

Ministry of Education

**London District Catholic School Board
Follow-up Report to the Operational
Review**

August 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?
 - 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?
 - 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?

- 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 London District Catholic School Board Operational Review follow-up review took place on June 18th 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 other senior administrative staff.

Summary of Recommendation Status

The school board has accepted most of the recommendations and made significant progress in implementing these recommendations.

For example, Senior Administration has adopted a new 2010 strategic planning process, with greater emphasis on establishing specific and measurable targets. The targets will be tracked and reported on over time.

There have also been improvements for interim financial reporting as suggested in the operational review report. Management indicated that the new format provided additional meaning and clarity for readers of the reports.

Senior administration has not implemented one of the selected recommendations. In particular, the Board has not established an internal audit function. The Board has also not established a stand-alone Audit Committee with external advisors.

Following receipt of the operational review report, management presented the report to the Board of Trustees. The results of the operational review were outlined in the Director's Annual Report for 2008.

There were 12 recommendations made in the original report. The Operational Review Team focused on nine of the recommendations in the follow-up review. Six of the recommendations relate to the seven areas of opportunity identified in the 2007-08 Summary Report, two were related to strategic planning and the remaining one was regarding specific risk areas. The selected recommendations and the corresponding criteria are listed in Appendix A.

Overall, senior administration has either implemented or has made some progress on the majority of the recommendations chosen for follow-up.

3. Governance and School Board Administration

#1 Development and Reporting of Annual Goals and Priorities

Operational Review Recommendation	Implementation Update
The Strategic Priorities for 2007-2010 and the Board Improvement Plan for 2007-2008 now incorporate “performance targets” for the focus areas of each year’s strategies. The Senior Administration is encouraged to maintain this practice of annual reporting on achievements against targets. The departments responsible for each performance target should report periodically to Senior Administration. This will contribute to the achievement of the Strategic Priorities in a measurable way.	In Progress

#2 Policy Refresh Cycle

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

#3 Succession Plan

Operational Review Recommendation	Implementation Update
The Director, in consultation with senior staff, should consider developing a formal succession plan to manage retirements and resignations at the Senior Administrative level.	In Progress

#1 Development and Reporting of Annual Goals and Priorities

Senior administration has accepted the recommendation and has established a new strategic planning process for the 2010 school year.

The Board’s previous strategic plan spanned from 2007 to 2010. The Board is now preparing for the next strategic planning cycle. During this cycle, the Board plans to incorporate the recommendations of the operational review. In particular, it will focus on identifying measurable indicators to assess the progress of each priority in the strategic plan. Key dates were identified throughout the year for report back to senior administration.

Furthermore, the Board will align and integrate the individual department plans into the strategic plan.

#2 Policy Refresh Cycle

Senior administration has gathered information regarding each of the board's policies. This information has been summarized on a "review" chart which indicates the section, the policy name, its adoption date, last revision date and whether they include regulations, procedures, by-laws or legislation.

Senior administration has also conducted research into how other Catholic school boards manage this practice, but has not decided on a formal process to review the Board's policies and procedures.

The school board acknowledged that it will be important to pursue this recommendation, as there are concerns regarding the relevancy and timeliness of the Board's policies and procedures. Senior administration plans to establish a Policy Review Committee and work towards determining a review cycle.

#3 Succession Planning

The Director of Education has acknowledged the need to establish a formal succession plan and is investigating an approach to implement the recommendation. To date, the implementation is still in progress and the Board has not completed a formal succession planning exercise.

It should be noted that since the operational review, several senior administrative staff, including the senior business official, have retired. The succession process, although not formally documented or planned in advance, has worked well for the Board.

Nevertheless, the Board sees a continued need for succession planning in the future, and is prepared to formalize this process to enhance transparency and accountability.

The Board seeks input and guidance from the Ministry as well as the rest of the education sector on how best to implement this recommendation. In particular, the Director is currently involved with other regional directors in researching succession planning models for senior administration.

4. Human Resource Management and School Staffing/Allocations

#1 Annual Department Plan

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

#1 Development and Reporting of Annual Goals and Priorities

Management has accepted the recommendation to expand its annual plan to include specific performance measures and targets for its annual goals and priorities.

As part of the Board's recent succession planning, the Board has appointed a new Executive Officer of Human Resources, who has considerable experience with respect to setting department priorities and strategic direction.

The new Executive Officer of Human Resources agrees with the recommendation and has implemented an updated HR department plan that incorporates the recommendations. The board is piloting a Performance Development Program, which ties in expectations based on setting outcomes, targets for the year and living the expected values in achieving the desired outcomes.

Management indicated that benefits include greater clarity on where each individual fits into the department, focus on strengths of team members to assist in delivering objectives, and a more strategic approach to performance management.

5. Financial Management

#1 Development and Reporting of Annual Goals and Priorities

Operational Review Recommendation	Implementation Update
<p>The department should consider expanding its annual plan to include specific performance measures, timelines and responsibilities for the goals and priorities. This would improve accountability for the outcomes. Management could also consider adding priorities, to provide Administrative Council with a broader perspective of the challenges addressed by the department. The department would report annually to the Administrative Council on its accomplishments against the plan.</p>	In Progress

#2 Interim Financial Reporting

Operational Review Recommendation	Implementation Update
<p>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.</p>	In Progress

#3 Internal Audit Function

Operational Review Recommendation	Implementation Update
<p>Management and the Board should consider establishing an Internal Audit function. Management could start by identifying options for its mandate and scope and the estimated annual cost of each option. Management's proactive assessment of need and cost would be a useful first step.</p>	Not Implemented

#4 Establishment of Audit Committee

Operational Review Recommendation	Implementation Update
<p>Management and the Board should establish an Audit Committee. The Board should consider including at least two external members for the Committee to act as advisors and contribute to the Committee's accountability.</p>	Not Implemented

#5 Participation in Joint Purchasing Consortia

Operational Review Recommendation	Implementation Update
Management should continue to pursue opportunities for joint purchasing with the coterminous Board and the municipality.	In Progress

#1 Development and Reporting of Annual Goals and Priorities

Management has accepted the recommendation to expand its annual departmental plan to include specific performance measures, timelines and responsibilities to improve accountability for the outcomes.

Management indicated that the Finance has not completely implemented a new annual plan. However, staff is working closely with the HR department to review their corresponding annual plan, which as mentioned before has been updated to incorporate the recommendations of the operational review.

Once the review has taken place, the Finance will complete the implementation of the recommendation.

#2 Interim Financial Reporting

The Board has implemented a new quarterly interim financial report. It includes new sections that provides the background and reasons for any variances noted in the report.

Specifically, the first section provides a background to school board budgeting and the general reasons for variations in percentage expended and received. The second section outlines reasons for variances particular to that quarterly report.

Management indicated that plans are in place to add a comparative percentage indicating where the expenditure ought to be based on historical norms. The reason why this feature has not yet been implemented is due to required changes in the financial information system.

Once the changes to the financial information system have been made, the recommendation will be fully implemented. Management indicates that the change is planned for the upcoming school year.

#3 Internal Audit Function

Management indicated that the recommendation to create an internal audit function was not accepted by the Board, primarily due to concerns over lack of funding and questionable cost benefit.

Since the operational review, the Board has been made aware of the Ministry's announcement to support boards in establishing audit committees and an internal audit function. The board is anticipating an announcement of the board's allocation and Ministry guidelines for the use of this funding.

Pending the announcement, management indicated that it will proceed to identify suitable arrangements to implement the recommendation, including options to share an internal auditor with another board.

#4 Audit Committee

The Board has chosen not to accept the recommendation to establish a stand-alone Audit Committee with at least two external members who will act as advisors to the Board.

Senior management indicated that this recommendation was opposed on the grounds of lack of value for money. The Board perceives that the creation of a stand-alone Audit Committee with external members to involve extra work but has no obvious return on investment.

As a result, the Board has made a conscious decision to not establish any stand-alone Audit Committees with external advisory members. The current arrangement where the Board of Trustees as a whole reviews all audit matters is deemed to be sufficient and working well for the Board.

#5 Participation in Joint Purchasing Consortia

Management has accepted the recommendation to pursue opportunities for joint purchasing with the coterminous Board and the municipality.

To date, the Board has held several discussions with the coterminous Board and the municipality to identify joint purchasing opportunities. Several areas have been identified and management has pursued these opportunities.

6. School Operations and Facilities Management

#1 Annual Department Goals and Priorities

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

#2 Multi-Year Maintenance and Renewal Plan

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

#3 Energy Management Plan

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

#4 Capital Planning

Operational Review Recommendation	Implementation Update
<p>Management should complete the planned comprehensive update of current capital commitments and future requirements. This should include the assessment of the adequacy of the funding to support existing debt service</p>	Implemented

Operational Review Recommendation	Implementation Update
costs, and a projection of available sources of funding to support the Board's future capital and facility renewal requirements.	

#1 Annual Department Goals and Priorities

Management has accepted the recommendation and implemented a Building Services Business Plan that sets out the department's goals and priorities. The Building Services Business Plan aligns with the board's strategic plans.

The plan also identifies the actions required, timelines for implementation, performance measures and provision for annual reporting.

#2 Multi-Year Maintenance and Renewal Plan

Senior administration has decided not to fully implement this recommendation.

Management indicated that it is not practical or meaningful to forecast major maintenance and renewal projects 3-5 years out. Management points out that Ministry funding is not synchronized and planned out that far, and since much of the board's major maintenance and renewal projects are funded by the Ministry, it would not be practical to forecast that far out.

As an alternative to the recommendation, management has chosen to make full disclosure on selected major projects. Major maintenance is disclosed through the annual budget cycle, and through the use of school needs surveys as well as the information contained within the ReCAPP database.

#3 Energy Management Plan

The Board has made significant progress in developing a formal energy management plan. Through working with an outside consultant, management has identified roughly \$14M of energy conservation projects, which are prioritized by energy savings.

The board has identified specific energy savings targets by project. In addition, the Board has updated its reporting mechanisms to show expenditures by project, including savings achieved relative to target.

#4 Capital Planning

The Board has successfully updated its capital commitments and future requirements. After the operational review the Board worked with the Ministry to identify outstanding gaps in the capital funding formula. These issues have since been cleared and the

Board has completed comprehensive accommodation reviews and updates to its long-term enrolment forecast.

As a result, the Board has been able to move forward to complete its capital liquidity template. The Board recently received funding for \$32M worth of projects, these will be reflected in a refreshed capital plan in the near future.

7. School Board Adoption of New Leading Practices

The following leading practices were added to the Second Edition of the Operational Review Guide for District School Boards 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.	No
The director has established a formal succession plan to manage retirements and resignations of key managers/ administrators.	No

Management indicated that the school board has already adopted many of these leading practices.

The two leading practices that have not been fully adopted relate to the policy refresh cycle and succession planning that were previously discussed in this report.

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.	Yes
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

The HR department has been implementing the above leading practices.

Management is very supportive of the addition of the leading practice regarding attendance management, and believes this to be a critical area to achieve continued improvements across the sector. The Board has recently implemented an attendance management program for the custodial staff group and has seen very encouraging results. The Board now has plans to roll out the attendance management program to all other staff groups pending approval of funding.

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 all of these leading practices, with the exception of the establishment of a stand-alone audit committee with external members as advisors. This topic has already been previously discussed in this report.

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.	Yes

The school board reported that it has already adopted these leading practices.

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 Strategic Priorities for 2007-2010 and the Board Improvement Plan for 2007-2008 now incorporate “performance targets” for the focus areas of each year’s strategies. The Senior Administration is encouraged to maintain this practice of annual reporting on achievements against targets. The departments responsible for each performance target should report periodically to Senior Administration. This will contribute to the achievement of the Strategic Priorities in a measurable way.	Y	SAO
2.	The Board should consider establishing a pre-determined refresh cycle for all policies and their related procedures. The duration of the refresh cycle should reflect the nature of the specific policy, with a designated department responsible for monitoring and tracking. Ideally the reviews would focus on the more critical policies that need to be updated. This practice will ensure that key policies and procedures remain current.	Y	AR2
3.	The Director, in consultation with senior staff, should consider developing a formal succession plan to manage retirements and resignations at the Senior Administrative level.	Y	AR1

HR Management and School Staffing/Allocation

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

Financial Management

Ref.	Recommendation	Follow-up Yes/No	Criteria
5.	The department should consider expanding its annual plan to include specific performance measures, timelines and responsibilities for the goals and priorities. This would improve accountability for the outcomes. Management could also consider adding priorities, to provide Administrative Council with a broader perspective of the challenges addressed by the department. The department would report annually to the Administrative Council on its accomplishments against the plan.	Y	SP
6.	Finance staff should consider providing an expanded level of interim reporting as in the format suggested in section 4.3 of this report. This would improve understanding of the financial reporting of the year-to- date results.	Y	SAO
7.	Management and the Board should consider establishing an Internal Audit function. Management could start by identifying options for its mandate and scope and the estimated annual cost of each option. Management's proactive assessment of need and cost would be a useful first step.	Y	SAO
8.	Management and the Board should establish an Audit Committee. The Board should consider including at least two external members for the Committee to act as advisors and contribute to the Committee's accountability.	Y	SAO
9.	Management should continue to pursue opportunities for joint purchasing with the coterminous Board and the municipality.	Y	SAO
10.	Finance staff should consider implementing the use of Purchase Cards (PCards) to appropriate school staff. PCard use can reduce the volume of supplier invoices to be processed and can be a more	N	

Ref.	Recommendation	Follow-up Yes/No	Criteria
	efficient means of local purchasing. Appropriate control procedures would be put in place to support the expanded use of the PCard.		
11.	Management should proceed with its plan to determine the feasibility and requirements to have a more effective interface of its Palmas online purchasing system with the Board's financial system.	N	
12.	Finance staff should implement EFT payments to all suppliers, to gain greater efficiency and minimize the risk of payments being altered prior to clearing the bank.	N	

School Operations and Facilities Management

Ref.	Recommendation	Follow-up Yes/No	Criteria
13.	Facilities management should develop, as they plan to, a comprehensive annual operations and facilities management business plan that sets out the department's goals and priorities. The departmental annual plan would provide details including actions required, timelines for implementation, performance measures and provision for annual reporting. This would keep Administrative Council up to date and demonstrate how the department's activities align with the Board's Strategic Priorities. It would also contribute to the Director's annual report.	Y	SP
14.	Management should consider developing a multi-year maintenance and renewal plan, with a horizon of three to five years, highlighting the major versus minor maintenance tasks. This plan should include the available funding to support the forecasted costs. This would give the Senior Administration, the Board and its stakeholders a clear forecast of the Board's critical needs over the next several years.	Y	SAO
15.	The Board should consider establishing a formal and comprehensive multi-year energy management plan with the details described in this report in the section "Energy Management Plan". This plan would serve as a basis for management to report periodically or at least annually on the accomplishments. The Board currently has all the elements of an energy management plan, and would benefit from formalizing and improving the communication aspects of the plan.	Y	SAO
16.	Management should complete the planned comprehensive update of current capital commitments and future requirements. This should include the assessment of the adequacy of the funding to support existing debt service costs, and a projection of available	Y	AR3

Ref.	Recommendation	Follow-up Yes/No	Criteria
	sources of funding to support the Board's future capital and facility renewal requirements.		