Ministry of Education

Durham District School Board Follow-up Report to the Operational Review

July 2009

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1.   Introduction

The Ministry is in the process of conducting Operational Reviews of the 72 district school boards across the province. 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.

In accordance with the stated objectives of the Operational Reviews, the Ministry has also engaged school boards to participate in a status and implementation update as part of the Operational Review cycle. Occurring approximately 8 to 12 months after the issuance of the final operational review report, the purpose of the update is to discuss with each school board the progress made in implementing the recommendations contained in the final report. It will also provide school boards with an opportunity to communicate to the Ministry their thoughts on the process, benefits that have been derived, and areas where some adjustments to the process would be beneficial.

As the recommendations vary between school boards, both in terms of quantity and scope, the following criteria were developed to help focus the review team, and the school board, on specific recommendations:

- Is the recommendation linked to the 7 Areas of Opportunity identified in the August 2007 Sector Summary Report?

- Does the recommendation represent a move toward more Strategic Planning on the part of Boards?

    o The departments that are responsible for the business functions perform significant activities in support of Student Success. The update should profile whether or not the school board is establishing links between the academic and non-academic functions through its strategic goals and priorities.

- Does the recommendation represent an area of potential risk to the board?

    o As an example, financial systems that are antiquated and require staff with very specialized knowledge could potentially disrupt the operations of the school board should those business skills be lost.

- Is the recommendation deemed to have positive Return on Investment?

- o For example, implementation of an attendance management system may have greater potential for savings to the school board than introducing an electronic funds transfer system.

- Does the recommendation reflect updates to the Leading Practices?

For each of the selected recommendations, the school board was asked to provide the following information to the Operational Review team:

- Description of action(s) taken/not taken by the board to address recommendation(s).

- Supporting documentation

- If implemented, describe benefits derived, if possible, and date of implementation.

Details of the prioritization of the recommendations can be found in Appendix A of this report.

The scope of the follow up review also includes high-level consideration of whether the school board demonstrates adoption of those leading practices that were added to the second edition of the Operational Review Guide, released to the sector in September 2008. These were not part of the original review process.

2. Status and Implementation Update

Introduction

The Durham District School Board Operational Review follow-up review took place on June 30th, 2009, which was approximately twelve months after the release of the original Operational Review report. The Operational Review team conducted a teleconference with the Superintendent of Business and Treasurer of the Board and the Director of Education.

Summary of Recommendation Status

The school board has taken a number of positive steps since the completion of its review in February 2008. Of particular note is the work done on the annual planning process. . A consistent template for the board improvement plan, and related departmental plans was adopted by the Director for use by all Superintendents for annual planning purposes and for reporting to the Board effective 2008/2009. This template includes reference to the specific component(s) of the Board's multi year strategic plan ("Durham Directions") that is being addressed by each goal.

A similar process has been initiated for this school year, whereby annual departmental plans will be aligned to the 2009-2010 board improvement plan. The feedback received regarding this new template has been very positive as it provides a consistent look and feel across all departmental plans, and has created an opportunity for dialogue around the senior administration table which was reported to be very constructive.

Following the operational review report, management presented the report to the Board at an in-camera meeting. Recommendations were also incorporated into the operational plan which is posted on their website.

There were 16 recommendations made in the original report. The operational review team focused on 10 of the recommendations in the follow-up review. Six of the recommendations related to the seven areas of opportunity identified in the 2007-08 Summary Report, two were in the area of strategic planning, one was related to a potential risk, and one was an area with potential for material return on investment. Three of the recommendations also reflected the new leading practices introduced in Wave 3 though the Second Edition of the Operational Review Guide. The selected recommendations and the corresponding criteria are listed in Appendix A.

Overall, senior administration has either implemented or has made some progress on most of the recommendations chosen for follow-up. One recommendation on establishing a standalone audit committee has not been acted on. This is pending new guidelines currently under development by the Ministry.

3. Governance and School Board Administration

No recommendations for follow-up.

4. Human Resource Management and School Staffing/Allocations

#1 Development and Reporting of Annual Goals and Priorities

Operational Review Recommendation	Implementation Update
Employee relations should consider adopting the board improvement plan template for the recording of its annual plan. The existing elements of the current plan can be incorporated into the template and additional elements developed as needed. This will enable the department to allocate clear accountabilities, track its performance measures, and track and report progress of its defined priorities and goals throughout the year.	Implemented

#2 Attendance Management

Operational Review Recommendation	Implementation Update
The Employee relations and other applicable departments should continue the analysis of absenteeism, benefits claims and the wellness program, to develop a formal and targeted attendance support program.	Partially Implemented

#1 Development and Reporting of Annual Goals and Priorities

A standard recording and reporting template for annual planning was adopted by the Director. It is to be used by all Superintendents for annual departmental planning purposes and for consistent reporting to the Board. It became effective for the 2008/2009 school year and includes reference to specific goals addressed in Durham Directions. A similar process was initiated for 2009/2010.

A copy of the template was provided during the follow-up review. The template is broken down according to area of focus, the related objective from Durham Directions, responsibility and monitoring, strategies and outcomes. The timeline is captured by an additional column asking for progress as of June 2010. The employee relations departmental plan will then roll up to the board improvement plan.

#2 Attendance Management

Staff of the school board have been actively involved in the Council of School Business Officials' Efficiency and Effectiveness Project on attendance support which produced a Report on Leading Practices in Attendance Support for Ontario School Boards. The school board has been part of the attendance data analysis project completed by School Boards Cooperative Inc., in order to establish base-line data.

A report with specific recommendations to establish an attendance support program will be taken forward to Administrative Council for approval in late August, 2009, with the first year of implementation planned for 2009/2010. The approved budget for Durham District School Board for 2009/2010 includes the addition of a human resources specialist to implement an attendance support program in 2009/2010.

5.   Financial Management

#1 Development and Reporting of Annual Goals and Priorities

Operational Review Recommendation	Implementation Update
The finance department plan should consider adopting the board improvement plan template for the recording of its annual plan. The existing elements of the department's plan can be incorporated into the template and additional elements developed as needed. Such a plan will enable the department to allocate clear accountabilities, track its performance measures, and track and report progress of its defined priorities and goals throughout the year.	Implemented

#2 Integrated System for Variance Analysis and Financial Reporting

Operational Review Recommendation	Implementation Update
Management should perform a cost-benefit analysis of moving from a customized set of financial applications to a vendor- supported suite of applications that would offer enhanced support and functionality as part of a standard solution. The assessment should include moving from a mainframe platform to a mid-range environment as a potential means of reducing the ongoing cost of ownership.	Partially Implemented

#3 Interim Financial Reporting

Operational Review Recommendation	Implementation Update
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.	Partially Implemented

#4 Internal Audit Function

Operational Review Recommendation	Implementation Update
Management should consider expanding the mandate and scope of the internal audit function. This would include a broader audit of financial and management controls and adherence to board policies as described in section 4.3 of the report. Management could start by identifying options for its mandate and scope and the estimated cost for each option. Management's proactive assessment of the need and cost would be a useful first step.	Partially Implemented

#5 Audit Committee

Operational Review Recommendation	Implementation Update
Management and the Board should consider establishing a standalone audit committee with a mandate that reflects what is discussed in section 4.3 of this report. Management and the Board could also consider including external advisors who would contribute to the committee's accountability.	Not Implemented

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

Operational Review Recommendation	Implementation Update
The department should perform a transaction/spend analysis of PCard usage relative to issued purchase orders. This would help to identify opportunities to increase purchase order threshold limits to promote increased usage of PCards.	Implemented

#1 Development and Reporting of Annual Goals and Priorities

A standard recording and reporting template for annual planning was adopted by the Director. It is to be used by all Superintendents for annual departmental planning purposes and for consistent reporting to the Board. It became effective for the 2008/2009 school year and includes reference to specific goals addressed in Durham Directions. A similar process was initiated for 2009/2010.

A copy of the template was provided during the follow-up review. The template is broken down according to area of focus, the related objective from Durham Directions, responsibility and monitoring, strategies and outcomes. The timeline is captured by an additional column asking for progress as of June 2010. The finance departmental plan will then roll up to the board improvement plan.

#2 Integrated System for Variance Analysis and Financial Reporting

This recommendation was included in the Operational Plan for 2008/09. Proposals were received from consulting firms to conduct the cost-benefit analysis, but a contract was not awarded due to overall financial considerations. This initiative will be included in the Operational Plan for 2009/2010.

#3 Interim Financial Reporting

A modified interim report format has been adopted to include comparative percentages of spending from the prior year, and expanded written explanations. As part of the annual departmental plan for 2009/2010, interim financial reporting will be reviewed and

revised to reflect the guidelines recently completed by the Ministry Workgroup on Interim Financial Reporting.

#4 Internal Audit Function

The responsibilities of the school board's current Internal Auditor have been refined, to remove direct responsibility for training school staff on the book keeping system for school generated funds. The focus is now on auditing the system, as a key management control surrounding the high volume of school generated funds.

Further action on this recommendation has been deferred pending completion of guidelines currently under development by the Ministry of Education.

The ministry's direction on internal auditing in school boards continues to evolve. The school board is encouraged to further enhance its internal audit capabilities once there is a clear boundary on the scope of the function and the associated delivery / funding model.

#5 Audit Committee

Action on this recommendation has been deferred pending completion of guidelines currently under development by the Ministry of Education. It was also reported that there are challenges around recruiting external members to the audit committee, particularly around accountability and the appointment process.

The school board is encouraged to follow through on this recommendation pending further direction from the Ministry.

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

This school board did conduct an analysis of PCard expenditures which indicated that the average per transaction is less than $100. This is consistent with the intent of the PCard program, which is to be used for low price items, office supplies and last minute items needed for the classroom. The PCard program is expanding at Durham DSB, and has a maximum per transaction of $500.

The school board also reported that the purchasing policy and procedure is currently under review, to ensure that recently released provincial Supply Chain Guidelines are appropriately incorporated.

6.   School Operations and Facilities Management

#1 Development and Reporting of Annual Goals and Priorities

Operational Review Recommendation	Implementation Update
The facilities department should expand its annual operational plan to include target activities, with associated timelines and designated accountabilities. This would enable management to allocate accountabilities, establish performance measures and track and report the progress of its defined priorities and goals throughout the year.	Implemented

#2 Energy Management

Operational Review Recommendation	Implementation Update
The Board should develop a comprehensive, multi-year energy management plan that supplements the annual goals of the department, with consumption reduction targets, key activities, timelines and designated accountabilities.	Partially Implemented

#1 Development and Reporting of Annual Goals and Priorities

A standard recording and reporting template for annual planning was adopted by the Director. It is to be used by all Superintendents for annual departmental planning purposes and for consistent reporting to the Board. It became effective for the 2008/2009 school year and includes reference to specific goals addressed in Durham Directions. A similar process was initiated for 2009/2010.

A copy of the template was provided during the follow-up review. The template is broken down according to area of focus, the related objective from Durham Directions, responsibility and monitoring, strategies and outcomes. The timeline is captured by an additional column asking for progress as of June 2010. The facilities departmental plan will then roll up to the board improvement plan.

#2 Energy Management

The school board has been monitoring energy consumption of all its locations since the early 1980's. Facility locations have been grouped into "like systems" for comparison purposes. The trending is provided to both Facilities staff and school administration for review. Typically, Facilities Services would utilize this information to identify consumption reduction possibilities such as: boiler replacement, lighting retro fits, energy efficient fixtures (e.g.: washrooms), controls upgrades along with the proper night time/holiday setbacks of the heating system.

The school board has reviewed the possible upgrade to the base tracking system to allow possibilities such as enhanced sharing of information with schools. Progress on this will now move forward as the Ministry of Education recently provided school boards across Ontario with funding for a new initiative called Energy Efficient Schools. This funding will facilitate the reporting requirements process, as one of the requirements mandated by the Ministry is to ensure school boards establish baseline consumption data. The specific software package to be used by the school board for this purpose remains to be determined. Once the software is selected for use by school board, it is expected to take at least a couple of years to establish reliable baseline data for use in implementation of a multi-year energy management plan.

7.   School Board Adoption of New Leading Practices

The following leading practices were added to the Second Edition of the Operational Review Guide that was released to the sector in September 2008. Some of these leading practices are a result of the observations and learning's during Wave 1 & 2 operational reviews.

School boards that were reviewed prior to September 2008 were not assessed against the new leading practices identified below. During this follow-up review process, the Operational Review team asked those school boards to comment on the extent to which they demonstrate adoption of these practices.

Governance and School Board Administration

New Leading Practice	Adopted?
The school board's governance model clearly delineates the division of duties between the board of trustees and the director of education. The board has established clearly defined duties and responsibilities to support an effective working relationship.	Yes
The board of trustees develops and communicates a multi-year strategic plan that provides a framework for annual planning.	Yes
The board of trustees and management have appropriate processes for the establishment and regular maintenance of policies for the efficient and effective operation of the board. Policies are posted on the board's web site.	Yes
The director has established a formal succession plan to manage retirements and resignations of key managers/ administrators.	No

The school board reported that it has already adopted many of these leading practices. For example, the school board's governance model is clearly outlined in the Board bylaws, and outlines the roles and responsibilities of the trustees vis-a-vis the Director of Education. The board of trustees and management also have processes in place for policy refreshment. There are defined start and end dates associated with each policy and procedure of the Board and respective superintendents bring those that require renewal or review to the Board at the beginning of each year.

The school board does not currently have a formal staff succession plan but senior administration looks to enhance the qualifications of the people on their team. One of the superintendents has been tasked with looking at leadership on both the academic and non-academic side of the school board, and succession planning for the non-academic side is planned for spring 2010.

HR Management and School Staffing/Allocation

New Leading Practice	Adopted?
Management periodically reports on the effectiveness of the attendance management process/ programs to senior management and the board.	In Progress
Management has established policies and procedures for staff/professional development and monitors staff take-up, budget, and outcomes.	Yes
Systems are in place and accessible by both HR and Finance staff to establish and track an approved level of staff.	Yes

Reporting on the attendance management program will occur once the program is put in place in the 2009/2010 school year.

Management has also established policies and procedures for staff and professional development given that one of the school board's areas under its strategic plan is 'support quality education through system-wide professional learning for staff'. The operational plan further breaks this down in making professional learning for all an area of focus in the operational plan.

The school board establishes and tracks an approved level of staff, through their revised estimate process and also has software within the HR department that monitors the allocation of staffing.

Financial Management

New Leading Practice	Adopted?
Management completes and files all financial reports in accordance with established timelines.	Yes
The board has an audit committee with external members as advisors.	No
The external auditor's planning and annual reports are presented to the board's audit committee, and any recommendations are acted upon by management.	Yes
Management performs regular cash/funding forecasting to ensure the board's debt service can be met to maturity.	Yes
Management ensures adequate controls are in place to safeguard non-school board funds and coordinate the annual reporting of revenues and expenditures from schools and school councils.	Yes
Purchasing Managers monitor and ensure compliance with the board's procurement policies and procedures.	Yes

The school board reported that it has already adopted many of these leading practices. For example, management ensures adequate controls are in place to safeguard non-

school board funds by conducting an internal audit of all school and school council expenditures every year.

Adherence to the board's procurement policies and procedures is monitored during standard monitoring and controls as part of procurement approvals processes, and the school board is also working on aligning the manager of purchasing, assistant manager of purchasing, buyer and clerk towards greater consistency on monitoring and control

One leading practice which has not been adopted is the addition of external members to the audit committee. Action on this recommendation has been deferred pending completion of guidelines currently under development by the Ministry of Education. It was also reported that there are challenges around recruiting external members to the audit committee, particularly around accountability and the appointment process.

Operations and Facilities Management

New Leading Practice	Adopted?
Process exists to monitor new legislation and regulations and implement necessary changes.	Yes
Operations management follows Ministry guidelines, policy and legislation on healthy schools.	In Progress

The school board reported that it has already adopted some aspects of these leading practices. The Director monitors new policies sent by the Ministry and forwards to the appropriate superintendent for action and follow-up. The school board also works closely with the local health department and is a member of the Durham Energy Management Committee. The school board follows Ministry guidelines, policy and legislation on healthy schools but does not have a formal policy on healthy schools. It has sent a letter to the Ministry voicing concern over regulating behavior in regard to this policy.

Appendix A – Selection of Recommendations

- **SP** - Strategic Planning

- **AR** - Areas of Risk Categories

  - AR 1 - Undue reliance on specific human and / or non-human resources

  - AR 2 - Reputational risk in the community from not acting on the recommendation

  - AR 3 - Financial risk impacting school board's financial position

- **ROI** - Potential for material Return on Investment

- **SAO** - Seven Areas of Opportunity from 2008 sector report

- **NLP** – New leading practices introduced in Wave 3 through the Second Edition of the Operational Review Guide.

Governance and School Board Administration

Ref.	Recommendation	Follow-up Yes/No	Criteria
1.	The Board should post all policies and related procedures (including the associated refresh cycle) on its website, to improve the transparency of board operations.	No	

HR Management and School Staffing/Allocation

Ref.	Recommendation	Follow-up Yes/No	Criteria
2.	Employee Relations should consider adopting the board improvement plan template for the recording of its annual plan. The existing elements of the current plan can be incorporated into the template and additional elements developed as needed. This will enable the department to allocate clear accountabilities, track its performance measures, and track and report progress of its defined priorities and goals throughout the year.	Yes	SP
3.	The Employee Relations and other applicable departments should continue the analysis of absenteeism, benefits claims and the	Yes	SAO / NLP

Ref.	Recommendation	Follow-up Yes/No	Criteria
	wellness program, to develop a formal and targeted attendance support program.		
4.	To gain added insight into employee satisfaction, management should consider setting up exit interviews with staff.	No	
5.	Management should periodically conduct a review of the Board's ASO insurance carrier that manages the processing of the health and dental plan claims to ensure that the Board's claims are processed in accordance with the plan provisions.	No	

Financial Management

Ref.	Recommendation	Follow-up Yes/No	Criteria
6.	The finance department should consider adopting the board improvement plan template for the recording of its annual plan. The existing elements of the department's plan can be incorporated into the template and additional elements developed as needed. Such a plan will enable the department to allocate clear accountabilities, track its performance measures, and track and report progress of its defined priorities and goals throughout the year.	Yes	SP
7.	Management should perform a cost-benefit analysis of moving from a customized set of financial applications to a vendor-supported suite of applications that would offer enhanced support and functionality as part of a standard solution. The assessment should include moving from a mainframe platform to a mid-range environment as a potential means of reducing the ongoing cost of ownership.	Yes	AR1
8.	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.	Yes	SAO
9.	Management should consider expanding the mandate and scope of the internal audit function. This would include a broader audit of financial and management controls and adherence to board policies as described in section 4.3 of the report. Management could start by identifying options for its mandate and scope and the estimated cost for each option. Management's proactive assessment of the need and cost would be a useful first step.	Yes	SAO / NLP
10.	Management and the Board should consider establishing a standalone audit committee with a mandate that reflects what is	Yes	SAO / NLP

Ref.	Recommendation	Follow-up Yes/No	Criteria
	discussed in section 4.3 of this report. Management and the Board could also consider including external advisors who would contribute to the committee's accountability.		
11.	The department should perform a transaction/spend analysis of PCard usage relative to issued purchase orders. This would help to identify opportunities to increase purchase order threshold limits to promote increased usage of PCards.	Yes	ROI
12.	Finance staff should continue to expand the use of Electronic Funds Transfer (EFT) payments for all appropriate suppliers, to gain greater efficiency and minimize the risk of payments being altered prior to clearing the bank.	No	

School Operations and Facilities Management

Ref.	Recommendation	Follow-up Yes/No	Criteria
13.	The facilities department should expand its annual operational plan to include target activities, with associated timelines and designated accountabilities. This would enable management to allocate accountabilities, establish performance measures and track and report the progress of its defined priorities and goals throughout the year.	Yes	SAO
14.	The Board should establish cleaning standards across its school sites to ensure consistency in service levels and monitoring across all sites.	No	
15.	The Board should develop a comprehensive, multi-year energy management plan that supplements the annual goals of the department, with consumption reduction targets, key activities, timelines and designated accountabilities.	Yes	SAO
16.	The Board should ask the utility companies to provide consolidated billing in an electronic format. This would support more efficient monitoring and forecasting of energy consumption, as well as reduce the workload in the accounts payable department.	No	