

Ministry of Education

**Thames Valley District School Board
Follow-up Report to the Operational
Review**

October 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 Thames Valley District School Board Operational Review follow-up review took place on September 23rd 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 made significant progress in implementing the recommendations since the completion of its review in September 2008. Of particular note are the steps taken to move towards a comprehensive attendance management program. The Board has hired an Employee Relations Officer to help implement the recommendations stemming from a review of the board's attendance management practices by the board's external auditor. Part of the Employee Relations Officer's mandate is to develop and implement the Board's Attendance Management Plan.

Following the operational review report, management presented the report to the board of trustees.

There were 12 recommendations made in the original report. The Operational Review team focused on six of the recommendations in the follow-up review. Five of the recommendations were from the seven areas of opportunity identified across the sector in the 2008 sector report, and one concern specific areas of risks. The selected recommendations and the corresponding criteria are listed in Appendix A.

Overall, senior administration has either implemented or has made some progress on nearly all of the recommendations chosen for follow-up. There were no recommendations which senior administration has chosen not to accept and implement.

3. Governance and School Board Administration

There were no recommendations related to the Governance and School Board Administration function in the operational review report.

4. Human Resource Management and School Staffing/Allocations

#1 Attendance Management

Operational Review Recommendation	Implementation Update
The HR department should establish a formal attendance management policy. Management should use the attendance data currently tracked by HR to develop measurable performance indicators and targets and support sustainable improvements in attendance.	In Progress

#1 Attendance Management

Management reported progress in implementing a formal attendance management program.

The school board requested the services of its external auditor to assist the school board to implement an attendance management program. A review of the board's existing attendance management procedures was conducted in April 2009. This review focused on the subject of employee absenteeism, including internal controls for tracking employee absences.

Subsequent to the review, an Employee Relations Officer was recruited to lead the implementation of attendance management practices stemming from the report. Part of the Employee Relations Officer's mandate is to further develop the school board's Attendance Management Plan.

Management indicated that these initiatives will assist the school board in developing better attendance management practices while working closely with its various employee groups. An emphasis has been placed on understanding the perspectives of different employee groups in developing a comprehensive attendance management plan that meets the needs of all parties.

5. Financial Management

#1 Interim Financial Reporting

Operational Review Recommendation	Implementation Update
Management should consider providing an expanded level of interim financial reporting, as in the format suggested in section 4.3 of this report. This would improve understanding of the year- to-date results.	In Progress

#2 Audit Committee

Operational Review Recommendation	Implementation Update
Management and the Board should consider establishing an internal audit function. Management could start by identifying options for its mandate and scope, and the estimated annual cost for each option. Management's proactive assessment of need and cost would be a useful first step.	Implemented

#3 Procurement

Operational Review Recommendation	Implementation Update
The Board's purchasing policy currently indicates that "tenders may be advertised regardless of dollar value". In view of the fact that the Board actually advertises all tenders for purchasing over \$50,000, the Board should consider revising the wording of the purchasing policy to better reflect current practice.	In Progress

#1 Interim Financial Reporting

Management has acknowledged this recommendation and is currently working towards a new format that will include the features indicated in the Operational Review report.

Currently a detailed general ledger report is sent monthly to the Board Audit Committee. This report reflects, by account number, the actual balances to the end of the month, the approved budget and the revised budget. The report also identifies a balance remaining as a percent and dollar amount of the revised budget. The detailed report provides comments by the financial analyst who attests to the report's accuracy.

On a monthly basis, a summary report of revenues and expenses are taken to the Board for their consideration. This report also reflects the current status of accounts versus approved and revised budget.

Management will review its reporting procedures relative to the recommendations and templates circulated to the sector by the Ministry's Interim Financial Reporting Committee via SB #38 memo. The school board's senior business official indicated they will develop a report for the trustees that will provide them with meaningful financial updates and forecasts consistent with the guidelines of Committee's report.

#2 Audit Committee

The 2008-09 Budget identified the creation of an internal auditor position which was approved by the Board. The role of this position is to review receipt and distribution of school-based funds. The position was filled in January 2009, and the internal auditor has conducted and reported on 11 school reviews during this time.

The Internal Audit function is the responsibility of the Director of Education and the internal auditor is a member of the Director's staff. The position reports to the Director. The Director provides updates to the Board's Audit Committee on the findings, recommendations and follow-up to Internal Audit reports.

The board's external auditors have been providing internal audits of corporate functions within Thames Valley District School Board. The proposed schedule of internal audits to be completed by the external auditor was approved by the Audit Committee of the Board.

The school board supports the Ministry's direction regarding the provision of internal audit services on a regional shared services basis in conjunction with several other district school boards. It has participated in the preliminary discussions related to this model.

#3 Procurement

Management has reviewed the wording of its purchasing policy and acknowledges that it could be revised to better reflect actual practices.

Management indicated that it is closely reviewing the pending updates to the province's supply chain guidelines, and is aware that broad changes to the board's procurement policies will be required in order to comply with the supply chain guideline updates.

Management has chosen to incorporate the procurement language suggested in the operational review as part of the larger set of updates stemming from the supply chain

guideline amendments. Management anticipates that these changes will be made later in the current fiscal school year.

6. School Operations and Facilities Management

#1 Multi-Year Maintenance and Renewal Plan

Operational Review Recommendation	Implementation Update
The critical maintenance and renewal plan developed by Facilities Management should be reviewed and approved by the Board of Trustees on an annual basis. This would provide the Board and its stakeholders with a clear forecast of the Board's critical needs over the next several years.	In Progress

#2 Energy Management Plan

Operational Review Recommendation	Implementation Update
Facilities Management should formalize and communicate a multi-year energy management plan, with quantifiable energy baselines and savings targets to be monitored annually. Any investment noted in the energy management plan should identify the appropriate basis for funding.	In Progress

#1 Multi-Year Maintenance and Renewal Plan

Management has developed a report, which will identify the funding sources of future capital construction projects generated from the school board's Area Review Accommodation process.

This report will supplement the school board's Capital plan, and provide a clear forecast of the school board's critical needs in terms of major maintenance and renewal projects over the next few years.

#2 Energy Management

Management is preparing an Energy Management Plan that will describe the school board's energy management activities. The report will include an update on the school board's recent energy management initiatives, including the installation of interval metering in electricity and gas at the school facility level, the monitoring and tracking capability at the project level.

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 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

Management indicated that the school board has already adopted many of these leading practices. For example, management is aware of the implications of Bill 177 and its impact on school board governance. Management has also established policies and procedures for all functions, including a process to ensure that these policies are up-to-date and relevant.

One area of focus is around succession planning for senior administrative staff. The school board does not currently have a formal staff succession plan. Management indicated that they would appreciate support from the sector to help them improve in this regard.

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

New Leading Practice	Adopted?
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

As mentioned earlier in the report, the school board has made progress in gradually introducing a formal attendance management program.

As originally reported in the operational review, the school board has appropriate systems in place to track an approved level of staffing by HR and Finance.

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.	Yes
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.

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
	None		

HR Management and School Staffing/Allocation

Ref.	Recommendation	Follow-up Yes/No	Criteria
1.	The HR department should establish a formal attendance management policy. Management should use the attendance data currently tracked by HR to develop measurable performance indicators and targets and support sustainable improvements in attendance.	Y	SAO
2.	The HR department should consider conducting periodic staff satisfaction surveys to better monitor the developmental needs of all staff groups.	N	
3.	A. The HR department should consider conducting confidential exit interviews with staff who leave the Board for reasons other than retirement. This will allow management to identify any emerging	N	

Ref.	Recommendation	Follow-up Yes/No	Criteria
	trends concerning staff, and enable the Board to develop appropriate strategies to address these issues.		

Financial Management

Ref.	Recommendation	Follow-up Yes/No	Criteria
4.	The business services department could improve the transparency of budget planning by preparing an overview of the energy management project. This would include an explanation of the upfront capital investments and their impact on the annual utilities budget.	N	
5.	Management should consider providing an expanded level of interim financial reporting, as in the format suggested in section 4.3 of this report. The enhancement would improve understanding of the year-to-date financial results.	Y	SAO
6.	Management and the Board should consider establishing an internal audit function. Management could start by identifying options for its mandate and scope, and the estimated annual cost for each option. Management's proactive assessment of need and cost would be a useful first step.	Y	SAO
7.	Finance staff should consider comparing the terms and conditions of the Board's banking relationships to those of other school boards, to benchmark the key financial terms received and ensure the best possible arrangements.	N	
8.	The Board's purchasing policy currently indicates that "tenders may be advertised regardless of dollar value". In view of the fact that the Board actually advertises all tenders for purchasing over \$50,000, the Board should consider revising the wording of the purchasing policy to better reflect current practice.	Y	AR3
9.	The Board should proceed with its plans for a return on investment analysis of an electronic payment system for the continuing education and facilities rental programs. In doing so, management should review the electronic solutions in place at several other school boards.	N	

School Operations and Facilities Management

Ref.	Recommendation	Follow-up Yes/No	Criteria
10.	The critical maintenance and renewal plan developed by Facilities Management should be reviewed and approved by the Board of Trustees on an annual basis. This would provide the Board and its stakeholders with a clear forecast of the Board's critical needs over the next several years.	Y	SAO
11.	Facilities Management should formalize and communicate a multi-year energy management plan, with quantifiable energy baselines and savings targets to be monitored annually. Any investment noted in the energy management plan should identify the appropriate basis for funding.	Y	SAO
12	The multi-year capital plan developed by Management should be reviewed and approved by the Board of Trustees. The Board's capital plan should include a system-level capital funding plan.	N	