tasked to a specific individual for ownership and accountability. The individual plans are consolidated into a departmental plan. The plan does not identify

quantifiable indicators for each departmental priority, or the time lines for the achievement of the goals.

Finance staff monitor the Board's actual expenditures compared to the approved budget and prepare quarterly financial reports for Administrative Council and the Central Services Standing Committee. The interim financial reports present the period-to-date expenditures compared to the annual budget, and the percentage of the budget spent to date. For some categories, a covering report shows expected spending for the period. Notes explain variations from expectations and other budget information. The reporting format could be improved by adding a column to the financial data to show current expected levels of spending for all expenditure categories.

Recommendations:

- The department should consider expanding its annual plan to include specific performance measures, timelines and responsibilities to improve accountability for the outcomes. This would provide senior administration with a broader perspective of the challenges the department faces and how the plan aligns with the Board's goals. The department would report annually to senior administration on its accomplishments against the plan.
- Management should consider enhancing the interim financial reports with a comparison of current and expected levels of year-to-date expenditures, based on historical averages, prior year's experience or the number of staff and pays processed to date. In addition, the Board should consider updating the structure and/or format of its interim report to better align with the Board's budget structure/format. This will assist the reader to better relate the interim financial status against the budget.
- Management and the Board should consider establishing a formal 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 membership of the audit committee would include at least two external members to act as advisors and contribute to the committee's accountability.
- The Board has identified Electronic Funds Transfer (EFT) as a priority to be implemented in the Finance department. Management should proceed with its plan.

School Operations and Facilities Management

The School Operations and Facilities Management department has adopted many of the leading practices in its caretaking and maintenance operations. The following significant practices are noted:

- The Board's custodial and maintenance allocation model provides for the optimal use of staff to support the Board's cleaning and maintenance standards and practices.
- An annual training program for caretaking staff covers a broad range of job related training.
- The Board has several energy conservation initiatives and shares its experience with all schools and with other school boards.
- The Board has well developed policies and procedures for health and safety matters, and tracks security incidents for corrective action and follow-up.
- The Board has an effective process to monitor and control facilities projects and their costs. This includes construction management, post-project evaluation and status updates to the Board of Trustees.

Recommendation

- Management should consider enhancing the facilities services planning document, by identifying performance measures for each task, reducing the number of stakeholders identified as "lead responsible", and setting specific timelines for monitoring and reporting.
- Management should consider developing a multi-year maintenance and renewal plan of say 3 to 5 years, that includes the available funding. This would provide a clear forecast of the Board's critical needs over the next several years.
- The Board should accelerate the completion of its multi-year energy management plan. The plan should identify measurable and quantifiable energy baselines and savings targets by facility, to enable reporting. The plan should also identify any energy management investments and sources of funding.
- Management should expand its energy consumption reporting capabilities to enable school-by-school monitoring. The Board could also examine ways to fully consolidate its utility billings across its facilities. This enhanced reporting would enable the board to budget energy expenditures at a more detailed level, track consumption and identify opportunities for further savings.

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

1. Background and Overview

1.1 Board Profile and Structure

The Simcoe County District School Board has 91 elementary schools, 16 secondary schools and six adult learning centres serving urban and rural communities in the Huronia and Georgian Bay region. In addition, Continuing Education for adult learners is available. About 56,000 students are educated in this school system

The Board's day school enrolment has increased by about 800, or two per cent, since 2002-03. This is due in large part by an increase of about 2,300, or seven per cent, in elementary enrolment, offset by a decrease of about 1,500, or nine percent in secondary enrolment. Although there has been a slight increase since 2002-03, the Board has started to experience a decline in overall enrolment over the last three years. The declining trend in overall enrolment is expected to continue into the foreseeable future. This is a pattern the majority of school boards in Ontario are experiencing. The Board is well aware of the implications of the enrolment decline and has been developing options to address the financial and school program and service implications.

The Board's senior administration:

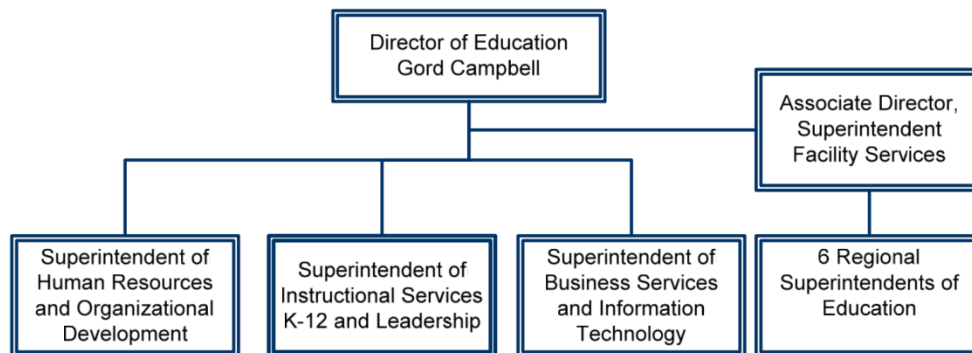


Figure 1

1.2 Key Priorities of the Board

The Board's mission is "to ensure students reach their full potential to become responsible and contributing members of an ever-changing global society, through quality programs which develop the skills of lifelong learning in a safe, caring environment, enhanced by community support".

The Board has completed the second year of the 2005-2008 system plan that incorporates four system goals. The development of the system goals involved all Board

stakeholders, including trustees, senior administration, staff, parents and students. The process involved surveys, focus groups, meetings and trustee retreats.

The four system goals are:

- **Student Achievement:** Improved student achievement in all areas, with a crosscurricular focus on literacy and numeracy.
- **Employee Excellence:** Employees in all sectors are characterized by their diversity, knowledge, skill, dedication and commitment to the success of all students.
- **Leadership and Staff Development:** Leadership capacity at the Board, district, and school levels, supported and maintained by staff development that is aligned with system goals.
- **Safe, Supportive Environments:** Safe, supportive learning and working environments for all students, staff and the broader community.

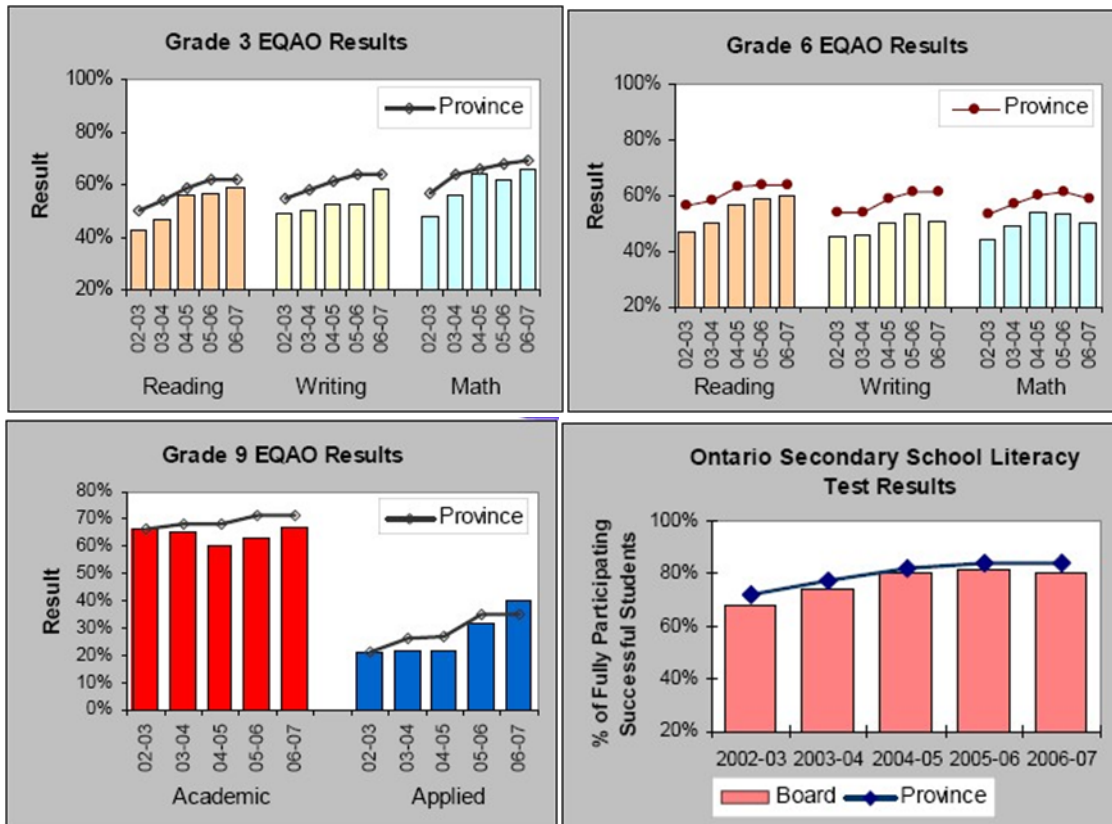
Senior administration has developed three-year system plans under “Key Result Areas (KRAs)” for each of the system goals. These action plans include a description of the current status (including evidence) of each task, resources and tools required, lead responsibility, and methods to communicate progress. Senior administration provides annual updates to the Board of Trustees regarding ongoing data collection and analysis of system performance in the KRAs. Senior Administration also uses the system goals as a guideline to develop departmental goals.

1.3 Student Achievement

The student achievement data below indicates that, with the exception of Grade 6 writing and math results, there has been a positive trend in (Education Quality and

Accountability office (EQAO) results over the past three years. The Board attributes the notable improvement in student achievement over the past year to an increased focus on developing numeracy and literacy initiatives. The Board’s student achievement results, while still below the provincial averages for all grades except Grade 9 Applied, have shown a marked improvement over the past year in narrowing the gap.

The following charts illustrate the Board’s EQAO and Ontario Secondary School Literacy Test (OSSLT) results over the last five years.



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 use of Reserve for Working Funds to cover the Board's operating budget has been reviewed and approved by the Board of Trustees on each occasion. The forecasted balance of the Reserve for Working Funds at August 31, 2008 is about

\$9.5 million, compared to the previous year's balance of \$10.7 million. The Board's Retirement Gratuity Reserve provides for any actual experience in excess of the standard provision made by management.

The Board's current capital program is financed through the use of the New Pupil Place annual grants and the Board's Pupil Accommodation Debt Reserve. At the time of the review of the Board, management were in the process of completing its 10 year capital plan. They were also carrying out a complete analysis of the available funding support for the Board's existing capital commitments and debt service requirements through to the maturity of its committed obligations. The Board's senior finance and facilities staff will be working closely with the Ministry to resolve any funding issues that arise from the analysis.

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	\$288,508,403	\$307,903,168	\$307,919,308
Local taxation	\$134,648,649	\$139,993,351	\$145,793,163
Board Revenues	\$11,313,497	\$8,681,120	\$6,951,044
Other Operating & capital Grants	\$8,020,324	\$7,379,258	\$3,078,200
Total Revenues (Schedule 9)	\$442,490,873	\$463,956,897	\$463,741,715

Summary Financial Data (Expenditure)

Expenditures:	2005-06 Financial Statements	2006-07 Financial Statements	2007-08 Revised Estimates
Operating expenditures	\$409,844,415	\$426,984,943	\$439,098,522
Capital expenditures - Before transfers from reserves	\$28,611,902	\$27,852,168	\$25,855,893
Transfer to (from) Reserves	\$4,034,556	\$9,119,786	-\$1,212,700
Total Expenditures	\$442,490,873	\$463,956,897	\$463,741,715
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
Retirement Gratuities		\$5,035,363	\$5,035,363
Reserve for Working Funds	\$6,602,426	\$10,686,849	\$9,474,149
Proceeds of Disposition Reserve	\$2,653,541	\$2,653,541	\$1,218,541
PCS, PTR Reserve			\$500,113
Pupil Accomodation Debt Reserve	\$16,800,453	\$21,711,150	\$23,439,935
GPL Reserve			\$534,137
Total Reserve Funds (Schedule 5)	\$26,056,420	\$40,086,903	\$40,202,238
Education Development Charge Reserve	\$2,429,852	\$961,944	\$2,011,944

School Board Reserve and Deferred Revenues:	2005-06 Financial Statements	2006-07 Financial Statements	2007-08 Revised Estimates
Reserve for Classroom Expenditures	\$10,583,161	\$0	
Special Education Reserve	\$1,050,754	\$28,568	\$28,568
Total Deferred Revenues (Schedule 5.1)	\$14,063,767	\$990,512	\$2,040,512
Total Board Reserves and Deferred Revenues	\$40,120,187	\$41,077,415	\$42,242,750

1.5 Key Statistics

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

Day School Enrolment

Day School Enrolment	2002-03 Actual	2007-08 Revised Estimates
Elementary Day School ADE	35,393	33,338
Secondary Day School ADE	17,145	18,583
Total Day School Enrolment	52,538	51,921

Primary Class Size

Primary Class Size	2003-04	2007-08
% of Classes Less Than 20	43%	90%
% of Classes Less Than 23	84%	100%
Average Class Size - Jr/Inter	26.8	26.8
% of 3/4 Classes 23 & Under	46%	100%
% of Combined Classes	43%	46%

Staffing

Staffing	2003-04	2007-08
School Based Teachers	2,956	3,350
Teacher Assistants	412	652
Other Student Support	106	139

Staffing	2003-04	2007-08
School Administration	161	176
School Clerical	235	270
School Operations	390	425
Other Non-Classroom	119	150
Total Staffing	4,379	5,162
Teacher - Pupil Ratio	1:18	1:16
FTE Staff per 1,000 Pupils (ADE)¹	83.0	99.0
Total Salary & Benefits as % of Net Operating Expenditures	84.8%	87.9%

Special Education

Special Education	2003-04	2007-08
Special Education Incremental Expenditures	\$35,951,784	\$58,784,520
Special Education Allocation	\$44,171,590	\$58,784,481
Spending above Allocation (Reserve)	-\$8,219,806	\$39

School Utilization

School Utilization	2003-04	2007-08
Total Capacity (Spaces)	52,504	48,261
Capacity Utilization	100.10%	107.60%
Number of schools	117	122
Board Area (Km²)	4,923	4,923
Number of Trustees	12	12

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, the 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 School Board Administration, and identifies where evidence showed that the practice was adopted in full. Where the evidence was not present or the practice was not completely adopted at the time of the review, a "No" indicates that an improvement opportunity exists.

Development and Reporting of Annual Goals and Priorities

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

Decision Making Processes

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

Stakeholder Engagement

Leading Practices – Governance and School Board Administration	Evidence of Adoption?
The Board of Trustees and management proactively engage internal and external stakeholders on a regular basis and through a variety of communications vehicles (e.g., websites, email, memoranda, town hall meetings, etc.).	Yes
Key senior staffs 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 established a three-year system plan (2005-2008) that incorporated four system goals that serve as the foundation for annual goals and priorities. These system

goals are: Student Achievement; Safe, Supportive Environments; Leadership and Staff Development; Employee Excellence. The Board's four system goals were developed through broad-based consultations with trustees, administration and school staff, teachers and community representatives, through surveys, focus groups, town hall meetings and trustee retreats.

Senior administration develops three-year action plans under "Key Result Areas (KRAs)" for each of the four system goals. These action plans include a description of the current status (including evidence) of each task, resources and tools required, lead responsibility and methods to communicate progress. Specific actions are developed annually, and tracked by senior administration regularly. Senior administration provides annual updates to the Board of Trustees regarding ongoing data collection and analysis of system performance in the KRAs.

Senior administration also uses the system goals as a guideline for departmental goals and objectives. While the 2005-2008 action plan includes indicators of success for each action, not all of the measurable indicators have been identified with performance targets that are specific, measurable, attainable, realistic and timely. Also, the action plan sometimes identifies up to four individuals as "lead responsible", rendering the accountability of the respective task/action less meaningful than if a single individual were assigned.

Decision-Making Process

The Board's web site provides a comprehensive set of policies and administrative procedures for the areas of business administration, facilities, transportation, communications and personnel. These policies and procedures support the management of the Board's operations and facilitate decision processes. The decision process appears to be effective. This should be enhanced with the completion of the defined roles and responsibilities of the Director and the Board of Trustees, as described earlier in this report.

Many of the Board's policies have adopted dates or revision dates that are more than five years old. Management is responsible for maintaining existing policies and the development of new policy. A number of policies are reviewed annually and revisions made where appropriate. To enhance the current annual process, it may be appropriate for the Board to establish a formal refresh cycle that would be based on the nature of each policy and procedure. The duration of the refresh cycle would reflect the nature of the policy and be assigned to a designated department for monitoring. This will ensure that key policies and procedures are maintained on a current basis and support the decision making processes.

Organizational Structure and Accountability

The Board of Trustees is composed of 12 members, several of whom have served for many years. There appears to be a strong working relationship between the Chair of the Board and the Director, which contributes to efficient and effective decision-making.

Over the past three years, the Board has undergone a transition in its governance structure and is now close to completing a process of formally delineating the roles and responsibilities between the Board of Trustees and the Director of Education. The intention is to adopt a policy governance model, where the Board of Trustees is responsible for policy development and senior administration maintains and implements procedures in accordance those policies.

For this purpose, the Board has invested significant Trustee time on a number of initiatives to review and formally document the roles of the Board of Trustees, the Chair of the Board, the Director of Education, and various governing committees. At the time of the Operational Review, there were draft models of the formal Governance and Administration Policy documents (e.g. Major Areas of Responsibilities of the School Board, Trustee Development Program).

The job description of the Director of Education is an integral part of this process. The Chair of the Board and the Director intend to complete this job description as soon as possible. Defining the governance model and formalizing the roles and responsibilities of the Board of Trustees and Director of Education will contribute to increased efficiency and effectiveness in the Board's decision making.

Stakeholder Engagement

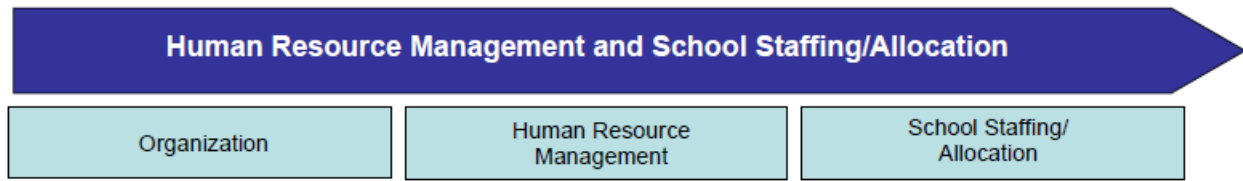
The Board has taken a proactive approach to engage its stakeholders through the effective use of emails, website postings and town hall meetings. A detailed calendar of events outlining the key dates for Board meetings and various committee meetings is on the Board's web site. The Board makes extensive use of "Updates", summaries of information on key topics such as governance and negotiations.

Recommendations:

- In order to enhance the system plan, the Board should review all indicators of success to ensure that all potentially measurable indicators are identified with specific performance measures. This will improve the measurement of progress in a more specific, quantifiable fashion. The Board should also consider reducing the number of "lead responsables", (the staff responsible for the specific area of the plan), to ensure that clear accountability can be assigned to specific individuals.

- The Board should establish a pre-determined refresh cycle for each policy and its related procedures. Each refresh cycle should reflect the nature of the specific policy, and should be assigned to a designated department for tracking purposes.

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



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

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

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

Organizational Structure and Accountability

Leading Practices – Human Resource Organization	Evidence of Adoption?
Publicly-available HR organizational charts clearly illustrate roles, responsibilities and accountabilities.	Yes
Senior HR staff has appropriate designations (e.g., 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 undergone a significant transformation over the past 12 months, bringing in a new management team with strong public sector, school board and private sector experience. This experienced HR team has spent the past year developing annual departmental goals and priorities. This is reflected in its annual departmental plan, which includes the Board-aligned goal, an identified result area, key strategies, resources, ownership, communication vehicles, and a timeline. Where possible, the HR annual plan also includes specific performance targets for tracking purposes.

Organizational Structure and Accountability

The HR department's organizational charts clearly and accurately depict its structure. The department's Board-wide performance appraisal initiative reviewed and updated all job descriptions, and realigned roles with departments. This has resulted in an updated job evaluation report template and refreshed organizational charts for the Board.

The HR department staff has clearly defined roles and responsibilities, with clear lines of internal reporting. The Board has complete and up-to-date HR policies and procedures that are published on its website. The department annually reviews the organizational chart as part of the budget development process, to ensure alignment to organization changes resulting from the budget.

The members of the HR department's management team all have appropriate professional HR designations and commensurate experience within HR disciplines.

Professional development opportunities are integrated within the performance appraisal process currently being developed.

Monitoring and Communication of Policy

The HR department continuously monitors HR policy and procedure compliance and adherence through the use of reminder emails, memos, meetings with principal and vice-principal groups and managers.

3.2 Human Resource Management

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

- Planning and processes are in place to provide 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 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.

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 to minimize the incidence of grievances.	Yes

Staff Recruitment

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

Management of HR and Payroll Data

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

Employee Performance Evaluation Processes

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

Management of Board's Benefit Plans

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

Monitoring Staff Satisfaction

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

Attendance Management Processes/Programs

The Board has identified attendance management as a focus area for HR and has been addressing the need to monitor and manage the cost of the short-term replacement of staff. The HR department has established detailed attendance management procedures, supported by an electronic reporting system to track staff attendance data. The HR department has recently implemented an upgrade to its attendance management system, the Simcoe County Absentee Reporting and Replacement Information System (SCARRI). School principals are required to designate employees to be trained on the system. The Board can also perform detailed trend analysis of attendance management data by reason code and by staff category. For example, the HR department regularly reviews statistical reports to analyze the number of days lost due to sick leave, the number of LTD claims, and the number of successful returns to

work of ill and injured employees. The HR department notes a need to monitor the integrity of the reason code being used, but reports that, the system is generating useful data.

The HR department has taken proactive steps to raise the awareness of the impact of staff absenteeism among school principals, and has designed training sessions to address appropriate action. The ability to access absenteeism data has contributed to an increased awareness to attendance management.

The Board's attendance management processes are supported by established procedures covering pertinent topics, such as return to work by ill and injured employees, the use of the SCARRI system, short term leaves of absence, and the release of academic personnel to conduct workshops for external organizations. These procedures are clearly communicated to all staff through periodic reminders via email or pamphlets. The HR department has developed draft attendance support guidelines and plans to finalize these guidelines in the near future.

Labour Relations

The HR department stated that their communication with unions is open and transparent, resulting in a positive working relationship. This is demonstrated by the Board's low incidence of grievances. There is a dedicated labour relations position whose major responsibility is focused on handling staff issues and grievances. The HR department promotes dialogue with employees through its Labour/Management Committee which meets on a regular basis. The HR department is also responsible for negotiating with unions during collective bargaining. The HR department establishes dedicated teams to lead negotiations with the respective bargaining units.

The HR department trains all elementary and secondary principals on the pertinent aspects of the labour agreements. HR also intends to consult with the unions to finalize the proposed progressive discipline guidelines and associated investigation process, and train all principals on these guidelines. These measures have contributed to the positive working relationship between the Board and its unions.

Staff Recruitment

The HR department has developed annual plans for recruiting teaching staff and continues to evaluate the effectiveness of its recruiting practices. The annual recruiting plan involves visits to school campuses, recruiting fairs and targeted advertisements. For permanent teaching staff, the Board uses a web-based recruiting platform, "Apply to Teach Network (ATTN)", to manage the recruiting and candidate review process online. The tool streamlines the job search and application process from both the candidate's and the Board's perspective. The Board plans to implement ATTN for other staff positions in the future. The HR department recognizes that its current criminal

background check process is paper intensive, and is exploring alternative means of electronic processing.

Management of HR and Payroll Data

The HR department maintains the Board's personnel records using an HR information system called Integrated Payroll and Personnel System (IPPS). The HR department is responsible for the payroll function. The functions of HR Information Systems and Payroll are fully segregated. To ensure the integrity of personnel and payroll data, the department maintains appropriate control mechanisms, such as payroll change notice forms and annual reconciliations of staff headcount against payroll records.

The HR department has implemented efficiency processes, including a web-based payroll portal that gives employees access to their key personnel records, including compensation, absent days and pay stubs. All employees of the Board have been enrolled in a direct deposit program to minimize the cost of pay distribution.

Teacher qualifications and experience data is continually tracked and the HR records updated as new teacher information is received. This ensures that the "teacher qualification and experience" that forms a part of the Ministry's grant determination is accurately reported.

Employee Performance Evaluation Processes

The Board's objective is to establish a board-wide employee appraisal system. At the time of the review, the Board has implemented various stages of appraisal systems with different staff groups, as follows:

- Teaching staff – the Board has followed the Ministry's requirements for teacher performance appraisal effective April 2007;
- Processes for other staff groups were under various stages of development at the time of the review.

The Board should identify the plan and related timeline for the completion of the board-wide employee performance appraisal system for all other staff groups. It may be appropriate to establish a Board policy to support the board procedures that have been and will be developed for the appraisal system.

Management of the Board's Benefit Plans

The Board previously managed its benefit plans for non-union employees through an employee benefits trust, which was recently discontinued. Due to the dissolution of the employee benefits trust, the Board has recognized the need to investigate other feasible

options to provide employee benefits, and to ensure that the premiums are competitive within the marketplace. The Board has retained a third-party benefits consultant to advise on the Board's non-union employee benefit plans.

The HR department, working in conjunction with the benefits consultant, regularly reviews the Board's current arrangements with benefit service providers and insurers. The HR department also examines costs and plan designs with a view of maximizing value of dollars spent on employee benefits. For unionized employees, the unions are the benefit policy owners.

The Board has implemented an electronic process to synchronize all data transfer between HR benefits, payroll and external carriers, including TPP and OMERS.

Monitoring Staff Satisfaction

The Board recognizes the importance of long-term staff satisfaction and has undertaken a number of initiatives to ensure this is achieved. The Board believes that the foundation of staff satisfaction is open and regular dialogue. The HR department holds open forum discussions with union representatives, through regular Labour/Management Committee meetings. The Board recently approved a plan to conduct pilot exit surveys for elementary teaching staff, to better understand the reasons for unplanned departures. The Board believes that the exit surveys will provide valuable information in the development of HR policies and practices. Management intends to implement exit surveys with other employee groups in the future.

Management obtains feedback from staff following professional development events. They do not at present conduct confidential staff satisfaction surveys that could be used to provide valuable feedback to support possible changes in HR policies or practices.

Recommendations:

- Management is encouraged to continue with the implementation of the board-wide employee appraisal system. Management should consider developing a board policy governing the appraisal system, to complement the procedures that will eventually be developed. A periodic report on the status of the staff groups in process and timelines for completion would be useful for Executive Council.
- The HR department should consider conducting periodic staff satisfaction surveys to better monitor the developmental needs of all staff groups. Management should continue with their plans to implement confidential exit interviews with staff that leave the Board.

3.3 School Staffing/Allocation

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

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

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

Planning and Processes for Annual Staffing and Allocation

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

Monitoring and Reporting on Staff Allocation

Leading Practices – School Staffing/Allocation	Evidence of Adoption?
Systems monitor adherence to key Ministry and/or Board policy parameters such as: class size, prep time and collective agreement requirements.	Yes
Systems report on the actual allocation of staff, compared to the original approved allocation plan and budget (FTEs by function, department and program, actual versus budget).	Yes
A mechanism allows for adjustment of staff allocation 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 Board has established detailed administrative procedures to determine the level of staffing for different employee groups. These staffing procedures are driven by enrolment forecasts, assessment of student needs, ministry class size 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. The HR department recognizes that the development of the annual staffing plan and allocation process is a joint responsibility between Finance, Facility Services Planning and HR.

The staffing process begins with a system level preliminary enrolment forecast, based on the previous year's cohort figures, input from the planning function regarding demographic trends and other factors. The preliminary enrolment forecast is used to generate a staff allocation plan based on funding guidelines, including the requirements for teacher preparation time, class size and other requirements. At the same time, the Finance department uses the preliminary enrolment forecast to generate a budget estimate for the coming year.

Detailed, school-by-school allocation plans for secretarial and care-taking staff generally takes place in the fall, while the allocation for all other staff occurs in the spring. The detailed staff allocations consider the allocation formulas for each employee group, collective agreement requirements, class size caps, and any refinements submitted by school principals. Secondary allocations consider additional factors such as course registration and graduation rates.

Throughout the annual staffing and allocation process, the HR department works closely with Finance to ensure alignment of staff allocation figures with the budget plan. Variances between the actual allocation and the budget are reviewed and closely tracked by management throughout the planning process. The confirmation of school-by-school staff allocation takes place in the spring. The confirmed staffing plan forms an integral part of the annual budget, which is approved formally by board motion each year by the Board of Trustees.

Monitoring and Reporting on Staff Allocation

The HR department monitors and reports on the actual allocation of staff, compared to the approved allocation plan and budget. The HR department regularly reviews school

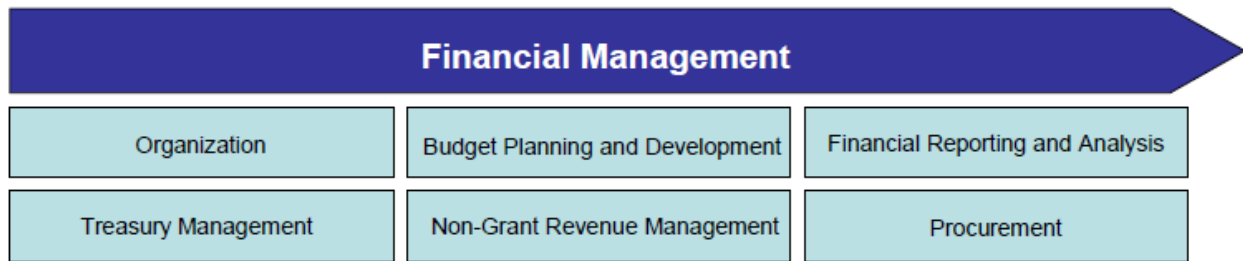
status reports, which include actual staffing figures, and reconciles the actual against budgeted figures. Staff allocation adjustments can occur in the elementary panel once the actual enrolment data is available in September. School re-organizations are possible if the forecasted enrolment varies significantly from the actual. Management holds back a small number of the teacher allocation to manage school enrolment variances. For the rest of the school year, staffing changes are managed through established staff transfer request procedures.

The HR department enhances its staff transfer procedures through initiatives such as the on-line staff transfer requests for OPSEU and CUPE staff.

Benchmarking Costs with Other Boards and Funding

HR compares staffing costs with similar boards to ensure efficient use of resources. HR reviews its compensation benchmarks through surveys, and compares its staffing costs with those of similar boards. For instance, the Board has recently reviewed staffing costs for the principal and vice principal employee group. In addition, salary surveys are typically conducted during the negotiation process for each collective agreement. The information collected through the staffing cost surveys is used for decisions on compensation.

4. Financial Management – Findings and Recommendations



The financial management of the Board contributes to the efficient and effective use of the Board's 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 to 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 related to the financial management of the Board under the respective 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 the roles, responsibilities and accountabilities.	Yes
Senior finance, treasury and procurement staff has appropriate designations or related experience.	Yes

Monitoring and Communication of Policy

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

Development and Reporting of Annual Goals and Priorities

The Finance department contributes to the development of the Board’s annual update of its system goals and Key Results Area Action Plans. Department managers develop their respective annual goals and priorities documents which are aligned to the Board’s system goals and KRAs. The goals and priorities document contains a list of activities to be completed for the year, as well as a description of the purpose of each activity. Each activity is also tasked to a specific individual for ownership and accountability. The individual plans are consolidated into a departmental plan. The plan does not identify quantifiable indicators for each departmental priority or the time lines for the achievement of the goals.

Organizational Structure and Accountability

The Finance function resides within the Board's Business Services Department, with the manager of business services reporting to the superintendent of business services. There are three assistant managers, responsible for accounting, budget and purchasing, who report to the manager of business services. The roles and responsibilities for these positions are clearly outlined in their respective job descriptions, and are well understood by each individual.

All senior financial management staff have appropriate professional designations.

Monitoring and Communication of Policy

The Finance department has established policies covering pertinent aspects of financial management, including budget implementation and general purchasing policies. There are detailed administrative procedures covering topics such as purchasing, petty cash, procurement cards, and signing authorities. These policies and procedures have been posted to the Board's web site, and management reviews periodically. The superintendent of finance ensures that the policies and procedures are reviewed and up to date.

Recommendation:

- The department should consider expanding its annual plan to include specific performance measures, timelines and responsibilities to improve accountability for the outcomes. This would provide senior administration with a broader perspective of the challenges the department faces and how the plan aligns with the Board's goals. The department would report annually to senior administration 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 budget planning and development process is thorough and well-documented. It is supported by a budget implementation policy which sets out in broad terms the procedures for the determination of the Board’s annual budget. At the start of each budget planning cycle, the department issues a set of budget guidelines for the

upcoming fiscal year. These are reviewed and approved by the Board of Trustees, and provide for a number of critical elements of the budgeting process, such as:

- Setting the strategic direction of the year's budget planning process, including the key priorities that the budget should achieve;
- Outlining the assumptions to be followed in preparing the various revenue and expenditure forecasts in areas such as funding estimates, salaries and benefits, operating expenditures and capital budget;
- Providing a detailed timetable of events for the entire planning cycle;
- Detailing the specific roles and responsibilities in the development of the budget for key members of the Board, including the Board of Trustees, director of education, superintendent of business services, administrative council, and the manager/staff of budget and accounting.

The superintendent of business services and the director of education have joint responsibility for coordinating the budget planning process and developing the final budget recommendations. The Board of Trustees and Central Services Standing Committee are responsible for final approval of the budget and monitoring compliance.

In January and February, Administrative Council reviews enrolment and resulting staffing projections for the year. The Finance department coordinates a workshop on funding for classroom staff and the staffing process, and also issues the approved budget guidelines to all staff and school principals with responsibility over their respective budget areas. A real-time budgeting tool (budget book system) enables budget owners to access their budgets online, and review historical information such as year-over-year required changes, new investments, and over/under spending from the prior years.

Throughout February and April, the budget staff work and consult closely with school principals to develop the elementary and secondary funded staff and budget. Administrative Council approves the overall budget developed by Finance staff. Several presentations are prepared for the Central Services Standing Committee to review aspects of the budget, including enrolment projections, funded staffing, salaries and benefits, facilities services, capital and information technology services. The final budget recommendation is presented to the Central Services Standing Committee in June for final debate and recommendation to the Board of Trustees. 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.

The annual budget presented to the Board of Trustees is a comprehensive document that provides for a thorough understanding of the Board's financial position and how the budget elements address the system goals.

Enrolment Forecasting Linked to Budget Development

Enrolment forecasting is the responsibility of the manager of property and planning, who reports to the superintendent of facility services. Annual enrolment projections are prepared early in the budget planning cycle and circulated to superintendents and school principals for review. The final enrolment projection is then provided to finance staff and HR, to project all staffing requirements, prepare the annual budget and determine the Board's grant allocations.

Identification of Risks and Mitigation Strategies

The Board takes active measures to identify and mitigate budget risks. The most significant risk area is the accuracy of the enrolment forecast and the staffing that relies upon it. The Board has generally experienced a variance of one per cent 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 over-staffing. The Finance department's budget book highlights all variances between actual expenditure and planned budget amounts. Risk areas are highlighted throughout the year to appropriate department managers with an explanation, or, if necessary, a mitigation plan to address any negative budget variances.

4.3 Financial Reporting and Analysis

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

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

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

Integrated System for Variance Analysis and Financial Reporting

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

Interim Financial Reporting Accountability

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

Internal Audit

Leading Practices – Financial Reporting and Analysis	Evidence of Adoption?
Management maintains an independent internal audit function where appropriate.	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 Finance department is currently using a fully-integrated JD Edwards financial system. The system provides real time access to financial information and has the following modules currently in place:

- Accounts Payable
- Accounts Receivable
- Procurement
- G/L
- Investments

The Board is planning to implement fixed assets and Computerized Maintenance Management System (CMMS) modules at a later date.

The integrated financial system gives management and departmental staff real time access to their budgets, to monitor actual results and maintain control as the year progresses.

Interim Financial Reporting Accountability

The development of interim financial reports is the responsibility of the superintendent of business services. Finance staff monitor the Board's actual expenditures against budgeted expenditures and prepare quarterly financial reports for submission to Administrative Council (review and approval) and to the Central Services Standing Committee and the Board of Trustees (information). Any change in the position of the required use of reserves requires Board of Trustees approval.

The interim financial reports present the period-to-date expenditures compared to the annual budget, and the percentage of the budget spent to date. For some categories, a covering report shows expected spending for the period. Notes explain variations from expectations and other budget information. The reporting format could be improved by adding a column to the financial data to show current expected levels of spending for all expenditure categories. This may require staff to provide additional explanations to address any other significant variance from what would be expected at the point of reporting. Finance staff would need to determine what constitutes "significance" as they appear to do at present. In addition, the Board should consider updating the structure and/or format of its interim report to better align with the Board's budget structure/format. This will assist the reader to better relate the interim financial status against the budget.

Internal Audit

The Board does not have an independent internal audit function. Although management recognizes the potential benefit, it believes that the resources are not currently available to support the additional cost. Finance staff work closely with schools to ensure appropriate use of funds and proper accounting of school generated funds and continuing education enrolment.

The requirement to consolidate non-board funds generated by school councils and schools has meant that finance staff has increased their monitoring of the financial controls over their activities as part of annual reporting. The finance department maintains a list of schools considered "not satisfactory" based on the results of rotating audits done annually. These schools are re-audited to follow-up on the implementation of recommendations. After completing a successful pilot program, finance staff plans to implement standardized accounting procedures for school generated funds. This will

assist school secretarial staff and principals in improving the controls and integrity of school generated funds accounting.

The establishment of a formal internal audit function would assist 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 are in compliance with policies and procedures. The internal audit function can also help develop performance measures 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 to 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 the time of the review but has clearly recognized the need and benefit of doing so. The Board of Trustees has reviewed a motion in June 2007 to establish an Audit Subcommittee, to be composed of three trustees, the superintendent of business services and one appointed community member. A report was tabled with Central Services Standing Committee in September 2007 that outlined best practices in the province regarding audit committees. A report dated October 17, 2007 was to be presented to the Central Services Standing Committee recommending that the Audit Committee be established. We noted that the Board subsequently did not approve the establishment of the Audit Committee.

Many school boards have established or are now establishing an audit committee. An audit committee acts on the Board's behalf to:

- Review the annual audited financial statements.
- Review and understand the accounting complexities inherent in their preparation.
- Gain a more detailed understanding and appreciation of the significance of maintaining a sound system of internal control in the relevant areas of the Board's operations.
- Review the annual external auditor's appointment, the annual audit plan, the management letter and other matters related to the annual audit of the financial statements.
- Review the treasurer's quarterly report.
- Manage other corporate matters.

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

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

Recommendations:

- Management should consider enhancing the interim financial reports with a comparison of current and expected levels of year-to-date expenditures, based on historical averages, prior year's experience or the number of staff and pays processed to date. In addition, the Board should consider updating the structure and/or format of its interim report to better align with the Board's budget structure/format. This will assist the reader to better relate the interim financial status against the budget
- Management and the Board should consider establishing a formal 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 membership of the audit committee would include at least two external members to act as advisors and contribute to the committee's accountability.

4.4 Treasury Management

The purpose of reviewing treasury management processes is to assess:

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

- Identify 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 with a single financial institution.	Yes
Staff and management periodically review the Board’s investment policy and investment performance reports.	Yes
Staff and management periodically compare the Board’s banking terms and conditions to those of similar school boards.	Yes
Management monitors financial risk related to cash/investment management and has a plan to mitigate associated risks.	Yes

Cash and Investment Management

Finance staff have demonstrated that there are appropriate processes in the treasury management function to minimize idle cash. The processes followed by the finance staff include 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 the completion of monthly bank reconciliations. These procedures guard against the risks associated with cash management. The Operational Review Team 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.

The Board has consolidated its cash management activities with a single institution, which has served the Board since 1969. Management periodically receives proposals from other financial institutions for banking services, but has so far decided not to change the provider for banking services. Management compares the Board’s banking terms and conditions with those of peer boards through the OASBO network.

The Board should consider issuing a formal tender for banking services at a minimum of once every five years. This will contribute to providing the Board assurances that it is receiving the appropriate service with the most competitive terms and conditions.

Finance staff should also continue to benchmark the current services from its existing bankers with other school boards, to ensure that the terms with its current banker remain competitive. Our experience from other boards would indicate that a competitive rate of interest on cash on deposit would be in the range of prime less 1.5% or better.

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;
- 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 under the “Community Use of Facilities” policy. There are also detailed administrative procedures to support the use of Board facilities by the community, including descriptions of eligibility criteria, approved activities, and roles and responsibilities of sponsors in the community and school principals.

The Community Use of Schools Program (CUSP) has been operating successfully for three years. This year, 2007-2008 (the fourth year of the program), will be the first in which clients will have the opportunity to pay the discounted rates up front. In the past the CUSP agreements were signed well after the beginning of the school year, making a rebating process necessary. Unspent CUSP funds for the past three years have been used to upgrade the existing sports fields, enhancing community access.

Efforts to increase the number of joint use agreements with municipal partners have been successful, increasing affordable access to both indoor and outdoor school space at reduced rates outside of regular school hours. Under these arrangements, schools can make better use of municipal facilities at discounted rates. This promotes the health and wellness of students and contributes to student achievement.

Technology to Support Registration and Collection of Revenue

The Board's Continuing Education program uses an electronic information system for registration, enrolment and payments. For lease operations, the Board uses rental management software (Class Software) which includes accounting functionality, a database of all board facilities available for rent, and the ability to print standardized client contracts. An additional module that was recently purchased will enable school staff to view a summary of permits within their location.

The Board uses the services of a third party collection agency. The collection of revenue has historically not been a material issue for the Board.

Managing the EPO Grants

Finance staff have established appropriate procedures for the recording and tracking of the various EPO grants received. The recipient of the grant is required to prepare and submit to Finance a spending plan equivalent to the grant received. Finance staff track the required accountability associated with the majority of the individual grants, to ensure that the funds are spent for the purpose 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 clearly communicated to staff with purchasing authority and are periodically reviewed and updated.	Yes

Participation in Buying Consortia to Reduce Acquisition Costs

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

Purchasing Levels of Authority

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

Policies and Procedures for PCard/Corporate Card Use

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

Accounting for Completeness of Purchase/Payment Cycle

Leading Practices – Procurement	Evidence of Adoption?
Automated three-way matching (purchase order, receipt/invoice and inspection) is used.	Yes
Commitment accounting is in place to monitor budget utilization.	Yes
Management has implemented electronic supplier interface for ordering, processing and payment, including the use of supplier portals.	No

Use of Electronic Funds Transfer for Greater Efficiency

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

Procurement Policies and Procedures

The Board has an established general purchasing policy, which provides guidelines for the issue of tenders and RFPs, advertising of tenders and RFPs, bid approval process, and other special circumstances. The general purchasing policy is supported by detailed administrative procedures covering topics such as cheque requisitions, expense claims, petty cash, purchasing card, clearing accounts, signing authorities and fundraising, etc. The general purchasing policy was last revised in 2003 and the detailed administrative procedures were last revised in 2007. All procurement related policies are posted on the Board's web site.

Participation in Buying Consortia to Reduce Acquisition Costs

The Board participates in a regional purchasing consortium – Georgian Bay Area Public Purchasing Cooperation – which includes 26 members from the municipal, university, school and hospital sector, for general supplies and paper. Participating in these consortia has contributed to administration efficiencies and cost savings.

The Board uses an independent advisor to assist in the acquisition of natural gas. The Board is not a member of a consortium for the purchase of electricity.

Purchasing Levels of Authority

The Board of Trustees adopted, effective September 2007, revised administrative procedures relating to the reimbursement of purchasing card expenses, staff travel, hospitality and advertising expense claims. These revised administrative procedures were subsequently posted on the Board's website.

The Board's policy states that the primary objective when buying goods is to obtain maximum value for public funds, expended through a process that ensures that all qualified vendors are treated fairly. The decision of selection of a success vendor is governed by consideration of a number of factors in which price, quality and reliability are considered.

The purchasing procedure outlines a series of purchasing thresholds and resulting actions to be taking for each of the thresholds. For instance:

- \$0 - \$5,000 – Discretion of Purchasing

- \$5,001 - \$25,000 – Minimum three telephone quotations, responsibility of buyer/school/local purchasing
- \$25,000 - \$50,000 – Minimum three written quotations, responsibility of buyer
- Greater than \$50,000 – Formal tender or RFP, responsibility of manager of purchasing

All tenders or RFPs over \$100,000 must be advertised online. Any advertising for purchases under that amount is at the discretion of the manager of Purchasing.

If the minimum number of quotations cannot be obtained, the approval of the purchasing manager or superintendent of business must be obtained prior to any commitment being made by the Board. All written quotations are required to be retained on file.

Policies and Procedures for PCard/Corporate Card Use

The Board uses Purchasing Cards (PCards) assigned to approved employees to facilitate the purchasing process. PCards may be issued upon request by a superintendent or school principal and are approved by the manager of business services. Each PCard has customized settings that limits its use by dollar value (individual purchases and total monthly purchase), by type of goods and services and by vendor. Employees are required to submit signed credit card statements with the original receipts/invoices attached and approved by authorized reviewers, along with budget line allocations indicated to Business Services. These are posted to the financial system for reporting purposes.

Procurement System Technology

The Board uses the integrated procurement module in J. D. Edwards to capture and execute orders. This system enables finance staff to perform automated three-way matching of payment authorization for monitoring and reporting purposes. The system also enables the Board to implement a commitment accounting process at the time the purchase requisition/purchase order is issued.

The Board has not implemented an electronic supplier interface for ordering, processing and payment, including the use of supplier portals. The Board should periodically assess the business case to implement an electronic supplier interface to enhance procurement efficiencies.

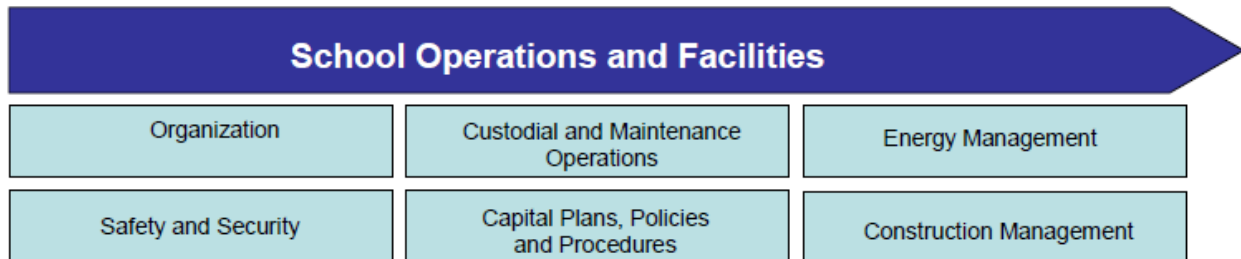
Use of Electronic Funds Transfer for Greater Efficiency

At the time of the review, the Board was considering implementing electronic funds transfers (EFT) for the processing of payments to suppliers. Management believes that the full implementation of EFT will improve efficiency in accounts payables and related areas such as mail services. They have listed this as an action item in the department goals for 2007-2008. EFT also has the benefit of minimizing the risk of payments being altered prior to clearing the bank.

Recommendation:

- The Board has identified Electronic Funds Transfer (EFT) as a priority to be implemented in the Finance department. Management should proceed with its plan.

5. School Operations and Facilities Management – Findings and Recommendations



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

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

5.1 Organization

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

- Whether the Board of Trustees and management have established policies and procedures that support the key departmental functions and activities, strong internal control 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;
- Assess the efficiency and effectiveness of the departmental structure and whether roles and responsibilities support the key functions/activities and the required business practices;
- Opportunities to support continual improvement in the effectiveness and efficiency of all processes.

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

Development and Reporting of Annual goals and Priorities

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

Organizational Structure and Accountability

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

Monitoring and Communication of Policy

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

Development and Reporting of Annual Goals and Priorities

The mission of the Board’s Facility Services department is to support the Board in providing safe, supportive learning and working environments for all students, staff and the broader community. The Facility Services department strives to deliver responsive planning, construction, maintenance, custodial and environmental services in support of school operations, through the effective and efficient management of available resources.

The Facility Services department appears to be clear in terms of its overall goals, and maintains a planning document (System Goals and Action Plans 2005-2008) which outlines strategies and indicators of success. However, the strategies and indicators of success do not appear to be specific enough for senior administration to positively identify the lead responsibilities, performance measures, and detailed timelines to facilitate an annual report on progress made against the plan. Management should consider expanding the current planning document by identifying specific performance measures for each task, reducing the number of individuals identified as “lead responsible” and providing specific timelines for monitoring and reporting.

Organizational Structure and Accountability

The facilities services department has undergone a job function review and organizational alignment. Currently, the managers of custodial services and community use, construction and maintenance services, and property and planning services report to the superintendent of facilities services. The roles and responsibilities are clearly defined and communicated. This enables accountability mechanisms to support effective and efficient performance of the maintenance and operation functions.

Key facilities services staff hold appropriate designations and/or related field experience. Examples include: Registered Professional Planner; Professional Engineer; Architecture Technologist; and other appropriate maintenance designations and certifications (electrical and plumbing).

Monitoring and Communication of Policy

The department maintains a set of policies related to school operations and facilities, including a pupil accommodation review policy, establishment of new schools, environmental policy and community use of facilities. These policies are supported by detailed administrative procedures. These policies and procedures have been posted on the Board’s web site, and most appear to have been recently reviewed or revised. Management ensures that any revisions 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:

- Management should consider enhancing the facilities services planning document, by identifying performance measures for each task, reducing the

number of stakeholders identified as “lead responsible”, and setting specific timelines for monitoring and reporting.

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	No

Leading Practices – Custodial and Maintenance Operations	Evidence of Adoption?
the use of available funding (Annual Renewal Grant and Good Places to Learn funding) and is approved by the Board.	

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 facilities services department has adopted maintenance and cleaning standards for all of its schools. The formal custodial procedures are described in detail in the Custodial Procedures Manual. Compliance is achieved through rotating, school by school custodial quality inspections performed annually. The results are reported in summary form to management. Cleaning services are delivered by Board staff.

The Board periodically reviews 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. This is shown by the high ratings in the sample custodial quality inspection summary report provided. A detailed staffing formula for custodial work considers a number of factors at the school level, including square footage, age of facility, number of storeys, portable usage, and the use of "split shifts". Site supervisors perform formal site audits and frequently meet in person with custodial staff to ensure communication between school management and custodial staff.

Development of Annual and Multi-Year Maintenance Plan

Management maintains a listing of maintenance projects to prioritize its preventative, critical and deferred maintenance activities in accordance with the Board's maintenance standards. At present, the Board does not expand their planning to a multi-year framework.

Management uses the ReCAPP data base as a primary source to develop the list of major maintenance and renewal priorities. 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 proposed Good Places to Learn and Annual Renewal project list includes review and input from trustees from a series of individual meetings. These measures ensure that schools are maintained in the best condition possible to support improved student learning and facilitate employee productivity.

The development of a multi-year maintenance and renewal plan of say 3 to 5 years would provide a better understanding of the system's needs (critical and preventative) over an extended period of time. The annual assessment that is done each year could be expanded to provide a multi-year perspective of the needs of both planned and urgent maintenance and renewal requirements. This plan could also be supported by the funding sources available, which includes the annual operations and renewal grants and the Good Places to Learn allocation. This would also provide management and the Board with a clearer planning perspective.

Training to Support Skills Development and Safety

The Board has formal training plans for its maintenance and custodial staff to address ongoing skills development and emerging regulatory issues. For instance, the Board recently implemented an Employee Excellence Plan for the Facilities Services department. It also maintains a detailed 'Custodial Procedures Manual' and personalized development plans for facilities services personnel. Relevant staff attend the building operators' manual training course. These initiatives all contribute to the Board having a skilled custodial and maintenance staff.

Requirements for the group leader position within facilities services include significant testing (procedures, behaviour, and computer literacy) prior to hiring. Additionally, the

Board ensures that those in this role complete a 14 week building systems training course and a four week leadership training course.

Standardization of Cleaning and Maintenance Supplies

Management has established an inventory system for the tracking and control of its major cleaning and maintenance equipment. The procurement procedures and inventory list is prescriptive and tracking is enforced by the custodial committee. As noted in the procurement section of the report, the Board participates in purchasing consortia for caretaking supplies, which minimizes costs and promotes energy and operating efficiency.

Project Management and Supporting Systems

Management uses a computerized facility management system (Megamation) to enhance the facilities management function. Among other features, the platform enables the Board to automatically generate, track and log facilities work orders, send alerts for maintenance and inspection requirements, track assets and compile historical data for budget planning purposes. Management uses ReCAPP to track deferred maintenance requirements for facilities, and recognizes the need to continuously improve the integrity of the data within ReCAPP.

Facilities management receives regular facility condition reports, and staff keep track of various statistics related to facilities and maintenance work orders. Examples of monitoring include the 'Maintenance Work Order Report', which tracks annual total work orders issued and work orders per employee. The Board should consider expanding the list of tracked metrics to include material and labour costs per facility and open work orders per staff. The quantifiable data provided by the facility management system, when tracked consistently and regularly over time, will allow the Board to set measurable targets and improvement plans.

Recommendation:

- Management should consider developing a multi-year maintenance and renewal plan of say 3 to 5 years, that includes the available funding. This would provide 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;
- Opportunities to support continual improvement in the effectiveness and efficiency of all processes.

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

Energy Management Plan

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

Tracking and Reporting Energy Conservation

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

Energy Management Plan

The Board is currently drafting an energy management action plan. The Board has adopted a set of energy management plan guidelines developed for the Energy Innovators Initiative and Canada’s Climate Change Voluntary Challenge and Registry Inc. dated 2002. However, at the time of the review, the Board has not developed a comprehensive, multi-year energy management plan.

The Board does have several notable initiatives to promote energy conservation:

- The Environmental Incentive Program, developed by facility services, provides incentives to schools for coordinating energy conservation measures, reducing waste and “greening” the schoolyard. The program is run on an annual basis with schools participating through their “green teams”. Goals are set each year by each team and results are evaluated in the spring. Financial incentives are given to schools based on results, awarded in amounts of \$100, \$200, \$300, and \$500.
- The Sustainable Schools program, developed in cooperation with the Toronto Region Conservation Authority. Currently the Board has 11 of its newest schools involved in this program. The Board monitors, through an online web site, the 11 schools’ energy consumption and benchmarks the utility usage against over 100 other schools in Ontario and across the nation.
- The EcoSchools program, through which the Board has developed a grade 5 curriculum guide on energy conservation. The Board has provided an in-service training session for teachers across the board to be trained on the curriculum.

The Board is actively engaged in several initiatives. It would 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 measureable outcomes and provide a basis for the annual reporting against the plan. This plan would also be directly linked to the Board’s current strategic directions.

Tracking and Reporting Energy Conservation

Management collects annual energy volume, consumption and expenditures for its utilities, and performs analysis on the actual versus budgeted expenditures for each energy category. The Board uses energy information management software that allows management to identify utility bill errors and system problems, and recover overcharges using the software’s bill-checking engine. The software is able to interface with the accounting system, and most importantly, enables management to monitor its utility consumption. The Board is in the process of replacing its existing energy information management system with a new system it believes will better suit its needs.

Recommendations:

- The Board should accelerate the completion of its multi-year energy management plan. The plan should identify measurable and quantifiable energy

baselines and savings targets by facility, to enable reporting. The plan should also identify any energy management investments and sources of funding.

- Management should expand its energy consumption reporting capabilities to enable school-by-school monitoring. The Board could also examine ways to fully consolidate its utility billings across its facilities. This enhanced reporting would enable the board to budget energy expenditures at a more detailed level, track consumption and identify opportunities for further savings.

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

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

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

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

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

The Board has a formal and comprehensive health and safety manual supported by detailed procedures covering all pertinent health and safety topics. The Board develops all health and safety policies and procedures with input from a health and safety committee. The Board demonstrated that health and safety policies are reviewed and up to date.

The Board has an established security code policy that includes alert codes for various situations and threat levels. This policy is managed with the coterminous board, with oversight from both the police and fire departments. All security incidents are tracked and are reported regularly to the superintendent of facilities services.

The Board has engaged communities for the monitoring of schools through a neighborhood watch program. Additionally, the Board has implemented a 24-hour community hotline for reporting incidents such as vandalism.

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.	No
The school board has an approved pupil accommodation review policy.	Yes

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

Leading Practices – Capital Plans, Policies and Procedures	Evidence of Adoption?
The school board maintains accurate and up-to-date inventories of school capacity and utilization.	Yes
Capital forecasts and related funding plans are assessed annually and adjusted to meet current needs and changes to original assumptions such as enrolment projections and capital grants.	No
Accurate and up-to-date assessments of facility conditions are maintained, based on industry standards (using RECAP methodology).	Yes
Funding allocations are analyzed to determine if they meet the current and forecasted needs of the school board's capital requirements.	Yes
Management tracks compliance and monitors new legislation or changes to existing legislation.	Yes

Development of Annual and Multi-Year Capital Plans

At the time of the review, the facilities services department was developing a 10-year capital plan. Previously, the Board has developed rolling 15-year capital plans and has a documented capital strategic planning process. The Board's capital planning process includes data collection and community consultation. The process was designed to assist the Board in developing the Board's student accommodation strategy for the next 10 years, including any school closures and consolidations.

Drawing from extensive local data and working within Ministry and Board policy, the facilities services department developed the capital plan by considering multiple factors, including attendance area changes, new and replacement schools, additions, retrofits, program renewal, urgent facility renewal needs, childcare spaces, primary class reduction requirements and considerations for accessibility. Community consultation is an integral part of the capital planning process. A schedule of public meetings was communicated to the general public through advertisements in local papers, media releases, schools and Board websites. Subsequent to presentations at public meetings,

Board staff reviewed and analyzed input from the public, and prepared draft reports for approval from the Board of Trustees.

The Board is currently reviewing the funding requirements related to its capital plan. At the time of the review, the Board was preparing, but had not submitted, business cases to the Ministry for growth projects and prohibitive-to-repair schools, as required under the Ministry's approval-based funding process. The Board intends to submit business cases near the end of the year to nominate a number of schools for prohibitive-to-repair funding and also funding for board-approved growth schools.

It appears that management has only partially considered the full funding impact of its capital plans. It has not fully ascertained the Board's available funding to support existing/future debt service requirements, and what excess funding capacity may remain for new capital needs. This is a critical analysis for management to complete, and management has indicated that it intends to place capital funding analysis as a priority.

The Ministry has developed a capital funding template to help boards project the funding out to the maturity of any debt service costs associated with existing debt or what may arise for projects currently under construction. The template also facilitates the forecasting of potential funding that could be considered for any new capital projects. Senior finance staff was planning to complete the template to serve as a basis of their discussions with Ministry staff.

The Board's senior finance and facilities staff are working closely with the Ministry to analyze and assess the current and projected funding support for the Board's existing and committed capital program.

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 dedicated an individual to perform periodic site visits/audits to keep SFIS data up to date. 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). Since 2002, the Board has carried out periodic inspections to maintain the Board's FCI database. As noted, management intends to submit business cases to the Ministry towards the end of the year to nominate a number of schools for prohibitive-to-repair funding.

Management intends to monitor and reassess its facility requirements from time to time, to accommodate evolving capital needs driven by changes in enrolment forecasts and other demographic shifts. To this end, the Board intends to engage the services of an

external planning consultant to help validate enrolment projections and to devise longterm accommodation strategies. In June, 2007 the Board approved a pupil accommodation review policy to support its accommodation and capital planning requirements.

As part of the analysis, management will also 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 database is updated by management as projects are completed.

Recommendation:

- Management should complete the planned comprehensive update of its current capital commitments and future requirements. This would also include an assessment of the funding to support the existing debt service costs, and a projection of funding sources 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.

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

Leading Practices – Construction Management	Evidence of Adoption?
Management maintains standard policy and procedures to rationalize construction projects, including benchmarking against other school board construction costs and design standards (including coterminous boards).	Yes

Monitoring and Reporting on Progress of Construction Projects

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

Maintaining Current Approved Professional Service Providers

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

Cost-Effective Practices in the Design and Construction of Facilities

The Board makes use of standardized and repeat designs where possible in order to minimize construction and future maintenance. Additionally, the Board maintains its policy and procedure for procurement of school renewal and construction costs. This is shown by the architect vendor of records process, in addition to the tendering and prequalifying of contractors.

The Board completed a number of major capital projects over the last few years (one new elementary school and four major retrofits) and has plans for three elementary schools in the near future. The Board ensures that a detailed consultation plan is put in place to seek input from stakeholders during the planning for major additions or new schools. These are accomplished through design committees that include parents, students, trustees, architects and board staff. The Board maintains a roster of qualified architects and contractors through a vendor of record (VOR) process. During the design stage, the Board proactively compares its design and construction costs per square foot to other school boards' data to ensure that overall construction costs are reasonable.

Management minimizes expenditures on construction, renovation and operation cost through the use of cost effective designs, standard footprints and economical construction practices. This expertise is secured through the engagement of 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. Management monitors and reports on change orders, construction status and overall project expenditures on a monthly basis.

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

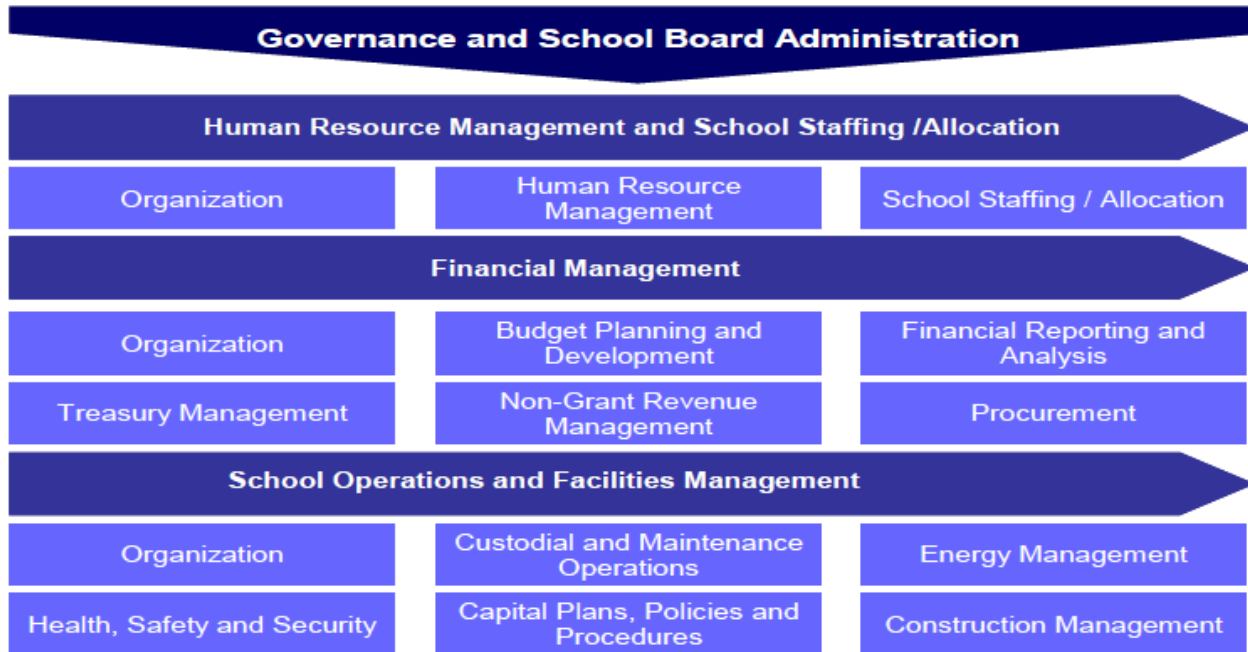
In order to perform an effective and consistent operational review the Ministry has worked with independent consultants to develop a Sector Guide. This defines consistent standards and leading practices against which the operational reviews and analysis will be based.

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

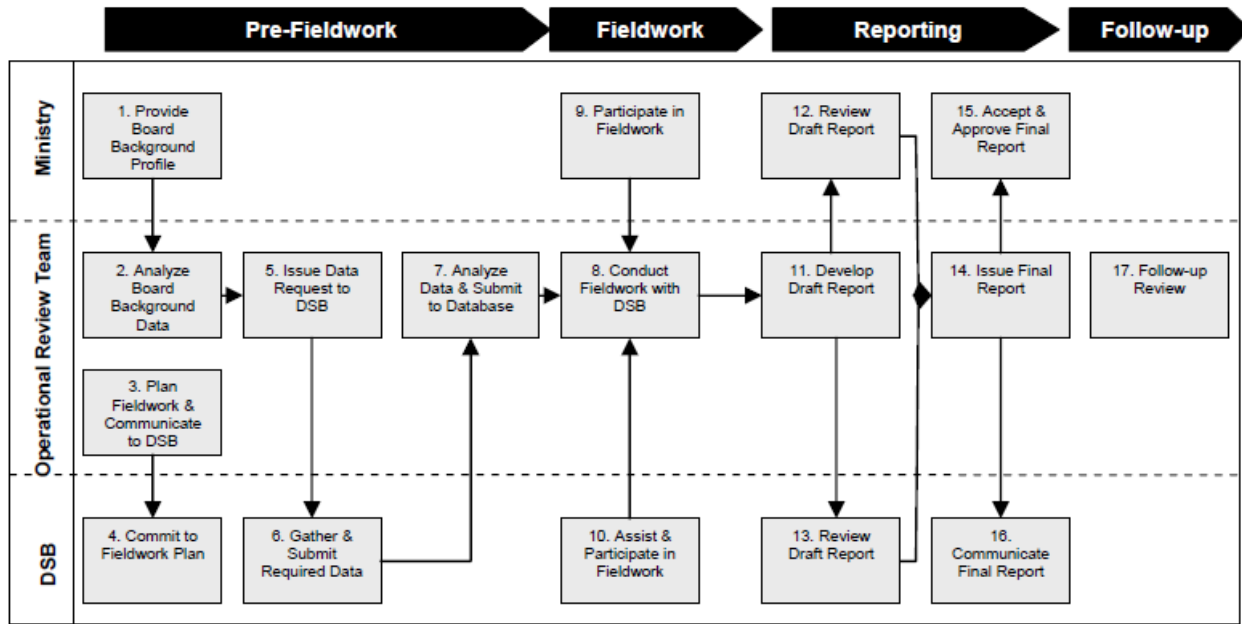
The scope of the Operational Review consists of the following functional areas, which have been divided into key processes as shown below. The processes represent the end-to-end lifecycle of activities performed by boards under each functional area. Each of the processes was examined based on its activities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



Operational Review Summary Approach

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

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



The table below defines the key phases and activities which comprise the Operational Review Methodology.

Phase: Initial Planning and Analysis

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

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

Phase: On Siteview

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

Phase: Develop Final Report

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

Phase: Board Report Review

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

Phase: Final Report

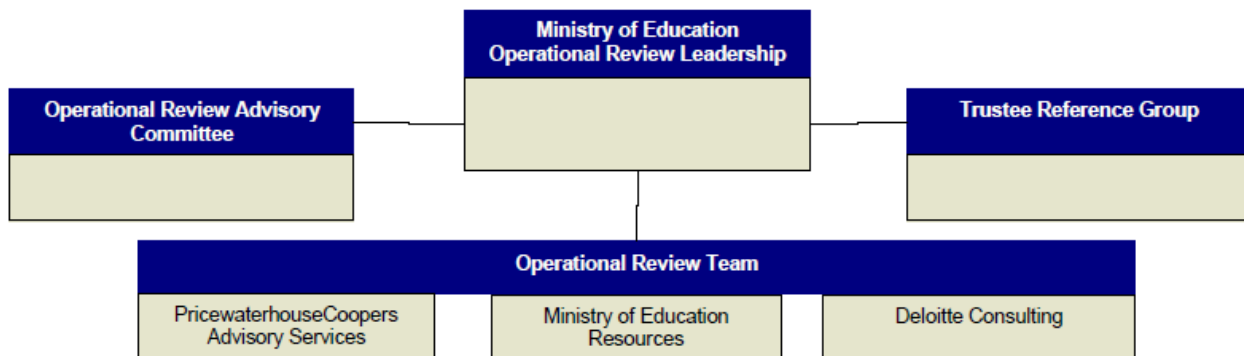
Key Activity	Description
Issue Final Report	The review team will incorporate the feedback from the both the Ministry and the Board and prepare a final report.
Accept and Approve Final Report	The final report will be issued to the Ministry for approval and release.
Communicate Final Report	The Ministry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

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

The Operational Review Team

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

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



Limitations of this Review

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

Appendix B: Summary of Recommendations

Governance and School Administration

No.	Recommendation
1.	In order to enhance the system plan, the Board should review all indicators of success to ensure that all potentially measurable indicators are identified with specific performance measures. This will improve the measurement of progress in a more specific, quantifiable fashion. The Board should also consider reducing the number of “lead responsables”, (the staff responsible for the specific area of the plan), to ensure that clear accountability can be assigned to specific individuals.
2.	The Board should establish a pre-determined refresh cycle for each policy and its related procedures. Each refresh cycle should reflect the nature of the specific policy, and should be assigned to a designated department for tracking purposes.

HR Management and School Staffing/Allocation

No.	Recommendation
3.	Management is encouraged to continue with the implementation of the board- wide employee appraisal system. Management should consider developing a board policy governing the appraisal system, to complement the procedures that will eventually be developed. A periodic report on the status of the staff groups in process and timelines for completion would be useful for Executive Council.
4.	The HR department should consider conducting periodic staff satisfaction surveys to better monitor the developmental needs of all staff groups. Management should continue with their plans to implement confidential exit interviews with staff that leave the Board.

Financial Management

No.	Recommendation
5.	The department should consider expanding its annual plan to include specific performance measures, timelines and responsibilities to improve accountability for the outcomes. This would provide senior administration with a broader perspective of the challenges the department faces and how the plan aligns with the Board’s goals. The department would report annually to senior administration on its accomplishments against the plan.
6.	Management should consider enhancing the interim financial reports with a comparison of current and expected levels of year-to-date expenditures, based on historical averages, prior year’s experience or the number of staff and pays processed to date. In addition, the Board should consider updating the structure and/or format of its interim report to better align with the Board’s budget structure/format. This will assist the reader to better relate the interim financial status against the budget.
7.	Management and the Board should consider establishing a formal 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.

No.	Recommendation
8.	Management and the Board should establish an audit committee. The membership of the audit committee would include at least two external members to act as advisors and contribute to the committee's accountability.
9.	The Board has identified Electronic Funds Transfer (EFT) as a priority to be implemented in the Finance department. Management should proceed with its plan.

School Operations and Facilities Management

No.	Recommendation
10.	Management should consider enhancing the facilities services planning document, by identifying performance measures for each task, reducing the number of stakeholders identified as "lead responsible", and setting specific timelines for monitoring and reporting.
11.	Management should consider developing a multi-year maintenance and renewal plan of say 3 to 5 years that includes the available funding. This would provide a clear forecast of the Board's critical needs over the next several years.
12.	The Board should accelerate the completion of its multi-year energy management plan. The plan should identify measurable and quantifiable energy baselines and savings targets by facility, to enable reporting. The plan should also identify any energy management investments and sources of funding.
13.	Management should expand its energy consumption reporting capabilities to enable school-by-school monitoring. The Board could also examine ways to fully consolidate its utility billings across its facilities. This enhanced reporting would enable the board to budget energy expenditures at a more detailed level, track consumption and identify opportunities for further savings.
14.	Management should complete the planned comprehensive update of its current capital commitments and future requirements. This would also include an assessment of the funding to support the existing debt service costs, and a projection of funding sources to support the Board's future capital and facility renewal requirements.