Ministry of Education

Operational Review Report
Trillium Lakelands District School Board

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Executive Summary

This report details the findings and recommendations of the Operational Review of the Trillium Lakelands 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 October 22, 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 a governance structure that clearly delineates the roles and responsibilities of the Board of Trustees and the Senior Administration. The Senior Administration is composed of the Director and the Superintendents. The governance structure is supported by a board of 9 elected trustees, five of whom have served for two terms or more.

The Board of Trustees sets and maintains policy, while the school board's Senior

Administration develops and implements operating plans and procedures. The Senior Administration ensures adherence to the Board's policies and the accomplishment of the Board's Strategic Directions.

The working relationship between the Director and the Board of Trustees is positive. The Director meets frequently with Trustees to keep them apprised of key administrative developments. The Director's roles and responsibilities are clearly defined and well documented. The strong working relationship between the Director (as head of the Senior Administration) and the Board of Trustees contributes to the achievement of the Board's goals and priorities.

The Board develops its strategic priorities annually, and has documented the most recent priorities in a report, "Strategic Directions 2007-2008". A companion piece, "Strategic Plan 2007-2008" provides detailed information on the implementation of the priorities.

The Strategic Directions are developed using feedback from consultations with school council chairs, student council presidents, community agency partner groups and trustees. The Senior Administration is a key participant in the discussions leading to the Strategic Directions. A survey on the Board's website also gathered valuable input from staff, students, trustees and community members.

The Board's top three priorities are Student Learning, Staff Learning, and Safe and Caring Learning Communities. The Board's Strategic Directions puts a high priority on achieving measurable success in student outcomes. For instance, there is a strong focus on achieving high Education Quality and Accountability Office (EQAO) results. The Senior Administration believes that this contributed to the Board's recent strong improvement in student scores in 2006-07. The Board's EQAO results are outlined in section 1.3 of this report.

Human Resources Management and School Staffing/Allocation

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

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

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

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

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

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

Recommendation:

- The HR department is in the final stages of developing comprehensive Attendance Support Policy and Procedures. To enhance operational efficiencies and effectiveness, the Board should finalize and implement this important initiative.

Financial Management

The Finance department has demonstrated positive results by implementing many of the leading practices, such as:

- The annual budget process is transparent, clearly communicated, and incorporates input from all key stakeholders. Of note is the Board's "think tank" process used to engage all stakeholders in the budget planning and development process.

- The annual budget details spending above and beyond the Grants for Student Needs (GSN), which is allocated based on strategic direction by line item. When the budget is presented for approval, this approach ensures a clear understanding of the budget's links to the Board's strategic directives.

- Management uses a top down and bottom up approach for enrolment forecasts, by combining school based information with macro demographic information, multi-year forecasts, and regional planning information.

- The Board participates in several consortia for the efficient purchase of electricity, natural gas and caretaking supplies. It is considering expanding this practice to include other major products and services.

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

The Finance department participates in the development of the Board's annual goals and priorities. It has not yet developed an annual departmental plan setting out its mission, goals and priorities. However, all departments should have this process in place and implemented for the 2008-09 fiscal year.

The Finance department prepares quarterly financial reports for the Senior Administration and the Board of Trustees. Financial information is presented in reasonable detail, including forecasted year end expenditures. However, there are no explanations provided with the report to enable a better understanding of the context of the results to date. Finance staff are prepared to respond to questions regarding variances and other related matters when the report is presented to the Senior Administration and the Board of Trustees.

Recommendations:

- The finance department should consider establishing an annual financial management business plan, to provide details of its goals and priorities with respect to its primary functions. The plan would provide the Senior Administration with information on the department's priorities and demonstrate how its activities are aligned with the Board's Strategic Directions.

- Finance staff should consider adjusting the budget for "other board revenues" to more accurately reflect actual amounts when the annual budget is prepared. The result would be clear financial expectations and a corresponding change in the planned use of the Board's reserves.

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

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

- Management and the Board should consider expanding the membership of the Audit Committee, to include external advisors who would contribute to the Committee's accountability.

- Finance staff should consider comparing the terms and conditions of banking relationships to those of other boards, to benchmark the key financial terms received and ensure the best possible arrangements.

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

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

School Operations and Facilities Management

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

- Management has established and implemented accountability mechanisms (e.g. well documented roles and responsibilities, policy compliance awareness training, appropriate professional designation for senior staff) to support effective and efficient performance of the maintenance and operations functions.

- Management has an approved annual maintenance plan that addresses deferred maintenance and the school board's maintenance standards.

- The department has a well defined caretaker allocation model that supports the allocation of resources to its schools in support of the Board's cleaning standards and practices;

- To support and expand existing environmental practices, the Board recently approved the introduction of an EcoSchools program during the 2007-08 school year for all its schools, offices and other Board facilities.

- An annual training program for caretaking staff covers a broad range of job-related training.

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

Recommendations:

- The department should consider establishing an annual business plan to provide the Senior Administration with information on priorities and demonstrate how the department activities align with the Board's Strategic Directions.

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

- The Board should consider establishing a formal multi-year energy management plan that incorporates quantifiable measures and is aligned with the strategic direction of the Board.

- The Board should use the energy consumption data provided by its utility companies, to better track and monitor energy consumption patterns by facility and independent of pricing influences. This would enable the Plant department to set benchmarks to determine energy consumption and related cost savings from the EcoSchools program and any other initiatives. The data collection would help establish the energy management plan.

- Management should develop a more comprehensive 10 year capital plan to give the Board a better understanding of short and long term facility requirements and a related funding plan. The ReCAPP database should also be updated, as it will contribute to the analysis of the renewal requirements over the 10 year period. The plan would also incorporate the impact of declining enrolment, and present options to address the ongoing facility needs of the Board.

1. Background and Overview

1.1 Board Profile and Structure

The Board was established in 1998 with the amalgamation of the Victoria County Board of Education, the Muskoka Board of Education, and the Haliburton County Board of Education. Covering a geographically large and diverse region of approximately 11,500 square kilometers, it has 41 elementary schools, seven secondary schools, six adult education centres and an enrollment of about 18,000 students. The Board's large geographical area requires it to maintain corporate offices in three different locations, resulting in additional operating expenditures.

The Board's enrolment has been in a slow decline for the past several years, and this is expected to continue for the next several years. The Board will develop a new multi-year capital plan, in which the implications of declining enrolment on program delivery and school facilities will be addressed.

The Board's senior administration:
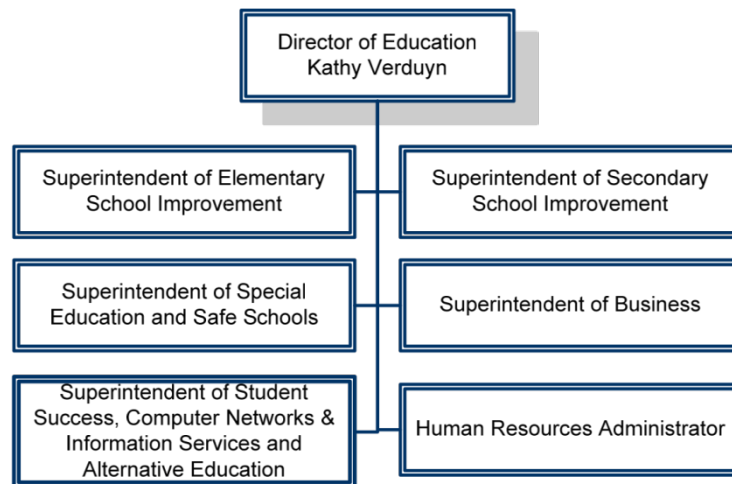
Figure 1

1.2 Key Priorities of the Board

The Board develops its strategic priorities annually, and has documented the most recent priorities in a report, "Strategic Directions 2007-2008". A companion piece, "Strategic Plan 2007-2008" provides detailed information on the implementation of the priorities.

The Strategic Directions are developed using feedback from consultations with school council chairs, student council presidents, community agency partner groups and trustees.

The Board's Strategic Directions for 2007-08 are:

- Staff Learning – Leadership will be developed across the system to enhance the capacity, effectiveness, and job satisfaction of all staff members.

- Student Learning – Individual achievement will improve for all students, JK to Grade 12.

- Safe and Caring Learning Communities – All members of the TLDSB school community will feel safe, act responsibly, and feel supported in developing strong character.

Details of the development of the Board's priorities can be found in Section 2 of this report.

1.3   Student Achievement

The Board has shown strong improvement in student outcomes as measured by the EQAO scores. Since 2002-03, student scores in Grade 3 reading and math have steadily increased, and in 2006-07 they exceeded the provincial average. The Grade 6 scores in reading exceeded the provincial average, while scores in writing and math, although rising, are lagging slightly behind the provincial average. These gains follow the adoption of a strategic direction by the Board and Senior Administration to improve student achievement.

The following charts illustrate the Board's EQAO[1] and OSSLT[2] results over the last five years.

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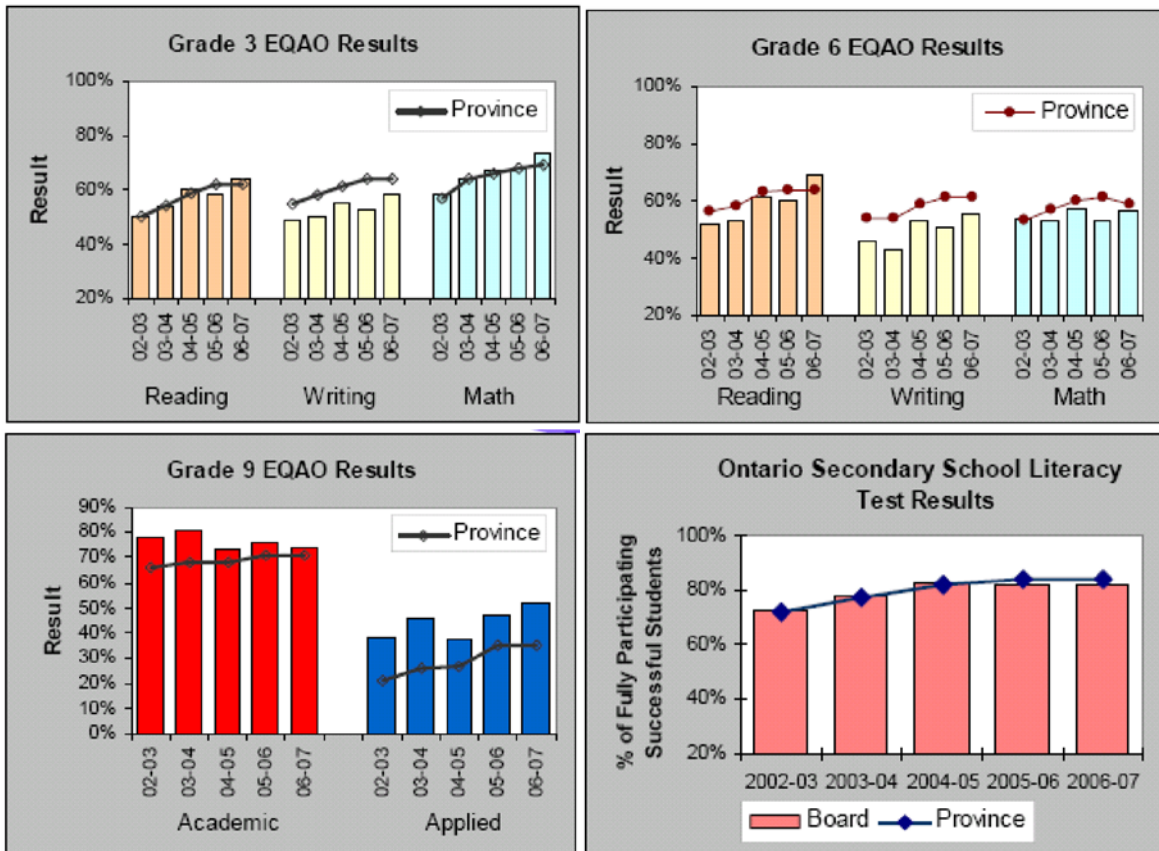
1.4   Fiscal Overview

Although the Board has posted a balanced budget over the past several years, the achievement of a balanced budget in 2006-07 required the use of some of its reserves. This was part of the approved budget plan to provide additional resources to support the Board's Strategic Direction to improve student success. The balance of the reserve for working funds at August 31, 2007 amounts to about $12.2 million, compared to $12.3 million at the end of the previous year. In addition, the Board has about $4.3 million in reserves to support classroom expenditure initiatives. The approved budget plan for 2007-08, adjusted to reflect the Revised Estimates, will result in about $0.6 million of these reserves being used to support studentachievement initiatives.

The Board's current capital program is financed internally through the use of New Pupil Place grants (NPP) of about $2.5 million, Facility Renewal grants of about $0.6 million and about $0.9 million from operations. The Board has committed a significant portion of its NPP grants to repay debentures and recent capital projects. The use of the Renewal grant and funds from operations are committed to 2010-11, based on a management analysis provided during the review. After that time, the funds would be available to support new capital projects and/or other priorities of the Board.

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	$103,369,367	$97,316,662	$101,822,425
Local taxation	$75,656,774	$79,053,384	$80,153,300
Board Revenues	$2,546,139	$3,598,340	$1,230,000
Other Operating & capital Grants	$3,376,150	$2,028,981	$170,970
Total Revenues (Schedule 9)	**$184,948,430**	**$181,997,367**	**$183,376,695**

Summary Financial Data (Expenditure)

Expenditures:	2005-06 Financial Statements	2006-07 Financial Statements	2007-08 Revised Estimates
Operating expenditures	$167,603,734	$171,529,563	$174,239,496
Capital expenditures - Before transfer from reserves	$13,747,238	$9,044,529	$8,237,199
Transfer to Reserves	$3,597,458	$1,423,275	$900,000
Total Expenditures	**$184,948,430**	**$181,997,367**	**$183,376,695**
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	$500,000	$500,000	$500,000
Reserve for Working Funds	$12,299,758	$12,223,033	$12,223,033
Administrative Facilities Reserve	$77,314	$77,314	$77,314
Capital Projects Reserve		$0	$900,000
Total Reserve Funds (Schedule 5)	**$12,877,072**	**$12,800,347**	**$13,700,347**
Reserve for Classroom Expenditures	$5,623,325	$4,194,420	$3,653,414
Pupil Accomodation Allocation Reserve	$245,757	No data	No data
Improved Access for Special Education Reserve	$99,304	$103,314	$107,314

School Board Reserve and Deferred Revenues:	2005-06 Financial Statements	2006-07 Financial Statements	2007-08 Revised Estimates
Water Treatment Capital Reserve	$43,030	$44,770	$46,770
Total Deferred Revenues (Schedule 5.1)	**$6,011,416**	**$4,342,504**	**$3,807,498**
Total Board Reserves and Deferred Revenues	**$18,888,488**	**$17,142,851**	**$17,507,845**

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	13,222	11,374
Secondary Day School ADE	6,941	6,862
Total Day School Enrolment	**20,163**	**18,236**

Primary Class Size

Primary Class Size	2003-04	2007-08
% of Classes Less Than 20	40%	91%
% of Classes Less Than 23	74%	99%
Average Class Size - Jr/Inter	25.9	25.1
% of 3/4 Classes 23 & Under	19%	100%
% of Combined Classes	34%	42%

Staffing

Staffing	2003-04	2007-08
School Based Teachers	1,136	1,154
Teacher Assistants	285	334
Other Student Support	60	87
School Administration	62	66

Staffing	2003-04	2007-08
School Clerical	96	94
School Operations	167	174
Other Non-Classroom	62	62
Total Staffing	**1,868**	**1,971**
Teacher - Pupil Ratio	**1:18**	**1:16**
FTE Staff per 1,000 Pupils (ADE)[1]	**93.0**	**108.0**
Total Salary & Benefits as % of Net Operating Expenditures	**80.4%**	**81.4%**

Special Education

Special Education	2003-04	2007-08
Special Education Incremental Expenditures	$18,491,058	$23,856,082
Special Education Allocation	$19,127,322	$23,257,270
Spending above Allocation (Reserve)	**-$636,264**	**$598,812**

School Utilization

School Utilization	2003-04	2007-08
Total Capacity (Spaces)	20,727	21,351
Capacity Utilization	97.30%	85.40%
Number of schools	51	54
Board Area (Km[2])	**12,179**	**12,179**
Number of Trustees	**9**	**9**

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

2.   Governance and School Board Administration – Findings and Recommendations

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

Governance and board administration processes are reviewed to:

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

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

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

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

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

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

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

Development and Reporting of Annual Goals and Priorities

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

Decision Making Processes

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

Organizational Structure and Accountability

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

Stakeholder Engagement

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

Development and Reporting of Annual Goals and Priorities

The Director works with the Senior Administration and Trustees in an extensive consultative process with the Board's key stakeholders to set its Strategic Directions.

The process includes formal feedback discussions and consultations with community partner groups, school council chairs, and student council presidents, along with on-line surveys and a comprehensive review of student achievement results.

This consultative process appears to be managed efficiently and provides appropriate input to establish the Board's Strategic Directions. This process of community consultation is considered a leading practice in the area of governance, and could be shared with other school boards. After the consultation process, the Strategic Directions for the coming year are established and presented to the Board of Trustees.

The Board has established specific priorities for each of its Strategic Directions in the coming year. These priorities are supported by specific initiatives. Detailed operational plans (with targets, strategies, timelines, measurement tools etc.) are available to the public. The Director plans to produce an annual report to provide accountability.

The Board's Strategic Directions provide the basis for Senior Administration to set and align individual departmental priorities and action plans. These department plans are discussed in more detail in their respective sections in this report.

Decision-Making Process

The Board takes a consultative approach in making key decisions related to its governance and administration. For example, the development of its Strategic Directions and associated Strategic Plan includes extensive input from Trustees, administration staff and student stakeholders. The process for creating and approving key policies is also well documented and communicated to all stakeholders. The positive working relationship between the Director and the Board of Trustees contributes to an effective process for agenda-setting and decision-making.

Organizational Structure and Accountability

The Board currently has a governance structure that clearly delineates the roles and responsibilities of the Board of Trustees and the Senior Administration. This governance structure is supported by board members who have an average tenure of six years.

The Board of Trustees sets and maintains policy, while the Senior Administration is responsible for the development and implementation of plans and procedures.

The existing policy governance model appears to be operating effectively. Our review found a very positive relationship among the Director, Senior Administration and the Board of Trustees. The strength of this relationship contributes to the achievement of the Board's goals and priorities.

The organization of the Board's Senior Administration appears to be well founded and operating effectively. The Director has made significant changes to the student services area, to support the Strategic Direction of the Board for student success. The Director believes that the 2006-07 EQAO results are a strong improvement over the previous year, in part because of a reorganization of the student services area. The organization of the Board and its departments are available on the Board's website.

Stakeholder Engagement

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

The establishment and periodic review of Board policies is another area where internal and (where appropriate) external stakeholder input is sought. The Board has established a formal five year review cycle for its policies. Management has established appropriate means of monitoring and communicating Board policies, to ensure adherence through written communications and training for key policies.

3. Human Resource Management and School Staffing/Allocation – Findings and Recommendations
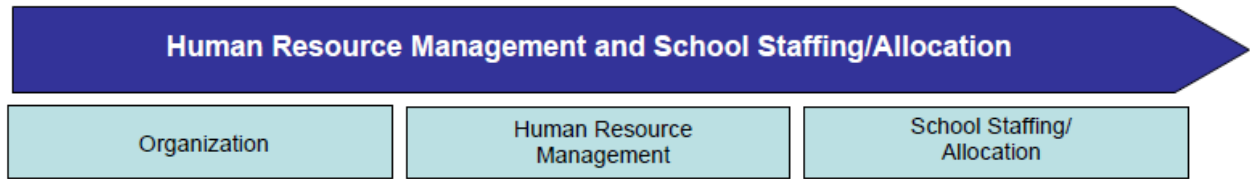
Effective management of human resources ensures that the staff allocations to schools and classrooms meet the Ministry's class size requirements and are in line with the Board's collective agreements and approved allocation models. The allocation models adopted by the Board are designed to ensure the most effective teaching and learning practices.

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

3.1 Organization

The review of the organization of the HR department assesses:

- Whether appropriate policies and procedures have been established and maintained to support the HR functions and required priorities, and whether they are aligned with the Board's directions;

- Whether an annual plan setting out the goals and priorities and their alignment to the Board's strategic directions has been established;

- Whether the roles and responsibilities of staff support the key functions, activities and practices of HR;

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

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

Development and Reporting of Annual Goals and Priorities

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

Monitoring and Communication of Policy

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

Development and Reporting of Annual Goals and Priorities

The HR department develops an annual strategic plan. Its plan for 2007–2008 is aligned to the Board's Strategic Direction of "Staff Learning" and other departmental priorities. The plan has measurable objectives for the department and is supported by formalized roles and responsibilities for monitoring performance. The department will produce an annual report that accounts for the achievements of the various priorities set out in the annual plan. The plan's key objectives are:

- Engage every staff member in professional learning;

- Build staff capacity for the collection and use of data to meet Ministry directives and school board strategic directions;

- Promote a positive workplace environment;

- Ensure every new staff member is assigned a mentor, and establish a mentorship program for aspiring leaders.

The HR department engages Board staff throughout the development of its strategic priorities. The development process includes relevant input from employee surveys and focus groups, the principal's group committee, and employee exit surveys. Implementation of the department's priorities is facilitated with specific and appropriate measures of success, including a formal monitoring process and in-year progress reporting. The HR department also produces regular communications that are widely distributed to stakeholder groups.

Organizational Structure and Accountability

The HR department's organizational structure and management contribute to its accomplishments. The department has clearly defined roles and responsibilities, with clear lines of internal reporting, and detailed strategic priorities with associated performance metrics and accountabilities. The organization of the HR department is available on the Board's website, but the Board should consider making the chart more accessible to the public.

The HR department staff has appropriate professional designations. The department provides professional development for staff. All staff participates in development programs that include HR certification courses, conferences and retreat. All of the programs are designed to improve the employee groups' HR skill sets and facilitate learning.

Monitoring and Communication of Policy

Detailed policy information is posted on the Board's website. Review of the material demonstrates that the department is focused on maintaining and updating HR policy, where required, in order to remain current and applicable.

The HR department regularly communicates with stakeholders on policy and procedures, using a variety of media such as live communication sessions with the principal groups, written memoranda and online publications. This level of communication facilitates policy training, and creates a broad awareness and understanding of the Board's HR policies and procedures. All policies are subject to the Board's practice of review and updating policies, where necessary, at least every five years.

3.2   Human Resource Management

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

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

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

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

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

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

Attendance Management Processes/Programs

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

Labour Relations

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

Staff Recruitment

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

Management of HR and Payroll Data

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

Employee Performance Evaluation Processes

Leading Practices – Human Resource Management	Evidence of Adoption?
Management maintains and communicates formal disciplinary policies and procedures for all staff.	Yes
Management has implemented an employee evaluation system for all staff.	Yes

Management of Board's Benefit Plans

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

Monitoring Staff Satisfaction

Leading Practices – Human Resource Management	Evidence of Adoption?
Confidential staff satisfaction surveys are performed periodically.	Yes
Confidential exit interviews are performed for all staff.	Yes

Attendance Management Processes/Programs

HR tracks attendance statistics for its employee groups. The department is currently developing comprehensive "Attendance Support Policy and Procedures" for the Board. A pilot study of the draft policy and procedures showed positive results at selected schools. The department is in the final stages of refining and seeking public consultation on the new policy and procedures, and expects to seek Board approval in the spring of 2008.

Labour Relations

The Board appears to have been successful in the management of labour relations. HR management described good working relations with unions. This could be attributed to the formal and informal practices followed in dealings with the unions. A labour/management committee helps maintain an open dialogue. Specifically, there has been success related to limiting the incidence of grievances, as well as positive grievance resolution. Training provided to principals and management to address relevant labour/ management issues also contributes to a more harmonious relationship. HR provides regular status updates to the Board of Trustees on both outstanding and resolved grievances.

Staff Recruitment

HR continually evaluates and seeks improvement for its recruiting processes. For example, HR is currently reviewing its use of the "Jobs in Education" website as the basis for recruiting activities. HR is planning to change its recruiting platform to the "Apply to Education" (also referred to as "Apply to Teach") web format. They plan to implement in the spring of 2008. The "Jobs in Education" website is an employment job board bringing together employers and candidates who are looking for a career within the education sector. The "Apply to Education" website performs a similar function and connects over 185 Canadian school boards and 300 private employers.

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

Management of HR and Payroll Data

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

maintain a high level of vigilance to prevent unauthorized access to confidential personnel records.

Employee Performance Evaluation Processes

The Board, through the HR department, has established policies and related procedures for performance appraisals for all staff and management of the Board. The HR department monitors and ensures the appropriate completion of all appraisals. The procedures require formal performance appraisals to be carried out at least once every four years for superintendents, middle management and support staff. The review cycle for principals and vice-principals is within the first two or three years following their appointment, and within five years thereafter. The teachers' review cycle is five years.

The process allows for performance appraisals in addition to those in the defined cycle, if required. There was evidence of this, including examples of schedules used by HR to advise and follow-up on outstanding staff appraisals. The procedures appear to be very comprehensive. If they are applied on a continual and consistent basis, they should achieve the Board's objectives of providing opportunities for individual personal growth and individual accountability for job performance.

Management of the Board's Benefit Plans

HR has established processes to continually review the performance of its benefit provider, to ensure adherence to the terms and conditions of its plans. Additionally, the department has worked to implement procedures to ensure its benefit plans are managed to minimize cost for the Board. HR engages a third party consultant to assist with these procedures, including the review of the provider's administrative processes and analysis of plan usage and trends. They also support the Board in its control of costs and provide an increased ability to secure appropriate changes during the periodic fee negotiations with the carrier. The management of benefits relating to the members of the OSSTF union (teachers) was transferred from the Board to the OSSTF in September 2005.

Co-payment provisions in the health and dental plans also help control the growth of costs. These provisions are consistent with many school board benefit plans. In addition, HR does periodic comparisons/confirmation of all data among HR benefits, payroll and external carriers, to ensure that all employees who are eligible for benefits are on insurance company records.

Monitoring Staff Satisfaction

HR conducts evaluations of employees' satisfaction after each PD day or workshop, to gauge effectiveness, support continued improvement, and get input on topics for future PD activities. In addition, the Director's office reviews the Board's strategic directions

each year with employees, using a survey and focus groups. The results help the HR department develop its annual plan and future PD programs. The HR department also conducts random exit surveys.

Recommendation:

- The HR department is in the final stages of developing comprehensive Attendance Support Policy and Procedures. To enhance operational efficiencies and effectiveness, the Board should finalize and implement this important initiative.

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

Leading Practices – School Staffing/Allocation	Evidence of Adoption?
Systems report on the actual allocation of staff, compared to the original approved allocation plan and budget (FTEs by function, department and program, actual versus budget).	Yes
A mechanism allows for adjustment of staff allocations for school based staff, if estimates for enrolment and/or funding change after budget approval.	Yes
Plans for student support services and staffing are based on a student-needs analysis.	Yes

Benchmarking Costs with Other Boards and Funding

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

Planning and Processes for Annual Staffing and Allocation

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

Enrolment forecasting begins in the fall, with confirmation of the October 31 numbers. After consideration of the factors that impact the Board's total anticipated enrolment for the following year, a school-by-school forecast is prepared and reviewed by senior administration. Forecasts by school are further refined by division and by grade. From this data, detailed class counts are prepared, to serve as the basis for the number of staff required for each school. Refinements continue through review and discussions with principals, leading to the final approved teaching staff allocation.

The allocation of education assistants is based on a detailed student needs assessment by the schools, which leads to the final allocation near the end of May. Other schoolbased support staff allocations are based on formulas that are reviewed on an annual basis, taking into account budget constraints in the final determination.

Monitoring and Reporting on Staff Allocation

HR and Business Services continue to monitor the original approved staff allocation plan and budget as compared to the actual allocation. This review occurs on a regular basis through budget reporting compared to actual expenses. The most significant check point occurs in September, when the actual enrolments are known and some

class/school reorganization can occur to adjust for variations from projections. This has become a greater issue given the mandated elementary class size for Primary classes. According to Ministry records for 2007-08 class sizes, the Board achieved 91% of its Primary classes at 20 or under and 99% of Primary classes were at 23 or under. The Grade 4 to 8 average class size was at 25.1 compared to the Ministry target of 25.

Benchmarking Costs with Other Boards and Funding

To ensure efficient use of resources, the HR department compares support staff costs with those of similar boards The Board participates in industry salary benchmarking surveys (e.g. the OPSBA Labour Net) and routinely compares compensation data for all levels of staff. The Board also reviews and analyzes compensation and staff cost data supplied by the ministries of Labour and Education. The funding formula is analyzed and compared with Board needs and the costs of similar Boards. This information is used to inform budget decisions.

4. Financial Management – Findings and Recommendations

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

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

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

4.1 Finance Organization

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

- The establishment of policies and procedures to support the key Finance functions, activities and required business priorities and their alignment with student achievement targets;

- Finance department support of the overall goals/priorities and accountability measures established by the Board;

- The efficiency and effectiveness of the departmental structure and support of the roles and responsibilities for the key functions, activities and practices;

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

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

Development and Reporting of Annual Goals and Priorities

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

Organization Structure and Accountability

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

Monitoring and Communication of Policy

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

Development and Reporting of Annual Goals and Priorities

The Finance department has not yet developed an annual business plan that sets out its annual goals and priorities, but this is being considered. Establishing a departmental plan enables the department to better allocate accountabilities, establish performance measures, and track and report progress. In addition, a plan would provide the Senior Administration with information on the priorities of the department, and demonstrate how department activities are aligned with the Board's Strategic Directions. As part of the process of developing the annual business plan, management could consider writing a mission statement to formally capture the department's purpose.

Organizational Structure and Accountability

The financial management function resides within the Board's Business Department, and has two sections reporting to the Superintendent of Business. The two sections are Financial Services and Budget/Transportation. There are clear and well-documented roles and responsibilities, including segregation of duties, and these are well understood by departmental staff. The organizational chart is available on the Board's website, but the Board should consider making the chart more accessible to the public. All senior financial management staff have professional designations where appropriate.

Monitoring and Communication of Policy

The department maintains a comprehensive set of policies and procedures covering all pertinent aspects of financial management. They have been posted to the Board's website and are reviewed and updated on a five-year cycle. Management ensures that any revisions and/or amendments are communicated to staff through the Internal Communications department. The department monitors compliance with its key policies, especially in the area of procurement and accounting.

Recommendation:

- The finance department should consider establishing an annual financial management business plan, to provide details of its goals and priorities with respect to its primary functions. The plan would provide the Senior Administration with information on the department's priorities and demonstrate how its activities are aligned with the Board's Strategic Directions.

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.	No

Enrolment Forecasting Linked to Budget Development

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

Identification of Risks and Mitigation Strategies

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

Annual Budget Development Process

The annual budget process is transparent, clearly communicated, and incorporates input from all key stakeholders. In January of each year, the Finance department facilitates a Board "think tank" that engages stakeholders and helps to clarify the priorities for the upcoming year. These priorities or new initiatives become part of the budget process, and will be considered as part of the development of the final budget to be recommended for consideration by the Board. As an integral part of the process, the department reviews and analyzes the prior year's financial statements, in order to set a baseline for the current year's plan. Finance also determines what new cost pressures will impact the budget, and ensures that the base is adjusted for any anticipated cost increases.

The Finance department develops a "budget calendar" that facilitates the setting of each department's budget and the required timelines. Each department is then required to cost their individual priorities and develop a department budget. The Finance department creates a system-wide budget based on all the inputs from the various areas, and once the Board's revenue is confirmed with the issue of the GSN, a final budget is prepared and presented for the Board's approval. The Board's budget demonstrates its alignment of resources to the Board's strategic directions. The purpose and use of reserves is clearly set out in the budget presentation to the Board.

Both the Board's budget and Ministry reporting (estimates and revised estimates) show projected revenues for certain items that are significantly lower than actual revenues recorded on an annual basis. Over the past three years, the difference for items such as tuition fees, community use fees and interest income has averaged about $1 million. To reflect a balanced budget, this difference is offset generally by reporting a larger drawdown from Classroom or Working Fund reserves than what is reported in the financial statements.

While there is some uncertainty in anticipating the level of various revenues, there appears to be sufficient annual consistency in the level of these revenues to enable a more realistic assumption about what the particular revenues will be when the Board's budget is prepared. Finance staff may wish to adjust these revenues in future, in order to be more in line with the revenues the Board eventually receives and the need to draw on the Board's reserves.

Enrolment Forecasting Linked to Budget Development

The Board uses a top-down and bottom-up approach in the development of enrolment forecasts, as noted in the HR section. The forecasting is started early in the budget development process and enables Finance to develop preliminary high-level expectations of the anticipated change in revenue compared to the previous year. Significant changes in the enrolment forecast are incorporated into the budget development process.

Identification of Risks and Mitigation Strategies

The Board identifies the key risk areas in the budget planning process. The most significant issues are the enrolment forecast and budgeting within the fixed revenue envelope. The department mitigates the risks of spending beyond authorized/budgeted levels by closely monitoring enrolment forecasts versus actual enrolment. It also ensures that the final expenditure budget incorporates all known cost changes, and is balanced with the projected board revenues and grant allocation. In order to provide for the risk of lower enrolment than forecasted, the Board holds back a small number of teachers to provide for an adjustment to the total teachers allocated if required.

Recommendation:

- Finance staff should consider adjusting the budget for "other board revenues" to more accurately reflect actual amounts when the annual budget is prepared. The result would be clear financial expectations and a corresponding change in the planned use of the Board's reserves.

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 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 Board has an integrated financial information system (SDS) which provides useful, timely and accurate information to management, staff and the Board. In addition to the reporting functionality, the integrated system enables expenditure variance analysis. The Finance function illustrates this capability through monthly variance reports. Senior management, who have budget responsibility, receive memoranda generated by the Finance department, which are copied to the appropriate Superintendent for action. This process ensures that senior management is held accountable for the integrity of reporting.

Interim Financial Reporting Accountability

Finance staff prepares quarterly financial reports for review and approval by senior management, which are submitted to the Board for information. The financial information provides a comparison of the approved annual budget to the total spending to date, and is expressed as a percentage of the total budget. However, the report does not provide any explanations to assist the reader in determining whether the percentage spent to date is above or below what would be expected of the period being reported. Finance staff indicated that the presentation of the information has been prepared in the current format for some time. They also stated that they are prepared to (and do occasionally) respond to questions, should they arise.

The format of monthly or quarterly financial reporting varies significantly among boards. A more informative format would include:

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

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

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

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

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

Internal Audit Function

The Board does not have an Internal Audit function. Although management recognizes the importance of the function, they believe that the resources are not available to support the additional cost to establish the function at the present time. The finance department staff perform audits of schools, focusing on the audit of enrolment reporting and school funds. Formal reports are issued, and the recommendations made are tracked to ensure corrective action is taken. The plan is to visit up to 10 schools per year, which puts the audit of each school on a five-year cycle. These audits often coincide with and form part of the periodic review of the school's principal. In addition, several schools are audited by the external auditors each year, as part of their annual audit of the Board's financial statements.

The establishment of a formal Internal Audit function would assist Senior Administration and the Board of Trustees in exercising their overall governance and accountability roles. 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 the policies approved by the Board of Trustees and the procedures developed by management. The Internal Audit function can also assist in the development of performance measures and indicators that can further support whether programs and services are meeting their overall objectives. The function should report to the Audit Committee of the Board. The annual Internal Audit plan would be presented to and approved by the Committee, and all reports would be presented to the Committee.

Audit Committee

The Board has established an Audit Committee. The members are three Trustees. The Committee's mandate includes:

- Review of the annual audited financial statements;

- Review of 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 of the quarterly treasurer's report;

- Other corporate matters.

Along with significant changes in accounting in recent years, the complexity of the annual financial statements is increasing. Audit Committee members must understand what constitutes sound internal accounting and operational control processes. The Board should consider adding external members to the Audit Committee who can act as advisors. The advisors would not be voting members, since current legislation only recognizes Trustees as voting members on Board standing committees. The professional backgrounds of the external members could include professional accountants, lawyers or other professionals, depending on the needs of the Committee and its mandate.

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

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

- Management and the Board should consider expanding the membership of the Audit Committee, to include external members as advisors who would contribute to the Committee's accountability.

4.4   Treasury Management

The purpose of reviewing treasury management processes is to assess:

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

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

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

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

Cash and Investment Management

Leading Practices – Treasury Management	Evidence of Adoption?
There is an efficient cash management process to maximize interest income, using short-term investments where appropriate.	Yes
Cash management activities consolidated with a single financial institution.	Yes
Staff and management periodically review the Board's investment policy and investment performance reports.	Yes
Staff and management periodically compare the Board's banking terms and conditions to those of similar school boards.	No
Management monitors financial risk related to cash/investment management and has a plan to mitigate associated risks.	No

Cash and Investment Management

Finance staff has demonstrated that there are appropriate procedures in place related to the treasury management function to minimize idle cash.

Finance ensures adherence to the procedures through active monitoring of cash activities. Appropriate checks and balances for all planning and monitoring of short-term liquid assets, including cash and other short-term receivables, are in place. It was noted that the "Good Places to Learn" (GPL) temporary borrowing is internally financed. If the actual interest cost is higher than what the Ministry funds, it could result in a small difference being funded by the Board. Using a short-term loan from the bank at the Ministry-approved rate would eliminate any risk of unfunded interest costs. We noted that the Board has an approved short term borrowing facility in place with its bank that could be drawn on if necessary to finance the GPL funding, at a rate that is fully recognized for funding purposes. Finance staff should review its current financing arrangement of the "Good Places to Learn" interim borrowing costs to ensure that there is no net cost to the Board.

The Board has consolidated its cash management activities with a single institution, and recently renewed its current banking relationship. The Board has not, however, compared its banking terms and conditions with those of similar boards. Finance staff were advised that some boards have a slightly better rate of interest (up to 0.25%) paid

on cash balances. Raising this matter with the Board's banker could result in an agreement to match the better rate.

Recommendation:

- Finance staff should consider comparing the terms and conditions of the Board's banking relationships to those of other boards, in order to benchmark the key financial terms received and ensure the best possible arrangements.

4.5 Non-Grant Revenue Management

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

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

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

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

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

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

Policies to Support Non Grant Revenues

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

Technology to Support Registration and Collection of Revenues

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

Monitoring Procedures for all Non-Grant Revenues

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

Managing Education Programs – Other (EPO) Grants

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

Policies to Support Non-Grant Revenues

The Board has established policies on the levying of permits, fees and the application of the fee structure, and the related procedures to be followed. The Board adheres to the "Community Use of Schools" policy.

Technology to Support Registration and Collection of Revenue

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

Managing the EPO Grants

Finance staff has established appropriate procedures for the recording and tracking of the various EPO grants received. They also track the required accountability associated

with the majority of the individual grants. This ensures that the funds are spent for the purposes intended and that financial reporting is completed on time.

4.6   Procurement

The purpose of reviewing procurement processes is to assess:

- Whether procurement policies and practices are in place to ensure that the school board acquires goods and services through an open, fair and transparent process;

- Whether appropriate internal controls exist to support the procurement and related payment process;

- Whether school board processes ensure the receipt of value for money from all acquired goods and services;

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

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

Procurement Policies and Procedures

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

Participation in Buying Consortia to Reduce Acquisition Costs

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

Purchasing Levels of Authority

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

Policies and Procedures for PCard/Corporate Card Use

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

Accounting for Completeness of Purchase/Payment Cycle

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

Use of Electronic Funds Transfer for Greater Efficiency

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

Procurement Policies and Procedures

The Board has an approved procurement policy and administrative procedures which have been clearly communicated to all authorized users of the system. The policy and related administrative procedures were revised in 2007, and are available on the Board's website. The policy sets out certain purchasing objectives that address a number of key elements such as:

- Obtaining maximum value for all purchases of goods and services, taking into consideration such factors as quality, service, standardization and the environment;

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

- Seeking "Canadian made and supplied", "environmentally appropriate" products wherever practical from the standpoint of service, quality, delivery and price; Compliance with federal and provincial legislation.

The Administrative Procedures provide the staff with very clear procedures and practices to be followed when purchasing goods and services.

The Board approved in May, 2007 policies and/or procedures in accordance with the direction given by the Ministry in the spring of 2007. The following were adopted and posted on the Board's web site:

- Use of Corporate Credit cards

- Reimbursement of expenses

- Advertising

- Advocacy

Purchasing Levels of Authority

The procurement procedures provide for appropriate authorization levels that are commensurate with job titles and roles. These are monitored for compliance by the respective department officials. The procurement procedures outlines that all departments adhere to the following limits for securing supplier quotations:

- Petty cash funds are provided to facilitate purchases up to $300;

- $300 to $2,000 formal competitive quotes not required;

- $2,001 to $10,000 three verbal quotes be obtained by the Purchasing department and details maintained;

- $10,001 to $50,000 three written quotes obtained by the Purchasing department;

- Over $50,000, a formal process involving RFP's or similar formal processes is required. This is detailed in the "procurement procedures" document on the Board's web site.

Participation in Buying Consortia to Reduce Acquisition Costs

The Board participates in several purchasing consortia, including the purchase of electricity, natural gas and caretaking supplies. It is considering expanding the level of

major products and services, such as the photocopier contract that is coming up for renewal.

Policies and Procedures for Purchase Card/Corporate Card Use

Purchase Cards (PCards) are restricted to maintenance employees; currently only 20 are in use. There are clearly communicated policies and procedures for PCard use, and appropriate stakeholders are given annual training in this area. The Finance department is considering expanding the use of PCards to other school-based staff for use on small purchases. This would reduce the volume of supplier invoices that have to be processed.

Accounting for Completeness of Purchase/Payment Cycle

The Board has a commitment accounting process, where the purchase is encumbered to the general ledger after the purchase order (PO) is issued. Further, if a PO triggers an "over budget" situation, it is flagged and not processed. Finance staff has recently implemented an automated three-way matching between purchase orders, receipt/invoice and inspection.

Use of Electronic Funds Transfer for Greater Efficiency

The Board is making use of EFT for payments where possible. For example, EFT is currently in place for expense account reimbursements and for payment of transportation costs. The Board is moving forward to expand EFT use for other suppliers where possible.

Recommendations:

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

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

5. School Operations and Facilities Management – Findings and Recommendations

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

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

5.1 Organization

The purpose of reviewingthe organization of operations and facilities is to assess:

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

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

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

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

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

Development and Reporting of Annual goals and Priorities

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

Organizational Structure and Accountability

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

Monitoring and Communication of Policy

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

Development and Reporting of Annual Goals and Priorities

The Operations and Facilities Management department develops a list of capital and maintenance priority projects that is reviewed by the Senior Administration and implemented over the year. The department has not yet developed a formal annual business plan that sets out its goals and priorities, but this is currently being considered. This is a positive step, since it would enable the department to better assign responsibilities, establish performance measures, and track and report the progress of

its defined priorities and goals throughout the year. This would also provide the Senior Administration with information on the department's priorities, and demonstrate how the department activities are aligned with the Board's Strategic Directions. As part of the process of developing the annual business plan, management could consider the establishment of a mission statement to formally capture the department's purpose.

Organizational Structure and Accountability

The operations and facilities function resides within the Board's Business Services department, with the Senior Plant Manager reporting to the Superintendent of Business Services. Due to its large geographical coverage, the Board has divided the district into two regions – North (Bracebridge) and South (Lindsay). Within each region, there is a Plant Manager, a Maintenance Supervisor and a Plant Operations Manager. The roles and responsibilities for these positions are clearly outlined in their respective job descriptions, and are well understood by the organization. The organizational chart is available on the Board's website, but the Board should consider making the chart more accessible to the public

Key department staff have appropriate professional designations and/or related field experience, as evidenced by the P. Eng designations of senior plant management staff.

Monitoring and Communication of Policy

Operations and Facilities Management maintains a comprehensive set of policies and procedures. These policies and procedures have been posted onto the Board's website and are reviewed on a five-year cycle. Current operational and facilities related policies and procedures appear to be up to date. Management ensures that any revisions and/or amendments to existing policies and procedures are communicated to staff through the Internal Communications department. Through the support of the HR department, appropriate training is provided to custodial and maintenance staff, addressing policy issues and the need for compliance with the various regulatory requirements. Examples of such training include asbestos training, mould awareness, floor care and the testing of drinking water systems.

Recommendation:

- The department should consider establishing an annual business plan to provide the Senior Administration with information on priorities and demonstrate how the department activities align with the Board's Strategic Directions.

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 a formal annual/multi-year maintenance plan for deferred maintenance priorities and maintenance standards. Outcomes improve the learning environment. The plan optimizes the use of available funding (Annual Renewal Grant and Good Places to Learn funding) and is approved by the Board.	No

Training to Support Skills Development and Safety

Leading Practices – Custodial and Maintenance Operations	Evidence of Adoption?
A monitored annual training plan for staff to address ongoing skill development and emerging regulatory issues.	Yes

Standardization of Cleaning and Maintenance Supplies

Leading Practices – Custodial and Maintenance Operations	Evidence of Adoption?
An inventory system tracks and controls major cleaning and maintenance equipment.	Yes
Common standards ensure efficient procurement of supplies to minimize costs and promote energy and operating efficiency.	Yes

Project Management, Monitoring and Support Systems

Leading Practices – Custodial and Maintenance Operations	Evidence of Adoption?
A work-order system and process that records, monitors, and evaluates projects ensuring the effective use of resources.	Yes
Management regularly evaluates the overall effectiveness and efficiency of its maintenance and custodial service practices.	Yes

Staffing Model Supports the Board's Cleaning and Maintenance Standards

The department maintains written standards for cleanliness at the school level, and uses these standards as a basis for evaluating the performance of custodial staff at each facility. The Board's custodial allocation model provides for the optimal use of resources in support of the Board's cleaning standards and practices. A detailed staffing formula for custodial work considers a number of factors, including square footage, enrolment, number of storeys, community usage, gym usage and portable usage, to determine the custodial staffing requirements at a school level.

The custodial staffing formula also includes the use of "split shifts" as a means of controlling costs. The Operations Manager frequently meets with custodial staff to ensure that communication is facilitated between management and custodial staff regarding their concerns, suggestions and observations. The Board tracks absenteeism statistics for custodial staff through HR, and uses the data to manage performance issues. Management believes that the implementation of the proposed "Attendance Support Policy and Procedures" will assist in the management of staff resources.

Development of Annual and Multi-Year Maintenance Plan

Management develops an annual maintenance plan that addresses its preventative, critical and deferred maintenance, in accordance with the Board's standards. Although the department currently uses an informal multi-year maintenance plan, its maintenance planning has not yet developed into a formal multi-year framework that is communicated across the Board. The Board's maintenance and renewal activities are re-assessed annually through individual school assessment. Priorities are then incorporated into the annual plan. This helps ensure that schools are maintained in the best condition possible to support improved student learning and facilitate employee productivity.

Management uses the ReCAPP database as one of its primary sources in developing the annual major maintenance and renewal priorities. This has been supported by the Ministry's Good Places to Learn funding, enabling the Board to carry out critical renewal work on its schools.

The development of a multi-year maintenance and renewal plan of, for example, three to five years, would give the Board and its stakeholders a better understanding of the system's needs over an extended period. The annual assessment could be expanded to provide the multi-year perspective of the needs of both planned (regular) and urgent maintenance and renewal requirements. This plan could also be supported by the funding sources available for related costs, which include annual operations and renewal grants and the Good Places to Learn allocation. This would provide management and the Board with a clearer planning perspective.

Training to Support Skills Development and Safety

Management takes a proactive approach to raise awareness of facilities upkeep, maintenance and safety standards among staff and students. The Board has established a training program to provide ongoing skills development to maintenance and custodial staff, and to address emerging regulatory issues. Each new person is provided two days of "job shadowing" to allow for knowledge transfer. Also, staff is able to refer to a documented operational manual for guidance. The Board ensures that new staff is appropriately qualified through the submission of required certification records.

Standardization of Cleaning and Maintenance Supplies

The department operates primarily on a just-in-time basis and maintains only sufficient amounts of supplies inventory within schools at any given time. For custodial supplies, materials are procured centrally under a three-year contract. Custodial staff is able to use an online purchasing system to order supplies on an as-needed basis. Each custodial person is granted a maximum purchasing budget, and all purchases are tracked for management reporting to ensure that the budget is not exceeded. In addition, all purchases are reviewed and approved centrally by the Operations

Supervisor. For maintenance supplies, materials are typically ordered by the Maintenance Supervisor through the use of PCards.

Project Management, Monitoring and Supporting Systems

Management recently implemented an online facility management system (Megamation) to enhance the Board's facilities management function. Among other features, the new platform enables the Board to automatically generate, track and log work orders, send alerts for maintenance and inspection requirements, and compile historical data for budget planning purposes. The Board uses ReCAPP as a tool to track deferred maintenance requirements for its facilities, and makes an ongoing effort to continuously improve the integrity of the data within ReCAPP. Facilities management receives regular facility condition reports. Staff keeps track of completion times for work orders involving emergencies, preventative maintenance activities and warranty work through the Board's facility management system.

Evaluation of the Board's Service Delivery Model

Maintenance services are delivered primarily through externally contracted services. Management has periodically reviewed internal versus externally provided maintenance services with a cost/benefit analysis.

Recommendation:

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

5.3 Energy Management

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

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

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

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

The following table summarizes the leading practices defined for energy management, and identifies where evidence was found to indicate that the practice was adopted in

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

Energy Management Plan

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

Tracking and Reporting Energy Conservation

Leading Practices – Energy Management	Evidence of Adoption?
Management provides formal annual reporting on the conservation savings achieved against plan.	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.	Yes
Centralized technology that automates energy regulation and conservation (e.g. light control, desktop power) is used wherever practical.	Yes

Energy Management Plan

The Board does not currently maintain a formal energy management and conservation plan. In the past, management has worked with external advisors to conduct studies on energy efficiency and to devise energy conservation projects. Many conservation initiatives have been implemented over the years, including lighting retrofits, replacement of oil-fired roof-top equipment with propane-fired equipment, building automated systems and water conservation initiatives. Staff stated that they do not have good data on energy savings on a current basis.

The Board has recently approved the introduction during the 2007-08 school year of an EcoSchools program for all its schools, offices and other facilities to build and expand upon existing environmental practices. The implementation of this important initiative is expected to provide the Board with a reasonable basis for a comprehensive energy

conservation plan. It will also assist in identifying new conservation initiatives that can be considered for the future.

The Board participates in school board consortia for the purchase of electricity and natural gas. This enables the Board to gain from the pooling of the technical and purchasing expertise of the Consortia, the pooling of the volumes required to be purchased, and better pricing for the Board's requirements.

Tracking and Reporting Energy Conservation

The Board currently collects and analyzes energy expenditures on a school level basis. It routinely compares energy cost per square foot statistics across facilities as a way to monitor energy costs at each facility. The Board works closely with its utilities on a continuous basis to monitor abnormal energy usage patterns (i.e. spikes in water usage at a particular school), and takes corrective action to remedy any unusual incidents. The Board maintains centralized technology that automates energy efficient practices. This is shown by the Board's ability to remotely manage and control energy consuming equipment (i.e. heating, air conditioning) on a facility-by-facility level (in some cases, on a room-by-room level).

The board currently does not collect consumption data for each of its facilities. It restricts its analysis to the cost of energy for each of its facilities. As a result, the Board is unable to quantify the consumption savings resulting from energy conservation initiatives. This will become increasingly important as the EcoSchools program is implemented throughout the Board's facilities. Access to both the cost and the quantity data would enable a better tracking and analysis of energy use in each of the facilities.

Recommendations:

- The Board should consider establishing a formal multi-year energy management plan that incorporates quantifiable measures and is aligned with the strategic direction of the Board.

- The Board should use the energy consumption data provided by its utility companies, to better track and monitor energy consumption patterns by facility and independent of pricing influences. This would enable the Plant department to set benchmarks to determine energy consumption and related cost savings from the EcoSchools program and any other initiatives. The data collection would help establish the energy management plan.

5.4   Health, Safety and Security

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

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

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

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

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

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

Leading Practices – Health, Safety and Security	Evidence of Adoption?
The maintenance of health, safety and security plans and policies 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 established a Health and Safety Committee composed of 14 members, including an external Health and Safety Officer. The Health and Safety Committee has created and maintains a health, safety and security plan, including policies and procedures, to ensure compliance with statutory health, safety and security requirements. The Board has established a security code policy, including alert codes

that reflect the situation and threat level. The Board has instituted an anaphylactic policy in accordance with Sabrina's Law.

School level supervisors are responsible for the implementation of the Board-approved safety and security plan. An emergency preparedness plan is developed and reviewed annually during the fall and the results are filed at corporate offices. The Board works periodically with other school boards to develop its safety and security plans.

The Board tracks security incidents by type. The Board's incidents log details the time, location, nature and resolution of all incidents that occur under the jurisdiction of the Board.

The Health and Safety Committee engages the community and other stakeholders through various formal and informal channels, including the publication of meeting agendas and minutes and the reports on health and safety matters in the school district newsletter.

The Health and Safety Committee meets bi-monthly to develop and/or review health and safety policies and procedures.

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 ten 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.	Yes
An accurate and up-to-date assessment of facility conditions is maintained, based on industry standards (using RECAPP methodology).	No
Funding allocations are analyzed to determine if they meet the current and forecasted needs of the school board's capital requirements.	Yes
Management tracks compliance and monitors new legislation or changes to existing legislation.	Yes

Development of Annual and Multi-Year Capital Plans

The Board has not developed and submitted a 10-year capital plan to the Ministry. The Board has an existing five-year capital plan that was approved by the Board in 2006. It was limited to a few projects, the most significant of which were two new schools. These schools were specifically funded through Ministry NPP. An elementary school was funded to meet enrolment pressures and a secondary school was funded under the "2005 capital policy adjustment". For ongoing monitoring purposes, the Board of Trustees receives periodic updates. As stated in Section 1.4 of this report, the Board is funding the cost of the program internally, from capital grants and $900,000 from annual operating allocations.

Management recognizes the need to develop a new capital plan, to determine the Board's future needs for major renewal, additions, replacement of schools and other

capital priorities. A capital plan would inform Senior Administration and the Board of what the potential future needs are, and provide a perspective on what funding will be available, and when.

The additional factor that contributes to the need for an assessment of future needs is the fact that the Board's enrolment has been in decline for several years (11% since 2002-03). This trend is expected to continue. The capital plan would include at least a 10-year enrolment forecast to support the details of the plan. This will have an impact on facility utilization and adds to the importance of the Board's need to develop a long term capital/facility plan.

Ongoing Monitoring and Maintenance of Data to Support Capital Planning

The monitoring and planning of school capacity is reported within the framework of the Student Facilities Inventory System ("SFIS"). The Board has an approved pupil accommodation review policy, and maintains accurate and up-to-date inventories of school capacity and utilization.

Facility staff currently use ReCAPP as a tracking tool for projects eligible for Renewal Grant and the Good Places to Learn funding. Staff stated that they update the ReCAPP database for completed renewal projects which is an ongoing practice. The development of the 10-year capital plan would require staff to re-assess the future facility renewal requirements of the Board, given the status of the ReCAPP database.

Recommendation:

- Management should develop a more comprehensive 10 year capital plan to give the Board a better understanding of short and long term facility requirements and a related funding plan. The ReCAPP database should also be updated, as it will contribute to the analysis of the renewal requirements over the 10 year period. The plan would also incorporate the impact of declining enrolment, and present options to address the ongoing facility needs of the Board.

5.6   Construction Management

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

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

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

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

Cost Effective Practices in the Design and Construction of Facilities

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

Monitoring and Reporting on Progress of Construction Projects

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

Maintaining Current Approved Professional Service Providers

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

Cost-Effective Practices in the Design and Construction of Facilities

The Board's main construction activity focuses on facility renewal projects. Over the past two years, the Board completed two school replacements and two school additions. Historically, the Board has implemented major capital projects infrequently. The Board ensures that a detailed consultation plan is put in place and seeks input from stakeholders during the planning for major additions and/or new schools. The input is acquired through focus groups with stakeholders and regular administrative reports to the Board of Trustees. Due to the low frequency of new school construction, the Board does not maintain its own inventory of school design blueprints, relying on the

consulting architect to provide economical design options. During the design stage, the Board proactively compares its design and construction costs on a per square footage basis, to ensure that overall construction costs are reasonable.

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

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

Monitoring and Reporting of Progress on Construction Projects

For both renewal projects and new construction, external contractors are hired for construction management, using board approved procurement policies. During the construction/implementation phase, management conducts frequent site visits to monitor the progress of the project. Change orders follow approved procurement policies, and generally require Board approval.

Each construction project is approved by the Board of Trustees. The Board uses fixed fees and change orders to control costs. These measures help the Board mitigate the risk of cost overruns.

Maintaining Current Approved Professional Service Providers

The Board 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. Major projects are subject to the Request for Proposal, which normally includes architects as well.

Appendices

Appendix A: Overview of the Operational Review

Operational Review Objectives

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

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

- Strengthen management capacity in school boards by developing recommendations that support improvement in non-academic operations;

- Highlight existing successful business practices used by school boards, to the sector and to school board communities;

- Leverage "Best Practices" across the education sector;

- Provide support and assistance to ensure that school boards are financially healthy, well managed, and positioned to direct optimum levels of resources to support student achievement;

- Provide the Ministry with important input on DSB capacity/capabilities for consideration in the ongoing development of policy and funding mechanisms.

### Operational Review Summary Scope

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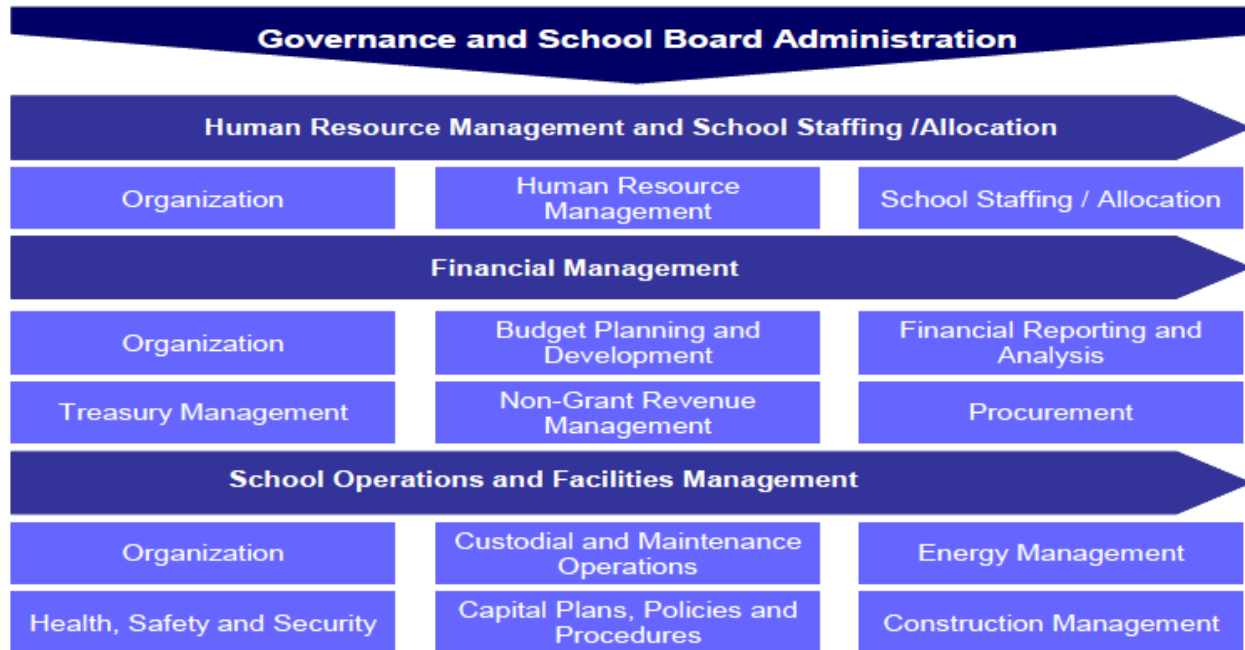
Operational Review Summary Approach

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

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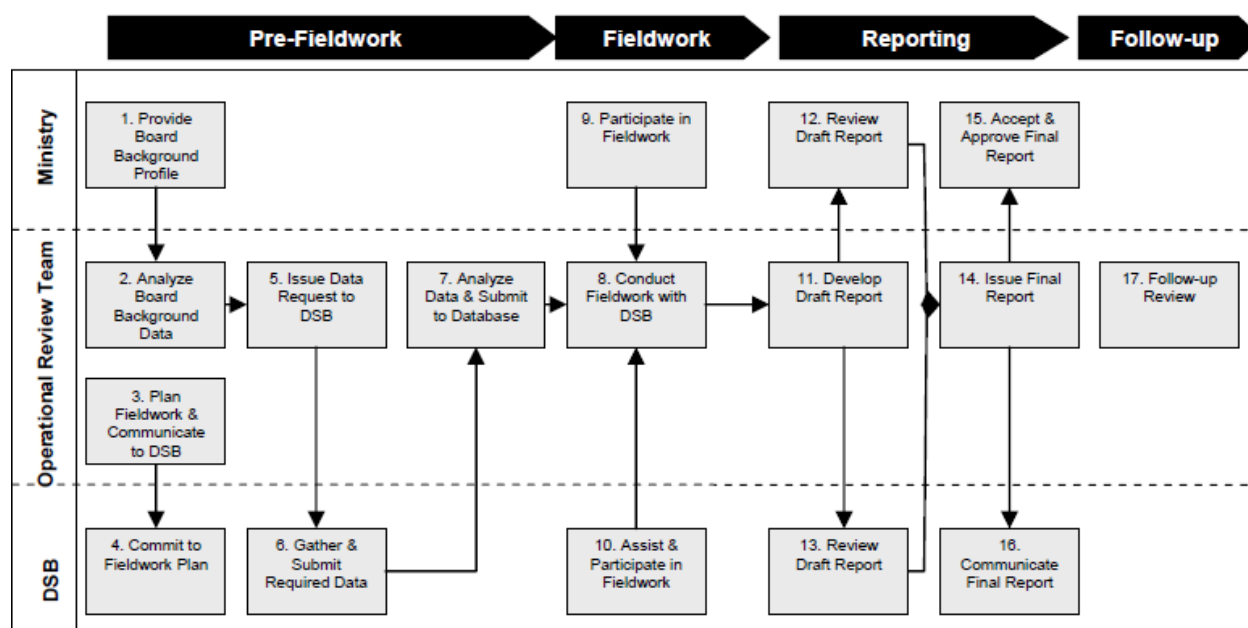
The Table below defines the key phases and activities which comprise the Operational review Methodology.

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.
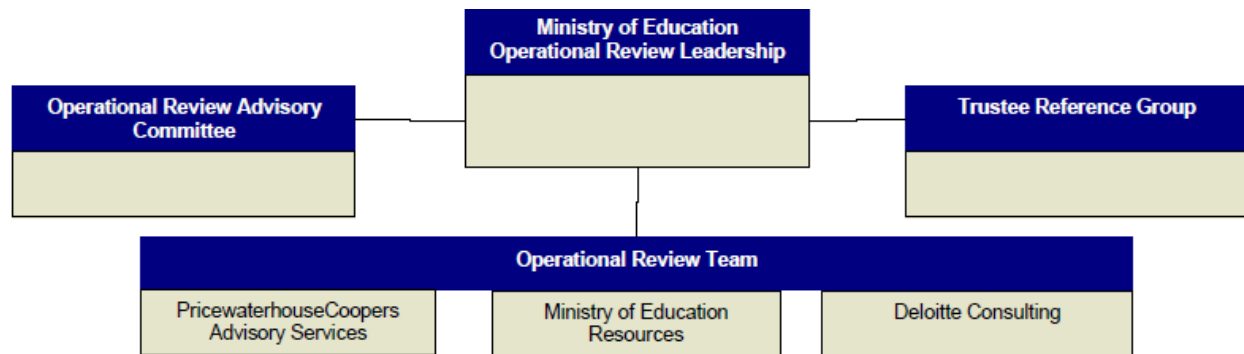
Limitations of this Review

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

Appendix B: Summary of Recommendations

HR Management and School Staffing/Allocation

No.	Recommendation
1.	The HR department is in the final stages of developing comprehensive Attendance Support Policy and Procedures. To enhance operational efficiencies and effectiveness, the Board should finalize and implement this important initiative.

Financial Management

No.	Recommendation
2.	The finance department should consider establishing an annual financial management business plan, to provide details of its goals and priorities with respect to its primary functions. The plan would provide the Senior Administration with information on the department's priorities and demonstrate how its activities are aligned with the Board's Strategic Directions.
3.	Finance staff should consider adjusting the budget for "other board revenues" to more accurately reflect actual amounts when the annual budget is prepared. The result would be clear financial expectations and a corresponding change in the planned use of the Board's reserves.
4	Finance staff should consider providing an expanded level of interim reporting as in the format suggested in section 4.3 of this report. This would improve understanding of the financial reporting of the year-to-date results.
5	Management and the Board should consider the establishment of an Internal Audit function. Management could start by identifying options for its mandate and scope and the estimated annual cost for each option. Management's proactive assessment of need and cost would be a useful first step.
6.	Management and the Board should consider expanding the membership of the Audit Committee, to include external members as advisors who would contribute to the Committee's accountability.
7.	Finance staff should consider comparing the terms and conditions of banking relationships to those of other boards, to benchmark the key financial terms received and ensure the best possible arrangements.
8.	Finance staff should consider expanding the use of Purchase Cards (PCards) to appropriate school staff. PCard use can reduce the volume of supplier invoices to be processed and can be a more efficient means of local purchasing. Appropriate control procedures would be put in place to support the expanded use of the PCard.
9.	Finance staff should implement EFT payments to all suppliers, to gain greater efficiency and minimize the risk of payments being altered prior to clearing the bank.

School Operations and Facilities Management

No.	Recommendation
10.	The department should consider establishing an annual business plan to provide the Senior Administration with information on priorities and demonstrate how the department activities align with the Board's Strategic Directions.
11.	Management should consider establishing a multi-year maintenance and renewal plan, including the funding available to support the plan. This would provide the Senior Administration and the Board and its stakeholders with a clear forecast of the Board's critical needs over the next several years.
12.	The Board should consider establishing a formal multi-year energy management plan that incorporates quantifiable measures and is aligned with the strategic direction of the Board.
13.	The Board should use the energy consumption data provided by its utility companies, to better track and monitor energy consumption patterns by facility and independent of pricing influences. This would enable the Plant department to set benchmarks to determine energy consumption and related cost savings from the EcoSchools program and any other initiatives. The data collection would help establish the energy management plan.
14.	Management should develop a more comprehensive 10 year capital plan to give the Board a better understanding of short and long term facility requirements and a related funding plan. The ReCAPP database should also be updated, as it will contribute to the analysis of the renewal requirements over the 10 year period. The plan would also incorporate the impact of declining enrolment, and present options to address the ongoing facility needs of the Board.