



Financial Advisory

# Ministry of Education Effectiveness & Efficiency Review

Final Report

Ottawa Student Transportation Authority

February 2013

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The English version is the official version of this report. In the situation where there are differences between the English and French versions of this report, the English version prevails.

À noter que la version anglaise est la version officielle du présent rapport. En cas de divergences entre les versions anglaise et française du rapport, la version anglaise l'emporte.

# Executive Summary

## Introduction

This report details the findings and recommendations of an Effectiveness and Efficiency interim review (“E&E Review”) of the Ottawa Student Transportation Authority (hereafter “OSTA” or “the Consortium”) conducted by a review team selected by the Ministry of Education (hereafter the “Ministry”).

The first E&E Review report was issued in November 2010 (the original report) and this interim report is intended to document changes made by the Consortium to date. This report is designed to provide an overall assessment of the Consortium and outline the incremental findings and recommendations that were particularly noteworthy.

The E&E Review evaluates four areas of performance – Consortium Management, Policies and Practices, Routing and Technology use and Contracting practices – to identify whether the Consortium has implemented any best practices and recommendations from the original report; and to provide incremental recommendations on opportunities for improvement. The evaluation of each area was then utilized to determine an overall rating for the Consortium that will be used by the Ministry to determine any in-year funding adjustments that are to be provided.

## Original review summary

The original review of Consortium Management found that the Consortium was established as a separate legal entity and had set up a governance structure to ensure the accountability, transparency and responsiveness of the governance body to stakeholder needs. While the Consortium had taken a number of significant positive steps, improvements were necessary in various areas under Consortium Management. In particular, the Consortium was to ensure a clear separation of oversight and operational responsibilities and appropriate delegation of authority to empower the Consortium with the authority to facilitate, manage and communicate to employees the changes necessary to transition the Consortium to the level expected of a highly effective and efficient body. Given the size of OSTA and the type of transformation and development that OSTA faced, it was of prime importance for OSTA to have a complete and strong management team. The filling of the Assistant General Manager’s position was highly recommended.

The review of the Consortium’s Policies and Practices found that while the Consortium had made progress on developing policy and practice documentation, much of this was only recently adopted and actual operating practices were not in full compliance.

Effectiveness and efficiency could have been improved by providing Consortium staff with a more clearly defined operational framework, which required thoroughly documented and clearly articulated standards of service. Implementing a robust framework could have facilitated the consistent application of policies, reduced exceptions, and improved the coordination and standardization of operational practices.

The review of the Consortium's Routing and Technology found that there were many positive elements to the Consortium's transportation network and the routing and technology backbone from which it was managed, including the quality of the digital map in the routing software and the competence of the users.

The system was effective, and capacity and asset utilization levels were appropriate. However, improvements could have been made through reorganization of the special needs routing function and approach, judicious bell time realignments, re-evaluation of the policy justification for courtesy riders, and pursuit of further run and route integration between the Member Boards.

The Consortium's Contracting practices had some positive elements, such as standardized contracts. However, changes were required and the primary areas for improvement include the modification of its contracts to incorporate relevant clauses and complete driver safety training, the implementation of competitive procurement processes for Operator services, and the implementation of a comprehensive, documented, governance-approved process for ensuring Operator compliance and on-the-road safety and service monitoring.

As a result of the review of the performance, the Consortium had been rated Moderate-Low.

### **E&E Interim Review summary**

The interim review has found that the Consortium has undergone some significant changes since the original E&E Review including but not limited to:

- A new General Manager and Assistant General Manager are in place;
- OSTA undertook a detailed Governance Review to identify issues and recommendations with respect to governance and the role of the Board of Directors;
- OSTA significantly updated its standard Operators' Contract to cover all key areas such as the treatment of confidential information, driver first-aid and EpiPen training requirements, dispute resolution, routing allocation and discretion of the Consortium in routing allocation etc.;

- OSTA has shifted its accounting services and budgeting services in-house through the addition of a new resource;
- The coding structure has been refined and supports improved analysis and reporting;
- OSTA combined the separate Member Board Policies and procedures into a single set of Consortium policies ; and
- OSTA undertook a major initiative in its review of hazard areas for all schools and their attendance areas.

The Consortium has implemented many recommendations made in the original report. The Interim Review has found the Consortium to have made a number of improvements since the original E&E review and is poised to achieve success with continued efforts.

### **Funding Adjustment**

As a result of this review of current performance, the Consortium has been rated **Moderate**. Based on this evaluation, the Ministry will provide additional transportation funding to narrow the 2012-2013 transportation funding gap for the Ottawa-Carleton District School Board as determined by the formula in Table 1. The detailed estimated calculations of disbursements are outlined in section six of this report and summarized below.

Ottawa-Carleton District School Board: \$2,991,128

Ottawa Catholic School Board: nil

(Numbers will be finalized once regulatory approval has been obtained.)

# 1 Introduction

## 1.1 Background

### 1.1.1 Transportation Reform

The Ontario Ministry of Education has introduced significant education reforms over the past six years. One of the focuses of their reforms is in support of school Board management processes and systematic review of school Board business operations. Student transportation was the first “line of business” to undergo such a reform since 2006-07.

### 1.1.2 Interim Review

The Ministry has established a multi-phase approach to review the performance of consortia (collectively the “E&E Reviews”) across the province. OSTA was reviewed originally in Phase 4 of the E&E Reviews completed in November 2010.

To encourage continuous improvement, the Ministry has decided to provide follow up reviews. The follow-up review is triggered at the request of the Consortium when they feel they had made significant progress since the original review. This review is an interim review which is a special request by the Consortium approved by the Ministry. The purpose of the interim E&E Review remains the same as a follow-up review which is to assess the extent of the Consortium’s progress and review evidentiary working papers to support that progress. The report therefore focuses on the incremental changes from the original E&E Review conducted in 2010.

From 2006-07 to the end of 2011-12 school year, the Ministry has provided a total of \$32M in additional funding to the reviewed Boards.

## 1.2 Scope of Deloitte Engagement

Deloitte was engaged to lead the E&E Review Team and serve as the management consultants on the E&E Review Team. Deloitte’s overall role is as follows:

- Lead the planning and execution of E&E follow-up reviews for each of the transportation consortia to be reviewed in Phases five, six and seven (currently in phase five);
- At the beginning of each review, convene and moderate E&E Review Team planning meetings to determine data required and availability prior to the review;

- Review Consortium arrangement, governance structures and contracting procedures;
- Incorporate the results of the routing and technology and policies and practices reviews completed by MPS into the final report; and
- Prepare report for each Consortium that has been subject to an E&E follow-up Review in Phases five, six and seven. The target audience for the report will be the Ministry, the Consortium, and its Member Boards. Once finalized, each report will be released to the Consortium and its Member Boards.

## **1.3 Methodology and team used to complete E&E Reviews**

### **1.3.1 Team & Methodology**

The composition of the team and the methodology used for this interim review are the same as in the initial 2010 E&E Review. Please refer to the first report for a detailed description of the team and methodology. The same Evaluation Framework and Assessment Guide were also applied in the interim review to ensure consistency in evaluation. For each of the four sections examined in terms of Effectiveness and Efficiency, the existing operations have been analysed based on observations from fact (including interviews) in order to document progress incremental to the 2010 E&E Review. Observations which have been assessed as best practice are documented as accomplishments of the Consortium.

Areas for additional improvement have also been noted. In situations where there has been no incremental progress related to the recommendations from the 2010 E&E Review, those topics remain unaddressed in this report i.e., we have not reported on items that have remained at the same level of effectiveness and efficiency as the original report. The related recommendations from the 2010 report continue to be valid. Incremental accomplishments or areas for improvement are used to revise, as appropriate, the E&E assessment for each of the four sections. The criteria of an effective and efficient Consortium are summarized in the following:

#### **Consortium management**

- Distinct entity focused on providing student transportation services for member boards
- Well defined governance and organizational structure with clear roles and responsibilities

- Oversight body exists with the mandate to provide strategic directions to Consortium management on the provision of safe, effective and efficient transportation service to support student learning
- Management has communicated clear goals and objectives of the Consortium and these are reflected in the operational plan
- The Consortium takes a comprehensive approach to managing human resources
- Well established accountability framework reflected in the set up and operation of the Consortium including documentation of terms in a Consortium Agreement
- Operations are regularly monitored and performance continually improved
- Financial processes ensure accountability and transparency to member boards
- A budgeting process is in place ensuring timely preparation and monitoring of expenses
- All of the Consortium's key business relationships are defined and documented in contracts
- Governance committee focuses only on high level decisions
- Organizational structure is efficient and utilizes staff appropriately
- Streamlined financial and business processes
- Cost sharing mechanism is well defined and implemented
- The Consortium has appropriate, documented procedures and confidentiality agreements in place governing the use of student data and ensuring compliance with *Freedom of Information and Privacy* legislation

### **Policy and Practices**

- Safety programs are established for all students using age appropriate training tools
- Development of policies is based on well-defined parameters dictated by the strategic goals of the governance structure and Consortium Management operating plans
- A mechanism is defined to allow for regular review and consideration of policy and practice changes to address environmental changes
- Established procedures allow for regular feedback on the impact that current and proposed policy and procedural changes would have on costs, safety and service levels
- Regular monitoring and evaluation of policy expectations is conducted to ensure their continued relevancy and service impacts
- Enforcement procedures are well defined and regularly executed with timely follow-up

- Harmonized transportation policies incorporate safety, operational and cost considerations
- Position-appropriate delegation of decisions to ensure the efficiency of decision making
- Operational alternatives to traditional practices are considered and implemented where reasonable and appropriate
- Service levels are well defined, considerate of local conditions, and understood by all participating stakeholders
- Policy and practice modifications for students with special needs are considered in terms of both the exceptionality and its service and cost impacts

### **Routing and Technology**

- Transportation management software has been implemented and integrated into the operational environment
- Key underlying data sets (e.g., student and map data) are regularly updated:
- Responsibility and accountability for the updates is clearly defined and performance is regularly reviewed
- Coding structures are established to facilitate scenario modeling and operational analysis of designated subgroups of students, runs, schools, etc.
- Procedures are in place to use software functionality to regularly evaluate operational performance and model alternatives to traditional practices
- Disaster recovery plans and back up procedures are established, performed regularly, and tested
- Operational performance is regularly monitored through KPI and reporting tools are used to distribute results to appropriate parties
- Technology tools are used to reduce or eliminate manual production and distribution activities where possible in order to increase productivity
- Training programs are established in order to increase proficiency with existing tools
- Route planning activities utilize system functionality within the defined plan established by Consortium management

### **Contracts**

- Contracts exist for all service providers, including taxi, boat and/or municipal transit services and parent drivers
- Contracts are structured to ensure accountability and transparency between contracted parties

- All operator contracts are complete with respect to recommended clauses
- Compensation formulae are clear
- Operator contracts are in place prior to the start of the school year
- Procurement processes are conducted in line with the Consortium’s procurement policies and procurement calendar
- The Consortium has laid the groundwork for, or is actively using, competitive procurement processes
- Proactive efforts are made to ensure operator contract compliance and legal compliance
- The Consortium collects and verifies information required from operators in contracts
- The Consortium actively monitors and follows up on operator on-the- road performance using random, documented route audits or their equivalent
- The Consortium avoids using School Board owned vehicles

### 1.3.2 Funding adjustment

The Ministry will use the results of the E&E Reviews and Interim Reviews to inform any future funding adjustments. Only School Boards that have undergone E&E Reviews are eligible for a funding adjustment. Table 1 below illustrates how the Overall Rating will affect a Board’s transportation expenditure-allocation gap.

**Table 1: Funding Adjustment Formula**

Overall Rating	Effect on deficit Boards <sup>1</sup>	Effect on surplus Boards <sup>1</sup>
High	Reduce the gap by 100% (i.e. eliminate the gap)	No in-year funding impact; out-year changes are to be determined
Moderate-High	Reduce the gap by 90%	Same as above
Moderate	Reduce the gap by 60%	Same as above

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<sup>1</sup> This refers to Board 1s that have a deficit/surplus on student transportation (see Section 6 – Funding Adjustments)

<b>Overall Rating</b>	<b>Effect on deficit Boards<sup>1</sup></b>	<b>Effect on surplus Boards<sup>1</sup></b>
Moderate-Low	Reduce the gap by 0%	Same as above
Low	Reduce the gap by 0%	Same as above

The Ministry has announced, through memorandum 2009:B2 dated March 27, 2009, that effective from the 2009-2010 school year, in addition to the funding adjustments made based on the overall E&E rating, for any Consortium not achieving a high rating in Routing and Technology, a negative adjustment of one percent to a Board's transportation allocation will be made to recognize potential efficiencies through ongoing routing optimization and technology use. To acknowledge sites whose systems are already operating in an efficient manner, the adjustment will only apply to School Boards that have not achieved a "high" rating in Routing and Technology from the Effectiveness and Efficiency reviews. School Boards that achieve a "high" rating in the Routing and Technology area in future reviews will be exempt from the reduction in the subsequent year.

### **1.3.3 Purpose of report**

This Report serves as the deliverable for the E&E Review conducted on the Consortium by the E&E Review Team during the week of December 11, 2012.

### **1.3.4 Material relied upon**

Refer to Appendix 3 for a list of documents that the E&E Review Team relied upon for their review. These documents were used in conjunction with interviews with key Consortium staff, outside stakeholders, and key policy makers to arrive at the assessment and rating of the Consortium.

### **1.3.5 Limitations on the use of this report**

The purpose of this Report is to document the results of the E&E Review of the Consortium. The E&E Review is not of the nature or scope so as to constitute an audit made in accordance with generally accepted auditing standards. Therefore, as part of this E&E Review, Deloitte has not expressed an opinion on any financial statements, elements, or accounts to be referred to when reporting any findings to the Ministry. Additionally, procedures used by the E&E Review Team are not intended to disclose defalcations, system deficiencies, or other irregularities.

## 2 Consortium Management

### 2.1 Introduction

Consortium Management encompasses the management of the entire organization providing student transportation services. The analysis stems from a review of the four key components of Consortium Management:

- Governance;
- Organizational Structure;
- Consortium Management; and
- Financial Management.

Each component has been analyzed based on information provided by the Consortium and from information collected during interviews. The analysis included an assessment of areas requiring improvement that were informed by a set of known best practices identified during previous E&E Reviews. These results are then used to develop an E&E assessment for each component. The E&E assessment of Consortium Management for the Consortium is as follows:

Consortium Management – Original E&E Rating: Moderate-Low

Consortium Management – New E&E rating: Moderate

### 2.2 Governance

Governance refers to the way in which an organization is directed and controlled. Establishing administrative structures and processes that facilitate, monitor, measure and improve effective business management are primary responsibilities of a governance structure. Three key principles for an effective governance structure are: accountability, transparency, and the recognition of stakeholders. In order to respect these three principles, it is important that the governance body of the organization be independent of the team responsible for the day-to-day operations of the organization.

#### 2.2.1 Original recommendations

##### **Delegation of authority**

An effective governance structure calls for a clear delegation of operational authority to Consortium Management. This is harder to achieve when there is a governance level position that is required to be involved in operational duties (e.g., the President serving

as the Consortium's Chief Administrative Officer and being responsible to the Board for the coordination of the Consortium's affairs, or the Consortium's policy on signing authority requiring the signature of at least one Director for any binding agreement, regardless of monetary value). It is therefore recommended that the Board of Directors and Consortium work to ensure that operational duties are clearly delegated to the Consortium so that the Board of Directors can focus on its oversight responsibilities. Additionally, a clear delegation of appropriate authority to the Consortium will ensure it has sufficient leeway and scope to be able to effectively execute its responsibilities.

### **Election of Trustees to the Board of Directors**

Four of the Members on OSTA's Board of Directors are Trustees that are elected to the Board on an annual basis. Annual changes to the Board, and potentially an annual change to half the Membership each year, can and will cause significant challenges for the Consortium in gaining and maintaining momentum for progress as the Consortium continues to evolve. We encourage the Consortium to consider measures such as extending the minimum period a Trustee can serve on the Board or developing a detailed training program for new Board Members to help ensure progress is not stalled with every membership change. The frequent potential changes to the Board Membership also make it imperative that all policies, procedures, decision making, contracting and reporting for the Consortium is formally documented and appropriately approved to ensure continuity in practice and clarity of communication.

### **2.2.2 Incremental progress**

#### **Governance Structure**

The Consortium Governance structure is similar to that which was in place during the original E&E Review. Annual General Meetings were held on December 19, 2011 and December 12, 2012. The Board of Directors continues to meet monthly in order to expedite decision-making on numerous governance issues.

#### **Delegation of authority**

The previous role of Chief Administrative Officer, which was held by the President of the Board of Directors, has been reallocated to the General Manager.

Each Member School Board has two Trustee representatives on OSTA's Board of Directors and two Senior Staff representatives for a total of eight Directors. The OSTA Board of Directors makes recommendations to OSTA staff as to consultation requirements prior to making certain decisions. In some cases, the OSTA Directors may

request that their school Board staff bring forward agenda items relating to OSTA activities for discussion at their Trustee meetings. School Board staff and the OSTA GM take the appropriate steps to undertake the required consultation. Even though a greater degree of delegation has been granted to OSTA, it has been noted that the required consultation process at the member School Boards has sometimes resulted in slow decision making at OSTA. It appears that there is a need of increased delegation to OSTA to reduce the need for consultation at Member School Boards to enable a prompt decision making process. Generally, after appropriate consultation has occurred, OSTA Directors make the decision and policies are subsequently aligned at the Member Boards but the process is not timely and does not allow OSTA to function as an independent transportation organization.

### **Election of Trustees to the Board of Directors**

The term Trustees will serve on the Consortium Board of Directors has been increased from one to two years. Half of Trustees change every alternate year on completion of a two year term. The Administrative Directors continue to serve on the Board for an indefinite term as appointed by Member School Boards.

Each Member School Board's policies have been changed, through a motion by their Board of Trustees, to reflect the new terms for the trustee representatives on OSTA's Board of Directors.

### **Governance review**

OSTA undertook a detailed governance review and produced a Governance Review Report in July 2012. The report highlighted the following key issues:

- Poor communication between OSTA and its shareholders.
- No policy to govern how transportation policies may be created or amended either at OSTA or in conjunction with Member Boards.
- No mechanism for reporting operational results to shareholders i.e. strategic plans and updates, financial updates, KPI's and other measurements.
- Lack of controls on expenditures.
- In camera agenda items that should have been on the regular public agenda.
- Inconsistent consultation and communication with clients and stakeholders.
- No political will to transfer authority to another organization.

A number of key recommendations were made and have been implemented since the production of the Governance Review Report, leading to increased trust between the three organizations. Actions taken include:

- Establishing and implementing an interim process for expedited alignment of policies at each Member Board using existing school Board processes and governing bodies.
  - Policy alignment with OCSB has been completed and OSTA’s policies are deemed as the governing documents for OCSB’s transportation. Policy alignment and cross- referencing is about 90% complete for OCDSB and work continues.
- Revising Member Board policies governing future policy development for transportation services that gives the OSTA Board the appropriate delegated authority to approve new, and to amend, current transportation policies for both Member Boards.
- Developing and implementing reporting mechanisms that inform Member Board Trustees of OSTA activities on a regular basis.
  - New Strategic Plan 2011-2014 has been distributed to all Trustees and key senior staff.
  - Policy on KPI’s and Operator Contract Compliance and Performance Measures has been shared with all Trustees and a reporting “dash board” draft is in development.
  - OSTA/transportation update is a standing item on monthly Trustee meetings.
  - OSTA GM/CAO prepares monthly report describing key operational activities which are distributed at School Board Trustees’ meetings.
- Creating a new consultation policy and policy development policy for a consistent approach to policy and decision making at OSTA.
  - Policy management and consultation policies are now in place at OSTA and have been shared with all Trustees.
- Developing a succession plan to ensure continuity of Board leadership where each Member Board’s representatives are on the Board for two consecutive years and the Trustee representatives are staggered such that there is always one Trustee with at least one year experience on the Board in any given year.
  - Both school Boards now appoint two Trustees in alternating years for a term of two years, instead of one.
  - Board orientation binder including by-laws, policies, Board minutes, org chart, strategic plan and key contact information was distributed to new Members at the December 12, 2012 Annual General Meeting.

The Consortium is continuing its efforts to achieve further improvements in defining its roles and responsibilities and earning the trust of the Governance Committee and Member School Boards.

The Governance Review conducted by the Consortium resulted in a detailed report which outlined the issues and recommendations regarding the roles and responsibilities of those charged with governance. The self-recognition of issues; taking action to identify recommendations to address those issues, and the subsequent implementation of those recommendations are behaviours the E&E team considers fundamental to achieving continuous improvement and success. The Consortium is commended for taking action to tackle some very challenging issues.

### **2.2.3 Recommendations**

With less than six months since the Governance Review report was issued, the Consortium has made progress in developing the relationship between OSTA and its Member Boards and Board of Directors. We encourage all stakeholders to continue to build trust as this is the foundation on which all future success will be built. The Consortium is encouraged to keep striving for separation of governance from operations, to refine communication/reporting/consultation processes to achieve maximum efficiency and to establish the policies and practices that will allow for OSTA to function as an independent student transportation organization.

## **2.3 Organizational structure**

An optimized organizational structure can promote effective communication and coordination which will enable operations to run more efficiently. The roles and responsibilities within the organization should be well defined. This will lead to operational efficiencies by ensuring tasks are not being duplicated and issues raised can be addressed effectively by Consortium management. Ideally, the organization is divided functionally (by department and/or area); all core business functions are identified; and there is an appropriate allocation of general management and operational responsibility.

### **2.3.1 Original recommendations**

The Consortium did not have any recommendations in this area in the original E&E Review completed in November 2010.

### **2.3.2 Incremental progress**

The Consortium's Organizational structure has changed through the addition of a new role – the Finance & Administration Coordinator. The new role was created to perform accounting and banking functions and support budgeting activities at the Consortium.

## **2.4 Consortium Management**

Consortium Management focuses on the operational aspects of the organization. This includes ensuring accountability of staff, focusing on continual improvement through operational planning, and risk management by having appropriate contracts and agreements in place to clearly define business relationships.

### **2.4.1 Original recommendations**

#### **Execute a formalized transportation service agreement**

The Operating Agreement is an agreement between Member Boards that establishes the Consortium; it is an over-arching agreement that specifies the terms and structure of the Boards' joint venture. Distinct from the Operating Agreement is the transportation service agreement, which articulates the service relationship between the Member Boards and the Consortium as a separate legal entity. In order to make the above distinction clearer, it is recommended that the Consortium develop and execute a joint transportation service agreement with the Member Boards. The transportation service agreement should include clauses that specify the scope of services to be provided, fees, insurance/liabilities, quality of service, dispute resolution and other terms that the Member Boards deem to be appropriate. The Consortium should also develop and execute a separate transportation service agreement with the OCDSB, with respect to transporting students enrolled in Provincial Schools.

#### **Purchase of service agreements / support services**

There are three recommendations with respect to purchase of service agreements. First, we encourage the Consortium to execute the contracts that are currently in draft. The Consortium should also make every effort to ensure that contracts with service providers are signed prior to the start of the service period.

Second, there is no contract between the Consortium and the OCSB for the banking services that OCSB provides to the Consortium. It is recommended that for any service the Consortium procures, an agreement or contract is signed by both parties to document their mutual obligations, even if the arrangement is temporary in nature. In this case, a signed contract or agreement protects the Consortium's rights to ensure that it receives the contracted level of services it would otherwise receive from a third party service provider.

Third, some of the Consortium's existing arrangements with its Member Boards do not outline a fee structure that will be paid by the Consortium to the relevant Member Board

for services provided. Given that the provision of these services are a real cost to the Member Boards, and given the lack of clarity with respect to the accounting of these administrative costs in the transportation budget, it is recommended that these agreements be modified to include a mechanism by which the Member Boards are compensated by the Consortium for costs incurred in providing these services. This will add clarity to the Consortium's accounting for transportation costs.

### **Harmonize and comply with procurement and signing authority policies**

The Consortium's procurement policy delineates who can sign off on certain purchases; this guideline is inconsistent with the Consortium's policy on signing authority. It is recommended that the Consortium review its procurement policy, its Operating Agreement and its policy on signing authority and harmonize these policies; consideration should be given to requiring signatures from Officers (i.e. Members of the Governance Committee) only if the procurement is binding upon the Consortium and is above a predetermined threshold.

After harmonizing its procurement policy and its policy on signing authority, it is recommended that the Consortium make all efforts necessary to ensure that it is in compliance with its own procurement policy(ies). Existing contracts should also be reviewed to ensure they have been appropriately executed to ensure their enforceability.

The Consortium should also review its policies for appropriateness in transportation procurement decisions, internal controls and work processes. Particular attention should be paid to the purchasing thresholds associated with initiating a competitive procurement process.

Implement a documented, formal staff performance evaluation, monitoring and training process

It is recommended that the Consortium develop, document and implement a process for staff evaluation so as to ensure an alignment between staff performance and the Consortium's goals and objectives.

Effective staff evaluation processes establish clear performance evaluation criteria for each position, are conducted regularly, and are fully documented. When implemented effectively, performance evaluations can be a powerful tool to guide and encourage employees to keep the goals and objectives of the overall Consortium in mind during day to day operations.

Building on the above, the Consortium should also develop, document and implement clear staff training / learning initiatives and formal plans to promote continuous learning amongst all employees. Effective staff training initiatives will help to develop skills and will ensure that staff is able to fully utilize available technological aids. Training provided, including cross-training, should continue to be documented and tracked over time, as the Consortium currently does.

### **Adequate resources**

The Consortium's Assistant General Manager is on indefinite leave; the Consortium should consider filling the Assistant General Manager's position temporarily. This position could be filled either by existing staff (and then hiring someone to fill the vacated position temporarily), or through a contract hire. A second, cross-trained staff Member will also help to ensure continuity of service and operations in the event that the General Manager or Assistant General Manager leaves or falls sick. Adequate staffing is essential to providing safe, efficient and effective transportation. Additionally, filling the Assistant General Manager's position will allow the General Manager to focus his efforts on the strategic Management of the Consortium and on only those transportation matters that cannot be addressed by other staff.

### **Develop succession planning document**

It is acknowledged that Consortium staff has experience and is able to keep the Consortium running should a key staff Member depart or be absent from the Consortium. However, it is recommended that the Consortium develop a formal succession plan to ensure the continued smooth operation of the Consortium should the General Manager or any staff Member leave or be absent from the Consortium.

### **Medium term and long term planning**

The Consortium has done a commendable job in developing its short term goals; the work plan for the short-term goals highlights the specific tasks required to be implemented, with associated timelines, and the delegation of responsibility for these tasks. It is recommended that the Consortium use a similar approach to develop a process through which it can define its medium and long term goals and priorities. The goals and the process used to develop these goals should be specific, clear, documented, and governance approved. Developing such as document will help to inspire a culture of continuous and proactive self-improvement within the Consortium.

### **Implement a regular, documented KPI monitoring process**

We recommend that the Consortium continue developing its balanced scorecard which should include a variety of KPIs that can be used to track the Consortium's operational performance over time. The list of KPIs to be monitored should be kept to a manageable number and should be regularly tracked to facilitate long-term trend analysis. Further details are presented in the Routing and Technology section.

The process to be used to gather and analyze these KPIs should also be documented in a governance approved KPI monitoring plan. This KPI monitoring plan should define the frequency with which the KPIs will be analyzed and the quantitative thresholds for changes in KPIs above which further action will be taken and reported to the Consortium's governance structures.

### **Develop policies related to the treatment of confidential information**

While the Consortium has documented procedures and confidentiality agreements in place governing the use of student data and ensuring compliance with applicable legislation, it should develop an appropriate, documented policy to govern the use of confidential information which addresses all issues related to the collection, storage, use, access, distribution and destruction of information. The policy should also require the Consortium's governance structures and Member Boards to review and reflect on freedom of information and privacy legislation requirements on a regular basis. The Consortium should also work with its Member Boards to ensure that appropriate consent is obtained for the use of student information in transportation planning and service delivery.

### **Develop a strategy for declining enrolment**

School enrolment across Ontario has been in steady decline over the last decade. Given that the Consortium currently serves some rural areas, and given the Ministry's recent notice that transportation funding is to be reduced in line with declining enrolment, it is recommended that the Consortium incorporate a strategy for the Management of transportation costs into its long term planning process. In particular, this strategy should focus on the financial impact declining enrolment is expected to have on the Consortium and should present appropriate mitigation strategies. Developing such a plan or strategy will provide the Consortium with a framework that will help it address funding issues and will also signal a proactive approach to dealing with issues before they arise – a key element of effective long-term Consortium Management.

## **2.4.2 Incremental progress**

### **Transportation service agreement**

The OSTA and Member School Boards have an operating agreement and cost-sharing agreement which outline fee structures and apportionment formulas. The By-laws contain a clause for dispute resolution. There is currently no formalized transportation service agreement between OSTA and Member School Boards. The expected agreement would contain clauses specifying the scope of services to be provided, fees, insurance/liabilities, quality of service, dispute resolution and other terms that the Member Boards deem to be appropriate.

### **Purchase of service agreements / support services**

The Consortium has executed a purchase of service agreement with OCSB, primarily for IT services and with OCDSB for IT and Health/Dental Benefits. The contracts were executed prior to the start of the service period. The contract requires that OCSB prepare a budget for approval by OSTA before work commences. The contract with OCDSB includes payment terms.

The Consortium has terminated its banking and accounting services with OCSB and performs these functions in-house and has competitively selected an external auditor to perform audit of its financial statements. There is a banking agreement with a large national bank.

Service, license and support agreements were executed with EDULOG and TRACS in September and March 2012 respectively. There are service and support services agreements with third-party services providers for accounting software, HR support, payroll services, and audit services. OSTA also operates on leased property from OCDSB and fees and stipulations are described in a signed property lease.

### **Procurement and signing authority policies**

The Consortium has developed a Procurement of Goods & Services policy which was approved by the Board in October 2012. The policy states the approval authority and procurement value thresholds that are devised in line with the Broader Public Sector Procurement Directive<sup>2</sup>.

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<sup>2</sup> Broader Public Sector Procurement Directive, Management Board of Cabinet, Effective July 01, 2011

A policy 'Levels of Authorization required for the Expenditure of Operating Funds' was revised by the Board in October 2012. The two policies have same approval authority and thresholds. The policy on signing officers states that the President and Vice-President, Treasurer, Secretary and General Manager are the signing authorities for OSTA.

Most sample invoices reviewed indicate the 'Levels of Authorization required for the Expenditure of Operating Funds' policy has been appropriately implemented. A sample invoice reviewed, and further discussion with the Consortium revealed that in some cases, the review of the invoice is combined with the signing of the payment cheque i.e. the invoice is deemed to have been reviewed because the cheque was signed.

### **Staff performance evaluation, monitoring and training process**

The Consortium has implemented a formal staff performance evaluation process. The annual process involves a documented performance appraisal report which is prepared along with in-person performance evaluation meetings. The General Manager, staff supervisor and staff member attend staff evaluation meetings. The performance evaluation report is signed by the staff and the evaluators. The Consortium has completed one round of performance evaluations since the process was implemented.

Informal feedback is provided on a regular basis by the General Manager, as and when required, to improve or compliment performance. The Board of Directors evaluates the performance of the General Manager and provides feedback on an annual basis.

The Consortium tracks the training sessions planned for and attended by all staff. The General Manager indicated that Consortium staff is cross-trained to provide resource substitution when required. Staff also have the opportunity to attend training in support of their professional development goals.

### **Adequate Resources**

The vacant position of Assistant General Manager noted during the original E&E review has been filled. The General Manager stated that all the staff has been cross-trained to fill-in during a short term leave. The Assistant General Manager is able to ensure the functioning of the Consortium operations should the General Manager be absent. Transport Coordinators, even though presently working under a zone based structure, can replace each other to fill in short term staffing gaps. The receptionist has been trained to perform as a Transportation Assistant, if needed. The General Manager indicated that the Consortium is well resourced and able to manage short term fluctuations in its staffing needs.

## Succession Planning

OSTA has developed a succession planning document on which it tracks the dates of eligible retirement, interest of the staff to pursue a position and identifies staff currently cross trained for positions. The General Manager stated that the staff positions are unionized and are subject to competition internally and externally when a vacancy arises.

## Strategic Plan

The Consortium has developed a Strategic planning policy and devised a Strategic Plan for the period of 2011-2014. The document encompasses short, medium and long term objectives. The objectives noted in the plan are:

- Maximize efficiency and effectiveness in all key areas: Consortium Management, Policies & Practices, Routing and Technology, and Contracts;
- Establish and maintain a culture of continuous improvement by setting performance standards, measuring results of activities and taking appropriate corrective action;
- Ensure value for money is prevalent in all financial decisions and activities;
- Ensure that all relationships between OSTA and its stakeholders are based on appropriate communication, accountability and transparency, leading to increased trust;
- Proactively integrate safety measures in all activities of the OSTA; and
- Provide a superior customer service experience to key stakeholders at every opportunity.

Each objective is broken down into a set of goals/activities which are denoted with a responsible person for each goal, status of completion and a detailed timeline.

## Key Performance Indicators (KPIs)

OSTA has developed a policy on Key Performance Indicators based on Strategic Objectives which contains the following KPIs:

**Table 2: KPIs tracked by the Consortium and frequency of reporting as stated in the policy**

Key Performance Indicator	Prepared by Staff
Operator Performance Measurement - Aggregate results of each	Annual

Key Performance Indicator	Prepared by Staff
bus Operator's facility audit, bus and route audits and school site audits on percentage basis, a minimum of 85% will mean satisfactory performance level.	
Service Delivery – Ratio of bus delays (attributable to Operator's control) to daily operating routes shall not exceed 0.4% annually.	Monthly & Year over Year basis
Customer Complaints- Ratio of complaints to number of student transported not to exceed 0.3% annually.	Monthly & Year over Year basis
Cost Control- Cost per student calculated for Yellow bus and daily special vehicle transportation separately.	Annual & Year over Year basis
Efficiency and Effectiveness of Routing- bus capacity utilization, goal of at least 90% load factor of eligible students.	Annual & Year over Year basis
Safety- Ratio of accidents to the total number of daily routes not to exceed .03% on an annual basis.	Annual & Year over Year basis

The KPI policy was approved by the Board in Oct 2012. According to the policy, OSTA will report the performance measures to the Board in a period not exceeding six months. The General Manager indicated that the tracking of KPIs has recently started therefore long-term trend information for the KPIs is not available. KPI's showing trends for the past year and a half were presented to the OSTA Board and Staff in October 2012.

### Confidential information

OSTA has developed a 'Freedom of information and protection of privacy' policy which was approved by the Board in November 2012. The policy outlines the stakeholders covered, their roles and responsibilities for compliance with the policy, governing principles and definition of personal information covered by the policy.

The Consortium has confidentiality agreements in place with staff and Operators. Operators are contractually required to have confidentiality agreements with their drivers. A confidentiality agreement exists between OSTA, OCSB and OCDSB. The Consortium has a draft policy on the use of confidential information which addresses all

issues related to the collection, storage, use, access, distribution and destruction of information.

The Board student registration form contains relevant clauses which provide the Member School Boards with consent from parents to use student data in the provision of educational services and deal with matters of health and safety, discipline and transportation.

No confidentiality clauses were noted in the EDULOG and TRACS service, license and support agreements.

### **Cost management strategies**

The Consortium has included, in its strategic plan, the goals of re-evaluating cost-sharing formula and developing a mechanism to limit excessive approvals of additional transportation by the schools.

The Consortium is currently undertaking a system-wide Hazard Zone review which is a multi-faceted initiative to identify and classify school walking hazard zones. The objective of the review is to identify where walking hazards would warrant busing of students and to highlight preferred walk routes to schools within walk distance boundaries. A parallel initiative called Student Active Transportation Support Network is currently being pursued in collaboration with Member School Boards and school communities, City of Ottawa Public Works and Transportation Planning, Ottawa Public Health, Ottawa Police Service and others to create a wider strategy which encompasses many modes of traveling to school such as group walking and cycling. These initiatives are further described in Policies and Practices section 3.2.2.1.

Member School Boards' student registration forms include a section which allows parents to decline student transportation. OSTA has also developed a form which parents may use at any time after registration to decline transportation for any given year.

OSTA policies have been amended to ensure that Superintendents at Member School Boards are fully aware of additional costs for ad hoc transportation of students throughout the year for short-term medical support. The GM has final approval on all additional requests for transportation that result in impacts to the budget. The GM is working with Superintendents to develop a response protocol to facilitate decision-making and communication with parents.

OSTA and Member School Board staff are also conducting joint planning meetings to discuss transportation impacts of programming with regards to Special Education.

Route/run optimization occurs throughout the year, particularly with daily transportation for students in special education programs or having special transportation needs.

### **Financial planning for changes in enrolment**

Combined, the member boards of OSTA have experienced increasing enrolment. OSTA conservatively estimate that this trend will continue in the near future. In light of this trend, the Consortium did not undertake any planning for declining enrolment as recommended in the original E&E review.

### **2.4.3 Accomplishments**

It is recognized that the Consortium now demonstrates the following best practices in addition to the best practices outlined in the original report:

#### **Purchase of service agreement/Support Services**

There are purchase of services agreements in place between the Consortium and all of its service providers that outlines the scope of the services to be provided and the manner in which the suppliers are to be compensated for these services. Clear contracts ensure required services are satisfactorily provided to the Consortium and decrease the chances of misunderstanding.

#### **Staff Performance Evaluation, Training, and Management**

The Consortium has conducted Staff performance evaluations with a clear, easily understood framework that is specific to the Consortium and its needs. Likewise staff training is provided on a regular basis and is tracked internally; training goals are aligned with overall Consortium strategy and objectives which is important to ensure alignment between efforts and goals.

#### **Long Term and Short Term Planning**

The Consortium has developed a strategic plan covering long and short term planning. It outlines the strategic initiatives of the Consortium for a three-year period, and is regularly reported to the Consortium's stakeholders. This drives continuous improvement within Consortium operations and gives staff a broader view of the organization's contributions to stakeholders. It also contributes to a corporate culture of continuous self-assessment and improvement. The Consortium's planning process allows it to remain focused on goal-oriented initiatives aimed at improving service levels, operational procedures and accountability frameworks. Notwithstanding the best practice, of the 67 or so initiatives outlined in the strategic plan, in approximately 50% of

the initiatives, the General Manager is identified as the lead resource and in an additional 12% approximately as having co-responsibility. We understand that in the early stages of Consortium development there are many activities that require the involvement and direction of the General Manager, and that ultimately the General Manger has oversight and approval on all initiatives. The Consortium is nevertheless encouraged to look at their leverage model and determine if there are potential efficiencies to be gained by reallocating lead responsibility on some of the initiatives.

### **Cost Management Strategies**

The Consortium has developed a form and process that allows parents to opt out of student transportation for their children. This initiative helps the Consortium to plan transportation services only for students who intend to use the services versus for all those that are eligible.

#### **2.4.4 Recommendations**

##### **Transportation service agreement**

The original recommendation in this regard continues to apply as transportation service agreements have not been developed as recommended in the original E&E review in November 2010.

##### **Confidential agreements with third-party service providers**

The Consortium has executed confidentiality agreements with Operators, Staff and Member School Boards. We encourage the Consortium to ensure there are confidentiality agreements in place with all appropriate third-party service providers which handle confidential information during their period of services.

##### **Finalize policy on confidential information storage/usage etc.**

The Consortium has performed a commendable task in developing policies and processes for treating confidential information. The Consortium should finalize and obtain the Board's approval for the draft policy on the use of confidential information which addresses all issues related to the collection, storage, use, access, distribution and destruction of information.

##### **Succession Planning**

The Consortium has developed a limited succession planning document. Consortium management has a good grasp of the succession planning process however the

documentation does not fully support the process. A good succession plan should clearly describe the roles and responsibility for each position at the Consortium, key skills required for the position and training available to acquire the required skills. It also provides a snapshot of the progress of the prospective employees currently being trained for the position in addition to the current documentation identifying the position and employees interested in the position. It is recommended that the Consortium review and enhance its succession plan. Succession planning and cross-training provides staff additional opportunities for growth and development, and prepares them for an acting or full-time transition into a new role with greater responsibility should the case arise. A policy around succession planning should be in place to guide the development of the initial succession plan and the continuous updating thereof.

### **Monitoring of Key Performance Indicators (KPIs)**

We appreciate the Consortium's intention to keep the number of KPIs they track at a minimum, however, the KPIs tracked and formally reported should be adequate enough to provide a sufficient picture of Operators' performance as well as the Consortium performance over a comparison period. The KPIs selected by the Consortium sufficiently address the tracking and reporting of Operator's performance. The Consortium should also consider additional KPIs to monitor and report the Consortium's performance. The KPIs tracked and monitored by the Consortium should allow the Consortium to report on:

- The quality and equity of service to each Member Board. For example what are the actual walk to stop distances for each Board, what are ride times for each Board, etc.
- Costs per student by Board, by program and by eligibility code. For example, the Consortium should be able to report on the costs per transported student for each Board, for special education, for hazard, courtesy, transit etc.
- Its own performance. On an annual and long term basis, how will the Consortium know if it is doing a better job this year versus last year?

An enhanced set of KPI's will give stakeholders better insight into Consortium operations thus further building trust between stakeholders and will also help the Consortium to identify specific areas of concern as they arise that can then be addressed.

We acknowledge that the KPI policy was only approved by the Board in Oct 2012 (shortly before the review) and the Consortium has reported initial KPI measures to the Board of Directors. There has not been sufficient time to demonstrate implementation of the policy. The Consortium should continue to develop its KPI database to analyze

trends over an extended period and, as time evolves, should continue to look at the measures being tracked to ensure they are allowing for the Consortium to measure its own performance (not just that of its operators) and are meeting the information requirements of stakeholders.

### **Make all efforts necessary to comply with signing authority policies**

The Consortium has developed well documented procurement policies which provide adequate guidance on planning, procuring and approval processes. The Consortium has established clear levels of approval and signing authority. It is recommended that the Consortium ensure that each invoice is reviewed and approved (with such things as dates and signatures on all invoices) prior to a cheque being issued and that the cheque signing process be separate from the invoice approval process, even when the two processes are undertaken by the same person. This will help to ensure the appropriate sequence of events (i.e. invoice approved for payment before a cheque is issued), that the implementation of the policies matches the intent of the policies and ensure that the processes established will continue to reflect best practice should the people currently undertaking the processes change.

### **Financial planning/forecasting**

While the Consortium has not experienced declining enrolment, it is nevertheless recommended that the Consortium incorporate a process and strategy to forecast changes in the enrolment/ programming/ accommodations etc. and develop adequate capabilities to assess the related financial impact on its operations. This strategy should allow the Consortium to configure a sound financial plan/ forecast and assist the Consortium to manage the associated changes in funding availability. Understanding the future of operational requirements will allow the Consortium to proactively implement changes to address the requirements.

## **2.5 Financial Management**

Sound financial management ensures the optimal use of public funds and also ensures the integrity and accuracy of financial information. This includes appropriate internal controls and a robust budgeting process that has a clearly defined planning and review calendar that promotes accountability and sound decision making.

Financial management policies capture roles and responsibilities, authorization levels, and reporting requirements to ensure that a proper internal financial control system is in place for the Consortium. These policies should also clearly define the financial

processes of the Consortium in a way that ensures appropriate oversight without impinging on efficiency.

### **2.5.1 Original recommendations**

#### **Documentation**

It is recommended that all of the accounting and internal control policies and procedures currently being used by the Consortium be formalized and documented as currently only some of these policies and procedures have been formally documented. The documentation of its accounting and internal control policies and procedures is critical as this will help ensure that appropriate checks and balances and segregation of duties are in place.

#### **Segregation of duties**

The General Manager is responsible for reviewing and approving invoices, and then conducts the reconciliation and tracks the Consortium's expenditures. This lack of segregation of duties represents a potential control weakness. It is recommended that no one individual be responsible for the whole accounts payable cycle.

### **2.5.2 Incremental progress**

#### **Budgeting**

OSTA's budgeting process has evolved since the last E&E review. The Finance & Administration Coordinator and the General Manager develop a preliminary budget based on year-to-date actual figures and projected future adjustments, and presents it to the Chief Financial Officers (CFOs) of both Member School Boards for review and input. The member board CFOs are also Directors on OSTA's governance Board. The draft budget is then presented to the OSTA Board of Directors by March 31. The preliminary budget is reviewed for completeness and reasonableness, and a revised budget is presented to the Board of Directors by April 30. This budget presentation also includes a summary of major initiatives. The Consortium conducts variance analyses via budget-to-actual reconciliations on a quarterly basis and detailed variance analyses via budget-to-actual reconciliations on an annual budget. The Consortium prepares a detailed variance report which is presented to the Board of Directors.

The schedule for financial reporting is as follows:

<b>Report</b>	<b>Date</b>
Year to date Financial Report as of December 31 (variance analysis)	February
Proposed revision to Member Board Schedule of Payments based on December 31 student/Operator data	February
Draft Budget to Board for Discussion (includes discussion on variances to date of current year)	March
Budget approval (including operating advance approval)	April
Year to Date Financial Report as of April 30 (variance analysis)	May
Draft year-End Financial Statement (includes compilation of annual variances)	October
Audited Year-end Financial Statement	November

In addition, the Consortium completes the Ministry's Annual Report, which includes explanations for year over year variances.

### **Accounting practices and Management**

Since the last E&E review, the Consortium has transitioned all accounting and banking functions from OCSB to in-house by creating a new role of Finance and Administration Coordinator. The Consortium has documented, governance approved policies with respect to budgeting, financial reporting, signing authorities, the expenditure of operating funds (i.e. procurement), and petty cash.

With respect to invoices, the Consortium's process is summarized below:

- Invoices are received by the Consortium;
- Staff responsible for the procurement review invoices for accuracy and remits to next level of required authorization (i.e. TC's to AGM);
- AGM reviews invoices (if applicable) and remits to Finance and Admin Coordinator;

- The Finance & Administration Coordinator reviews the invoices, codes them and sends them to General Manager for approval. Cheque requisition form may be attached, or GM may sign invoices directly (if required);
- Upon GM approval, cheques for the invoices are prepared by the Finance and Administration Coordinator who affixes the President's electronic signature. Cheques are then sent to the General Manager. Cheque logs are prepared and are reviewed by the President occasionally. The GM signs every cheque; and
- Reconciliations are conducted on a regular basis by the Finance and Admin Coordinator, who tracks the Consortium's expenditures. Reconciliations and financial reports are reviewed by the GM.

### **Data-handling**

The Finance and Administration Coordinator handles a large volume of data such as invoices, purchase orders and operating figures. Data handling is largely manual in nature using large spreadsheets and requires a tremendous amount of effort to sort and filter information for reconciliations and variance analysis. This often limits the possible analysis on specifics around the causes of variances. The General Manager indicated that the Consortium has requested funding in its 2012-2013 budget to acquire the required software capability for data Management of billing information.

### **2.5.3 Accomplishments**

It is recognized that the Consortium now demonstrates the following best practices in addition to the best practices outlined in the original report.

#### **Internal controls**

OSTA have established policies and internal controls for the accounting of OSTA revenues and expenses. The accounting function is performed at the Consortium level through the addition of a new resource for the role. The payment process involves a segregation of duties in the review and approval of the invoices as well as cheque preparation and signing. This helps to protect the Consortium against error or fraud.

### **2.5.4 Recommendation**

#### **Data handling capability**

We acknowledge that the Consortium has identified the need for advanced software capability to handle large volumes of data especially related to invoices and billing information. We recommend that the Consortium proceed with acquisition and

implementation of such software. Use of appropriate software will provide the Consortium with the flexibility to organize the data for a variety of uses including variance analysis and reconciliations. It will also assist in identifying trends and scenarios for cost management functions.

## **2.6 Results of the interim E&E Review**

This Consortium has been assessed as **Moderate**. The Consortium's own review of governance practices, less than six months ago, identified systemic concerns in the governance operations reflective of those identified in the original E&E Review. While the Consortium has taken significant strides in the right direction, there is still a tremendous amount of work required to establish trust between the School Boards, OSTA Board of Directors and the Consortium which will in turn, allow for the effective delegation of authority. In addition, the Consortium is encouraged to execute transportation service agreements and develop a succession plan, appropriately detailed KPIs, a rolling financial forecast and automated data handling capacity. The Consortium has undergone extensive changes in management, governance and operations and many improvements have been made. The Consortium has demonstrated improved governance, risk management, planning, HR and financial management practices and has laid a foundation for its Consortium management practices that with the passage of time and continued efforts, will undoubtedly be able to demonstrate the effective implementation of its ongoing efforts, policies and plans.

## 3 Policies and Practices

### 3.1 Introduction

Policies and practices examined and evaluated the established policies, operational procedures, and documented daily practices that in combination establish the standards of student transportation services. The analysis for this area focused on the following three key areas:

- General Transportation Policies & Practices;
- Special Needs Policy Development; and
- Safety and Training Programs.

A review of provided documents, the analysis of extracted data, and onsite interviews with key staff members provided the basis for the observations, findings, and recommendations documented in this section of the report. Best practices, as established by the E&E process and the original recommendations provided the source of comparison for each of these key areas. The results were used to develop an E&E assessment for each of the key components and to determine the overall effectiveness of the Consortium's Policies and Practices as shown below:

Policies & Practices – Original E&E Rating: Moderate-Low

Policies & Practices – New E&E Rating: Moderate-High

### 3.2 Transportation Policies & Practices

The development of clear, concise, and enforceable policies, practices, and procedures are essential elements of an effective and efficient transportation system. Well defined and enforced policies establish the level of services that are to be provided while practices and procedures determine *how* services will be delivered within the constraints of each policy. The harmonization of policies and consistent application of all policies, procedures, and practices ensures that service will be delivered safely and equitably to each of the Member Boards.

This section evaluated the established policies and practices and their impact on the effective and efficient operation of the Consortium.

### **3.2.1 Original recommendations**

#### **Policy alignment**

The analysis and discussion above indicate the complexities and generally sub-par compliance associated with the current poorly aligned transportation policies. The Consortium and its Member Boards should actively and progressively pursue a goal of actual policy harmonization that will facilitate rational and consistent operational practices for transportation throughout the service area, and that will promote more effective and efficient delivery of transportation services. Implementation of this recommendation should focus on eliminating the barriers to effectiveness and efficiency that currently exist in those policies that are inconsistent with actual practice and with each other. Key policies that should be addressed include the following:

- Eligibility and allowable walking distances – It will become increasingly difficult for OSTA staff to develop a fully integrated and coordinated transportation system when large differences exist in the base eligibility criteria. This will become increasingly apparent to users of the system and when bus stop locations are consolidated and more bus runs become shared with students from both Boards riding the same vehicles.
- Student ride times – Average student ride times are significantly below the standards currently documented in policy. This negates the negative impact on route planning of having disparate standards by panel and Board. But this will become of increasing concern as efficiency efforts continue. Working toward a goal of fully harmonizing ride time policies and standardizing these across the system will provide a more defensible and rational planning criteria. This, in turn, will help to facilitate a more structured and system-wide assessment of the opportunities that exist to improve efficiency, and will impose a reasonable constraint on the limits of the changes that can be incorporated before system effectiveness and service quality are adversely affected.

#### **Policy and practice enhancement and documentation**

In concert with a more aggressive approach to harmonization, the Consortium and its Member Boards should actively consider the addition of policy statements that would promote effectiveness and efficiency. Key policy and practice documentation that should be considered for incorporation include:

- Bell time management – The alignment of school bell times is a key factor that promotes transportation efficiency in any system. This is particularly true in a system centered upon a large urban area such as Ottawa. Changes to school

bell times are always disruptive and typically controversial. A clearly documented policy that establishes roles, responsibilities, processes, and levels of authority and responsibility for recommending and implementing bell time changes is critical policy tool for an effective and efficient transportation Consortium.

- Dispute resolution – Conflicts and disputes regarding eligibility and standards of service are inevitable in any large and complex transportation system. A clearly documented policy that establishes roles, responsibilities, processes, and specific approval and decision authority to adjudicate complaints and disputes is critical to avoid having system changes or day to day operational delays or disruptions.
- Route planning parameters and guidelines – Operational processes, procedures, parameters, and guidelines that clearly translate how policy objectives will be translated into operation are a necessity to ensure consistency in policy compliance across the entire Consortium organization. Best practices across the Province include the development of a comprehensive internal procedure manual covering all aspects of Consortium operations. A logical first step in this direction is to create route planning parameters and guidelines covering subjects such as when to utilize specific routing techniques, the technical aspects of proper bus stop placement, when and how to utilize system coding, and other similar elements.

In addition to, and as part of this effort to expand policy and practice documentation, all existing documentation should be thoroughly reviewed to eliminate duplication and inconsistencies. The goal for this part of the effort should be to promote greater clarity and utility. This is a necessary step as the Consortium continues to mature and implement effectiveness and efficiency changes throughout the system.

### **Enhancement to training practices**

The enhancements and changes to policy and practice documentation should be matched by a comprehensive effort to bring certain internal operating practices more in line with the expectations of the E&E Review process. A key building block in accomplishing this alignment is the development of a coordinated and intensive staff training program. There has been significant staff turnover, but many individuals currently part of the OSTA team began as employees of the Member Boards. Many of the operational practices and expectations for these staff carry over from this past experience. While technical expertise certainly exists among senior, and in some cases junior OSTA staff, a coordinated staff development and training program would serve as a conduit to bring all internal practices in line with OSTA expectations and those of the E&E Review process. Consistency and alignment of day to day operating practices is

an absolutely critical prerequisite for the successful implementation of other policy and practice changes, and for the continuous improvement cycle to take hold.

### **Evaluation of courtesy transportation policies**

Students not normally eligible for transportation represent nearly 10 percent of all transported students. The Consortium, in cooperation with its Member Boards should analyze the impact this is having on overall system effectiveness and efficiency. Removing these students from the base of transported students would have a deleterious effect on the analysis of system effectiveness described in the Routing and Technology section, which raises concerns regarding the underlying efficiency of the system. The large volume of students transported under the “empty seats” policy raises questions as to whether actual practice is to allow a margin for the inclusion of these students in route planning. The enabling policy should be evaluated to determine its ongoing efficacy and purpose.

### **3.2.2 Incremental progress**

#### **Policy alignment**

Policies and procedures for both of the Member Boards have been consolidated and combined into an assemblage of OSTA policies and procedures that fully determine how transportation is managed.

Interviews with all levels of staff indicate that enhancements in the documentation and the substantial harmonization of policies and procedures have resulted in a vast improvement in how the Consortium plans and manages transportation services. The following policy changes fully meet the expectations of the original recommendation:

- **Eligibility and allowable walking distances** – Eligibility distance boundaries for students outside of the Urban Transit Area have been harmonized with the following distances established as the default planning parameters for both Boards:
  - Kindergarten: 800m
  - Grades 1 to 8: 1.6km
  - Grades 9 to 12: 3.2km<sup>3</sup>

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<sup>3</sup> Yellow bus service is provided to OCDSB grades 9 to 12 students who live outside the Urban Transit Area. Transportation service to OCDSB students with the UTA continues to be available using public transportation

The harmonization of eligibility distances supports an effective routing network by reducing the variables that must be considered during the planning process. This is a key component as OSTA considers the additional efficiencies that may be possible through the coordination of bell times and the integration of bus runs and routes between the Member Boards. The harmonization of eligibility criteria also ensures that all students receive an equitable level of service regardless of the school they attend.

- **Student ride times** – It was noted during the original E&E process that although there were disparate ride time parameters between the Boards, student ride times were equalized through the planning process. While service levels were not impacted, it was recommended that a system-wide standard be established to support an effective planning process. Since the original E&E the planning goal for all students has also been harmonized at 45 minutes with the recognition that distance constraints for rural students or program location for special needs students may result in ride times greater than desired. The analysis of ride times indicates that this parameter has been implemented equitably with approximately 91 percent of all OCSB and 86 percent of OCDSB students with ride times under 45 minutes.

In addition to the work on combining the separate Member Board Policies and procedures in a single set of Consortium policies, OSTA undertook a major initiative in its review of hazard areas for all schools and their attendance areas. This review is comprehensive in nature including the following:

- Traffic Counts and collision data;
- Sight distance evaluations;
- The availability of crossing guards;
- Signalized and unprotected crossing evaluations; and
- Sidewalk and shoulder evaluations.

This evaluation will enable the Consortium to plan in a manner that is fair, equitable, and safe for all students. While this evaluation will most likely result in a measurable number of students no longer being eligible for transportation, OSTA is focusing a comprehensive effort on all students, including those that are within walking distance, through its School Active Transportation initiative. As a result of the hazard zone review, OSTA has taken the lead in a partnership with other community organizations including Ottawa Public Health, Green Communities Canada, the City of Ottawa, its Member Boards, and Ottawa Police Services in the creation of the School Active Transportation Support Network. The review of hazards for each of the school locations is being used as the basis for the development of safe walking routes (with corresponding maps) to

schools. The implementation of the program is scheduled to begin by the start of the 2014/15 school year. In addition to the substantial amount of work in the identification of the hazard areas, OSTA was instrumental in developing the overall guiding policy for the initiative and also serves as the main point of contact for communications regarding the program.

The harmonization of key planning parameters such as eligibility distance ensures that students from each of the Member Boards receive services that are fair and equitable. The establishment of OSTA policies and procedures as the single source for guidance reduces the variability of conditions that must be considered as routes are constructed promoting a more efficient routing process. These enhancements support an effective routing process and meet the intent of the original recommendations.

### **Policy and practice enhancement and documentation**

The consolidated OSTA policies now serve as the single source of guidance for Consortium staff as they execute their responsibilities and for stakeholders who have questions or need service related information. To support the staff in the execution of their responsibilities, an Operations Manual has been developed and is organized by functional area to assist in locating a specific policy or procedure.

Interviews indicate that planning staff are very aware of each of the policies and plan within the limits or conditions as specified. As OSTA continues to refine its policies and procedures, the inclusion of an Index in the Operations and Accessible Transportation Manuals would be helpful in assisting staff and stakeholders in locating the document directly pertaining to the question or issue. The response to the specific recommendations included:

- **Bell time management:** A comprehensive bell time management policy has been developed and is in the process of being formally adopted by each of the Board. The policy clearly establishes the necessity for the strategic management of bell times in support of effective and efficient service delivery. The policy also establishes morning and afternoon start and ending time parameters, the process for stakeholder involvement, and for meeting the specific program or MOE educational instructional day requirements. The supporting procedure is detailed regarding communication and outreach requirements and timelines. For a change in bell times of less than 10 minutes, OTSA will have full authority to make the changes without either consultation or Member Board approval providing the school community is notified within the set timeline. When approved, this policy will provide OTSA with the ability to manage and set bell times that support highly effective routing solutions. OSTA is planning to

undertake a system-wide bell time study early in 2013 following approval of this policy by the Member Boards.

- **Dispute resolution:** A well-defined “Complaints and Appeals” policy and procedure has been developed for the tracking and resolution of service related issues. In addition to using the process for resolving issues, complaints are tracked by operator as a factor for measuring overall performance and contract compliance. Interviews with the Transportation Assistants (TAs) and the Transportation Coordinators indicate a thorough understanding of the process and that it is uniformly applied across the system. The TAs are normally the first step in the process and will attempt to resolve the issues at their level whenever possible. Basic questions or minor issues that can be resolved may or may not be documented depending on the severity of the issue and how it is presented to the staff Member. For more critical issues such as unsafe driver actions, general safety issues, recurring complaints, or a challenge to current policies the complaint is fully documented on a standardized form. In the event that a complainant does not agree with the resolution or decision, the responsible OSTA staff Member is again the first step in the process and attempts to resolve the issue within the policies of OSTA. If the issue is not resolved at this step, the complainant is asked to reduce the complaint to writing using an OSTA appeal form that is readily available on its website. The General Manager (GM) is responsible for hearing the complaint and providing a written decision. As an indication in the level of trust that has been developed between the Member Boards and OSTA, the decision of the GM is considered final. While interviews with OSTA staff indicate that internal timelines are followed and that communication is a key factor in the success of the process, the policy does not establish timelines for either the filing of the complaint or for each step of the response. OSTA has investigated the use of software for its complaint and service issue tracking and will be implementing a system in 2013. This will be discussed further in the Routing and Technology section of the report.
- **Route planning parameters and guidelines:** Route planning parameters and guidelines have been established by the array of policies and procedures that are contained in the operations manual. This includes the establishment of eligibility requirements, ride time guidelines, arrival and departure windows, bus loading or weighting factors, stop location, and limitations on the number of transfers allowed. The policies and procedures are supported by detailed process flow diagrams and a documented month by month planning process.

The refinement and documentation of guiding policies and operational practices and in particular the pending changes in the bell time management process further supports an effective routing process and meets the intent of the original recommendations.

### **Enhancement to training practices**

OSTA has developed a training process for new employees that includes: targeted training on *Edulog* and *TRACS*, a review of OSTA policies and procedures, a shadowing of current staff within their assigned area for two weeks, and ongoing support and webinars as skills progress in the use of the routing software. Training is supported by regular staff meetings where specific work processes are discussed and all level of staff can suggest training topics. Additionally, a goal setting process within the evaluation process allows both staff and management to identify areas where additional training is necessary or desired for both new and senior employees. Interviews with all levels of staff indicate a satisfaction with the process and the training and support provided by OSTA management and technical staff.

While the process meets the intent of the original recommendation, the documentation of its training practices would help to ensure that OSTA's effective training program continues in the event of a turnover of key management personal.

### **Evaluation of courtesy transportation policies**

Since the original E&E, a single OSTA policy now guides the consideration and granting of "empty seat" or courtesy transportation. Parents are required to submit an application to the principal who is then responsible for determining which students will be granted transportation. Principals are able to obtain this information via the *TRACS* information system after October 1 of each year. Prior to this date, no "empty seat" transportation is available as the runs are in the process of being balanced to ensure that all eligible students are assigned and that there is available space on the bus. Key conditions for approval includes the parent's understanding (verified in writing) that transportation may be withdrawn at any time to accommodate eligible students, operational requirements, budget constraints, and that permission is granted only for the current school year. It is also understood that "empty seat" transportation will not be granted on small buses as these runs can change on a daily basis.

The analysis of data indicates that approximately 4,130 students or 7.5 percent of the 55,163 students receiving transportation are receiving "empty seat" transportation. While this is overall an improvement from the almost 10 percent observed during the original E&E, looking at the number of approvals by Board is illustrative. Of the approximately 33,000 transported OCDSB students, 2,904 or 8.8 percent of the

students receive “empty seat” transportation. This compares to approximately 1,230 or 5.5 percent of the OCSB students.

Another key planning requirement is that only current valid stop locations are to be utilized for empty seat students and that stops will not be added. The analysis of data under this criteria found that out of the approximately 6,150 OCSB stops reviewed, 120 or almost 2.0 percent of the stops are for students approved as “empty seat” eligible with no other eligible riders assigned to the stop. A similar analysis of the OCDSB stops found that out of 10,399 stops reviewed that 82 or under 1.0 percent of the stops are for students approved as “empty seat” eligible. In either case, these results indicate that the conditions established by policy are not fully enforced resulting in the potential for cost and service impacts.

Given the number of students receiving “empty seat” transportation and the number of “empty seat” stops, the Consortium should continue to evaluate and monitor this service offering. The concern remains that any type of “temporary” eligibility can and often becomes a de facto right to transportation placing both cost and service burdens on a system. The enforcement of the policy is necessary to fully meet the expectations of the recommendation.

### **3.2.3 Accomplishments**

It is recognized that the Consortium now demonstrates the following best practices in addition to the best practices outlined in the original report:

#### **Hazard zone review**

The thoroughness of the review is exceptional considering in detail all factors that may present an unsafe walking environment. The process was designed to ensure consistency in how conditions were evaluated across the service area and between Boards. This process ensures all students receive fair, equitable and safe service. The process for the evaluation of hazard areas is a model for other Consortia to follow and represents a new best practice.

#### **Safe walking routes**

The Consortium’s leadership with the School Active Transportation Support Network helps to ensure that although a student is ineligible for transportation that the Consortium and its Member Boards along with community organizations remain dedicated to supporting the safety of all of the students. This is an excellent example of where a Consortium can have a positive influence in the greater community not only in

the direct transportation of students but in the safety of all students as they walk or travel to school using all modes of access. This is also a new best practice and an excellent example for other Consortia to follow.

### **3.2.4 Opportunities for improvement**

#### **Continue to monitor the empty seat process**

While the enhancement of the policy provides the foundation to ensure that current “empty seat” students do not influence the annual planning process and the overall impact to the system it does not appear to be fully enforced. The Consortium should continue to monitor this service offering to ensure that approvals do not become a cost burden or an impact to service effectiveness and that the parameters set by policy are followed and fully enforced.

#### **Bell time management**

The pending approval of the bell time management policy and the implementation of strategic bell time initiatives will support the Consortium in its goal of providing services that are both effective and efficient. This will be discussed in additional detail in the Routing and Technology section.

### **3.3 Special needs transportation**

Planning transportation for special needs students can present additional challenges and must consider a multitude of factors including the unique physical and corresponding equipment needs of the students such as wheelchair lifts, special restraints, and harnesses. Additional factors include providing support for students with emotional needs or medically fragile students who require assistance or medical intervention. Training specific to serving these students and their unique needs is paramount to support a transportation plan for each student that is effective, efficient, and safe.

#### **3.3.1 Original recommendations**

##### **Enhance special needs policy documentation**

Clear and complete procedural documentation related to the proper documentation of special equipment and behavioral needs for each student, route planning, and record keeping is a key to ensure success in this highly specialized and high need aspect of transportation operations. The Consortium should strongly consider enhancing special

needs related policy and procedural documentation to address these areas as part of the broader review and enhancement recommendation introduced above.

### **Establish a stand-alone special needs planning function**

The requirements and specialization associated with the special needs student population requires constant attention and focused expertise. Best practices in the Province call for the planning function to be a centralized task assigned to a particular team who can develop the required skills and relationships with special education personnel at the Member Boards and bus operators. The current dispersion of responsibility among the four Coordinators and a bus operator, coupled with the absence of clear procedural documentation, presents a potential safety concern and should be addressed in the near term.

#### **3.3.2 Incremental progress**

##### **Special needs policy documentation**

Accessible transportation is determined and managed under OSTA policies and procedures specific to the transportation of students with special needs and in conjunction with general policies. The Accessible Transportation Policy and Procedure now describes key aspects of the service including: the approval process for both long and short term service; that students will be integrated on regular runs when possible; and that an individual travel plan will be developed for each student. This process is designed to ensure compliance with the Accessibility for Ontarians with Disabilities Act (AODA) which becomes effective January, 2014. To further support compliance and to ensure that all stakeholders understand the service parameters and the specific requirements for special needs students, the Consortium has developed a comprehensive listing that describes how transportation is to be provided. This includes students with walkers, wheelchairs, medical conditions, and students with autism or other developmental conditions. The refinement of special needs policies and the creation of the Accessible Transportation Manual ensures that needs of this group of students are fully understood and that services are delivered within each student's unique physical and educational requirements.

##### **The establishment of a special needs planning function**

In lieu of the creation of a stand-alone special needs planning function, planning for special needs students is now a collaborative effort between the Routing Coordinators under the guidance of the Assistant General Manager. The planning process has been enhanced by each of the zone coordinators having access to the entire OSTA map, an

improved coding structure, and the removal of an operator from the planning process. This allows for each of the Coordinators to view special needs routes and runs across the system to identify where services may be combined between zones. This process also helps to identify where there may be opportunities for the integration of special needs students on regular education buses. Effective planning is further enhanced by the involvement of the special needs coordinators or supervisors for each of the Boards.

The original recommendation suggested that a stand-alone planning function should be considered as the best opportunity for the effective and efficient management of special needs route planning and management. This recommendation was in part to ensure that the planning for this critical service element receives the focus and attention necessary to ensure that students with special needs receive the required services to fully support their educational needs and programs. To achieve this goal, OSTA has implemented a process under which all special needs planning activities are under the guidance and monitoring of the Assistant General Manager. This process meets the intent of the original recommendation by ensuring that special needs' planning is effective both within each zone and across the service area.

### **3.4 Safety policy**

The foremost goal of any transportation operation is to provide safe student transportation. This goal is supported by safety related policies, practices, and procedures that are comprehensive and enforced.

Equally important is that regular training is provided to drivers and attendants to ensure that onboard personnel have and maintain a high level of operational skill. The communication of responsibilities shared by students, parents, drivers, school staff, and the general community helps to promote a culture of safety across the community for all students.

#### **3.4.1 Original recommendation**

##### **Enhance route auditing procedures**

Overseeing transportation operations across the OSTA service area is a significant responsibility. Establishing a formal and structured approach to ensuring that the services being paid for are rendered as expected will be an important operational component of future Consortium operations. The auditing program should include administrative and operational components.

### 3.4.2 Incremental progress

#### Route auditing

The process for route and driver, school site, and facility audits is well documented and defined. Staff is required to audit at least 10 percent of an operator's routes per year. The frequency of Facility Audits, including driver compliance, is every three years while school sites (229 schools) are audited on an annual basis. Interviews with staff indicate an understanding of the importance of the audits and the relationship to operator performance evaluations and safety. Interviews also indicate that a strict compliance to the schedule has been established and that the process is monitored.

### 3.5 Results of the interim E&E Review

Policies and Practices for OSTA has been rated as **Moderate-High**. It is evident from the results of this interim follow-up review that OSTA carefully considered each of the Policy and Practice recommendations from the original E&E. The implementation of the bell time policy (when approved) along with the completed harmonization of critical planning parameters will support the Consortium in its efforts to be a highly effective and efficient organization. As many of the policies and practices are relatively new, a periodic review of how they are implemented and enforced should be considered. The *Empty Seat* policy provides a prime example of how the application of a policy must be monitored to ensure that is implemented as intended. The process for hazard identification and the School Active Transportation initiative are exceptional and provide excellent examples for other Consortia and Boards to follow.

## 4 Routing and Technology

### 4.1 Introduction

Routing and Technology encompasses the management, administration, and use of technology for the purpose of student transportation management. The following analysis stems from a review of the four key components of:

- Software and Technology Setup and Use;
- Digital Map and Student Database Management;
- System Reporting; and
- Regular and Special Needs Transportation Planning and Routing.

Each component has been analysed based on observations from fact, comparison to recommendations in the original E&E, and an assessment of best practices leading to a set of recommendations. These results are then used to develop an E&E assessment for each component, which is then summarized to determine an E&E assessment of Routing and Technical efficiency as shown below:

Routing & Technology – Original E&E Rating: Moderate

Routing & Technology – New E&E Rating: Moderate

### 4.2 Software and Technology Setup and Use

Large and complex transportation organizations require the use of a modern routing and student data management systems to support effective and efficient route planning. Effective route planning not only ensures that services are delivered within established parameters but also helps to predict and control operational costs. Modern software systems have the ability to integrate and synchronize with student accounting, communications, and productivity software. The integration of these software systems allow for more effective use of staff time and supports timely communications, data analysis and reporting.

Web-based communication tools in particular can provide stakeholders with real time and current information regarding their student's transportation including service or weather delays, the cancellation of transportation, or school closings. To derive the greatest benefit from these systems, it is imperative that the implementation includes an examination of the desired expectations and outputs of the system to support comprehensive analysis and reporting. This section evaluates the acquisition, setup, installation, and management of transportation related software.

## **4.2.1 Original Recommendations**

### **Issue Tracking**

A worthy addition to the set of technology tools currently in place would be a mechanism to capture, record, and track questions, concerns, and information requests received by the Consortium. This can be developed within TRACS or as a separate tool. The benefits to accrue from this would be to organize and ensure resolution of every request received via telephone, email, facsimile, or other means. Positive results were reported by staff for the most recent school start-up period, but the absence of a data system or a coordinated Consortium-wide approach to tracking requests prevents staff from building on their experience, improving processes and practices, or reporting this success in a meaningful way to the Board of Directors, Member Boards or other stakeholders.

### **System backup and data recovery**

The Consortium should develop a formal procedure and protocol to ensure that a data loss or disaster that prevents access to the Consortium offices does not result in a major disruption to operations. The current approach whereby full reliance is placed on the OCSB technology staff, while potentially adequate from a data backup perspective, fails to provide a clear procedure to be followed by staff in case of a major problem. The recommended procedure and protocol should establish clear step by step instructions to recover lost data and to establish operations quickly and effectively in offsite locations such that service interruptions are minimized.

### **Training and staff development**

The Consortium has experienced extensive staff turnover. Operational practices are still being enhanced and developed to optimize operations, and future routing effectiveness and efficiency initiatives are being contemplated. A comprehensive, ongoing staff development and training program would support these changes and enable ongoing, continuous improvement in Consortium operations. The program should include general sessions for all staff, and targeted instruction to meet the needs of specific individuals and position descriptions within the organization. It should include the establishment of specific knowledge and skill requirements for each position and individual, should include regularly scheduled development and training sessions, and should be tracked with documentation of schedules, agendas, and training completed.

## 4.2.2 Incremental Progress

### Issue tracking

As described in the Policy and Procedures section, a process for recording and tracking complaints and operational issues has been implemented. Information that is recorded includes service delays, safety issues, driver actions, dissatisfaction with OSTA staff, or a disagreement with policies and procedures. The collected information also includes the mandatory self-reporting of service delays, accidents, and incidents by the operators.

The Transportation Assistants and other staff members (depending on who initially receives the calls) document issues on a form that is later entered into a common *Excel* workbook. Each zone has a separate worksheet to facilitate the extraction of data by area. The GM is responsible for aggregating the data into reports and presentation charts and graphs for use as performance and contract management tools.

Per the original recommendation, the funding for the issue tracking module for the *TRACS* information system has been secured and will be implemented in 2013. The use of software will help to ensure that every request regardless of how it was received is recorded and that the resolution is tracked. This will reduce the burden on staff and support the ready analysis of data to better identify targeted areas for improvement.

Additionally, the Consortium will be conducting a full analysis of the OSTA “Customer Experience”. This process will examine all aspects of the system including the registration of students, student discipline, safety, and operator management and oversight. The purpose of this initiative is to determine what processes need to be modified, how the use of software or technology may improve the customer experience or how the Consortium is managed.

While the manual process for the issue tracking meets the basic expectation of the original recommendation, enhancing the process with the use of software will be beneficial. The use of software will further enhance the reporting process and will ensure that all issues are recorded and that the resolution process is both timely and consistent.

### Data recovery and system backup

Working in partnership with the Member Boards and an outside vendor, OSTA has established a process that ensures operational data is backed-up incrementally daily with a full back-up once per week. Data is backed-up and stored on two redundant servers located at both the OCSB and OCDSB. This includes all operational and

financial information. The Systems and the Finance Coordinators have duplicate systems on portable computers. Other key components of the disaster preparedness plan include:

- The identification of an alternative operations center;
- The development of emergency protocols; and
- Communications procedures.

The processes developed ensure that OSTA can continue providing operational oversight in the event of a disruption in services at its current location. The identification of alternative operational sites and redundant back-up processes meet the expectations of the E&E process and is a best practice. To further enhance the readiness of the Consortium to be fully operational in the event of a loss of its current site, a mock disaster exercise should be considered.

### **Training and staff development**

Optimization training for runs and routes has been provided by *Edulog* for the Transportation Coordinators. This training is to support the ongoing efforts of increased routing efficiencies and also in preparation for the major bell time study planned for early 2013. A process has been developed for the identification of training needs for each individual employee. Training is tracked using a form that records both the training that was required and when the training was provided. A process has also been implemented to evaluate the effectiveness of the training that was provided. These are excellent practices that ensure not only that employees receive training necessary for high performance but that the training programs and materials were useful and effective.

These processes also help to ensure that all staff have a comparable skill level and are able to fully execute the responsibilities of their position. This is especially important considering the interdependency in special needs planning and also as the Consortium undertakes a major bell time analysis. These changes and enhancements meet the expectations of the original recommendation.

### **4.3 Digital map and student database management**

For any electronic routing system to be fully effective, it must be supported not only by an accurate underlying map, but also by accurate student data. This aspect of the E&E Review was designed to evaluate the processes and procedures in place to update and maintain the map and the student data that forms the foundation of any student transportation routing system.

### 4.3.1 Original Recommendation

#### Enhance coding structure

The student, run, and route coding structure as currently designed meets the operational needs of the Consortium. Enhancements should be considered, however, to enhance the overall utility of the system for operations, analysis, performance measurement, and reporting. These should include:

- A rationalization of the codes to more clearly indicate the status of each student within the combination of system and user eligibility codes, and to eliminate the use of codes that describe only a very small subsets of students;
- Rigorous use of the special needs flag and customizable special needs codes to more accurately identify, and represent the particular requirements of each special needs student within the system; and
- Modified run coding to provide an indication of the nature of the bus run or route, such as whether the run services multiple schools, includes transfer students, or is shared between Boards.

### 4.3.2 Incremental Progress

#### Enhanced coding structure

Interviews with staff and a review of the current coding structure indicate that enhancements have been made that support improved analysis and reporting. As an example, Transportation Coordinators were previously able to use multiple and inconsistent codes for students with autism based on different abbreviations. While data was able to be extracted for analysis and reporting, careful attention was necessary to ensure that groups of students assigned to each unique code were aggregated into a single group. This process added an additional step in the analysis of data but was necessary to ensure an accurate understanding of the number of students being transported.

The coding structure has been refined where, to continue the example, a student is now assigned a system eligibility code of “0” to indicate transportation eligibility with an additional user defined code that indicates that the student is special needs, and finally a program code of either ASP (Autism Spectrum Disorder Program) or AUT (Autism Program). Additional medical or equipment needs can be further defined by the use of codes that become accessible once the Special Needs indicator is activated. This is a rational coding hierarchy that is readily understandable, adaptable, and appropriate for both operational and analytical purposes. The coding protocol is fully supported by

policy and the coding procedure is included in the Operations Manual to help ensure consistent application and understanding.

These enhancements meet the expectations of the original recommendation by promoting a consistency in the coding structure and the ready analysis of performance data.

## **4.4 System reporting**

A prime benefit of modern routing software is the enhanced ability to gather, collate and analyze large data sets. The results of these analyses facilitate the reporting and communication of a wide variety of operational and administrative performance indicators to all stakeholders. Actively using transportation data to identify trends that may negatively impact either costs or service and communicate both expectations and performance is a key component of a continuous improvement model. This section reviewed and evaluated how data is used to communicate performance and assess organizational competencies and in maximizing the use of data retained in the routing software and related systems.

### **4.4.1 Original Recommendation**

#### **Key performance indicators**

The Consortium should develop a regular performance measurement, tracking, and reporting program to support effectiveness and efficiency improvement efforts, and to communicate transportation system performance to stakeholders. Many excellent examples of similar programs exist throughout the Province that can be emulated and customized to the unique conditions in the OSTA service area. The program can begin on a small scale, with just a few key measures such as number of students transported, average capacity utilization on buses, and number of vehicles in use. Once experience has been gained with the data and analytical processes required to support the program, additional measures and reports can be added to improve the utility of the overall program. The program should focus on achieving a balance between the level of detail sought and the complexity and effort involved with the data extraction, calculation, and reporting. A key element regardless of the measures chosen and the periodicity of reporting is to be consistent in when and how the measures are calculated. A key benefit to a program of performance measurement is the analysis of trends over time, and this is only possible when there is consistency in the program and the measures tracked.

#### **4.4.2 Incremental Progress**

##### **Key performance indicators**

A policy has been approved that directs OSTA to establish KPI's to establish performance standards of efficiency and effectiveness. OSTA has established the following KPI's:

- **Operator Performance Measurement:** Includes the aggregation of the results of each operator's facility audit, route audits, and school audits requiring a minimum of 85% in order to achieve a satisfactory rating.
- **Service Delivery:** Includes the tracking of bus delays with consideration for events that are beyond an Operator's control such as weather related events.
- **Customer Complaints:** As discussed in the Policy and Practice Section 3.2.2.2 and Routing and Technology 4.2.2.1 a process for the tracking of complaints or concerns has been implemented.
- **Cost per student:** Annually and year over year cost per student is calculated for both yellow bus and special needs vehicles.
- **Bus Capacity Utilization** is calculated for yellow buses with the goal of achieving a 90% capacity utilization factor.
- **Safety:** As part of monitoring of operator performance and general safety awareness, all accidents or incidents are monitored for all students and staff involved in the provision of transportation.

Examples of the analyses that have been conducted over the last year were provided for this review. Over a period of time, the ongoing analysis of these performance measures and the establishment of other key performance indicators will provide the Consortium with the necessary data to effectively monitor and manage the performance of the Consortium and its operators. This is discussed in greater detail in the Consortium Management section.

#### **4.5 Regular and special needs transportation planning and routing**

Effective and efficient route planning is the key element of any high performing transportation operation. This portion of the review discusses the recommendations from the original E&E and the resulting incremental progress. Also discussed are the current findings regarding the overall effectiveness of the system.

#### **4.5.1 Original Recommendations**

##### **Special needs route efficiency analysis**

As recommended in the Policies and Practices section, the Consortium should develop a revised approach to special needs route planning that centralizes this important function with a single team of route planners, and that instills a more rigorous approach to data management and tracking. Concurrent with this should be a comprehensive evaluation of the special needs routing scheme. Marginally acceptable capacity utilization is achieved in the current system, but a large proportion of bus runs are completed using small vehicles and there appears to be an opportunity to improve efficiency further.

##### **Regular program of route efficiency reviews**

The Consortium should build upon the changes incorporated to date and the recommendations in the Policies and Practices section by establishing a regular program of route efficiency analysis and improvement. The current system provides a very high level of service quality at a reasonable level of efficiency, which provides an excellent base from which to evaluate future changes. The emphasis should be placed on achieving an acceptable balance between service quality and system efficiency as Member Board policies continue to evolve and become more harmonized. The goal should be to achieve a higher level of integration between the Member Boards by evaluating school bell times together with standards of service such as ride times and courtesy transportation. The Consortium should lay out a schedule whereby the entire system is scheduled for a comprehensive review and analysis over the next several years.

#### **4.5.2 Incremental Progress**

##### **Special needs routing analysis**

The OSTA Accessible Transportation Team is responsible for the monitoring of special needs transportation across the system. This includes the identification of opportunities for the optimization of routes and runs within each zone and across the system. While interviews with staff indicates that with the creation of the Accessible Transportation Team that special needs routing has become more efficient, a comprehensive routing analysis is pending the full review of bell times.

### **Regular program of route efficiency reviews**

Discussions with the Transportation Coordinators and the Assistant General Manager indicate that there is a regular emphasis placed on the monitoring of routes and runs. The Transportation Coordinators look for opportunities to increase bus capacity utilization and the combining of routes and runs both within each of the zones and across the service area. The Assistant General Manager maintains a direct involvement in the routing process to be both supportive and to maintain awareness of opportunities that may exist across the system.

### **4.5.3 Opportunities for improvement**

#### **Regular program of regular and special needs route efficiency reviews**

While both of the processes described above are necessary and beneficial, the absence of regular and comprehensive system wide and special needs efficiency analyses limits the Consortium's ability to fully benefit from the opportunities that may exist. Regular routing efficiency reviews should be developed and included both as a component for routine route and run maintenance but also as a major consideration during the annual planning process.

#### **Analysis of system effectiveness**

Major changes to the system may result from the full implementation of the bell time review, the coordination of the hazard area review and School Active Transportation initiative. But as indicated above, few substantive changes have been analyzed or considered for implementation since the original E&E. The following analysis does not restate the findings of the original E&E, but does provide an indication of any marginal changes to system effectiveness achieved since that time.

The analysis for this section begins with the understanding of average capacity utilization across the system. The results are based on recently extracted route, run, and student data<sup>4</sup> from the *EduLog* routing system. This first measure is a key indicator of system-wide effectiveness as it illustrates how well the available seating capacity is utilized on individual bus runs. The following table breaks down the results based on regular, special needs, midday, and program specific runs:

**Table 3: Average Capacity Utilization****Planned Capacity Utilization**

Run Type	Average Capacity Utilization	Count of Runs
Regular	68%	2,549
Special Needs	55%	1,895
Midday	51%	305
Midday Taxi	27%	18
Program Specific	66%	32
System Wide	61%	4,799

The calculations were based on the load counts for each run and the planned capacity of the vehicle. Planned capacity considers a “weighting” factor (e.g., seating secondary students two per seat reduces the legal capacity of a 72 passenger bus to 48 seats) on each bus run. While the system-wide percentage of capacity utilization has improved slightly from the results found during the original E&E, (61 percent compared to 58 percent) the results continue to be at the low end of the expected range. Given that a strategic change in bell times is pending the approval of the hazard review and the bell time management policy and that no major change in the alignment of bell times have occurred, these results are not unexpected.<sup>4</sup>

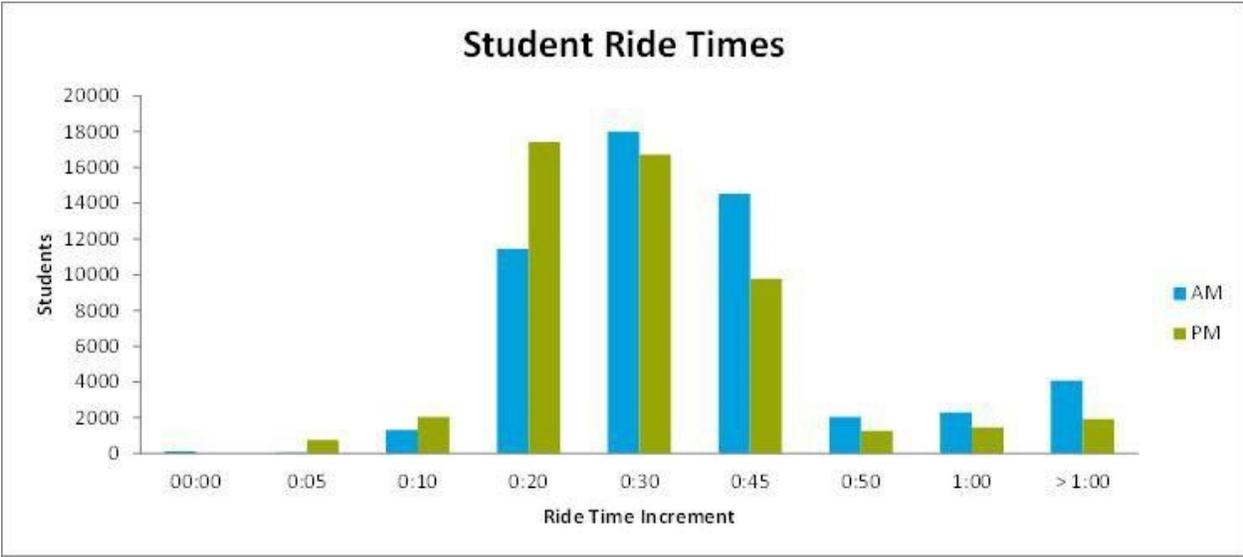
Student ride times represent another key factor in determining whether a system is effective and that desired level of services are being provided. As also observed during the original E& E, the level of service provided continues to be high and within the guidelines of the ride time policy. The current average student ride time is approximately 30 minutes compared to the planning goal of 45 minutes. This compares with the 17 minute average as previously noted in the original E&E. Approximately 85 percent of the

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<sup>4</sup> All data reported in this section of the report refers to data collected while the E&E team was on site. There may be inconsistencies with some previously reported Ministry data due to the different timing of the data collection.

morning rides and 91 percent of the afternoon rides are at 45 minutes or below. Almost 95 percent of all regular and special needs rides are at or below one hour in length. The morning and afternoon ride times are illustrated in the following chart:

**Figure 2: Student Ride Times**



Based on these results, there is an indication that route planning processes are attempting to better balance ride times to increase the number of students per vehicle as recommended during the original E&E. While this is a positive indication, there is also an indication that the full potential for increased efficiencies will not be realized absent the change in bell times.

Another key indication of efficiency is the how well the system is able to reuse each bus over the course of the service day. It was noted during the original E&E that the system was able to achieve a fairly high degree of run tiering with approximately 83 percent of regular education fleet being able to perform at least four daily (two in the morning, and two in the afternoon) runs per day and approximately 58 percent able to perform at least 6 runs per day.

Currently, the Consortium is not provided with the unique bus numbers servicing runs other than for the home to school routes. The absence of this data precludes a full understanding of the number of the home to school buses that are able to perform additional midday or shuttle runs. While it is likely that the current asset utilization is similar to the original E&E, the data to perform this analysis and to confirm this measure is not available.

#### 4.5.4 Opportunities for improvement

##### **Fleet and operational data**

To fully determine the performance level of a transportation system, data must be available to understand how well the fleet assets are able to be utilized. This includes a full understanding of run times, student ride times, number of students served, and the number of buses providing service. While the Consortium is able to, and currently measures, student rides time and capacity utilization, the way the operators are currently assigning buses to runs absent of bus number is limiting the accurate calculation of asset utilization. As the Consortium begins its process of bell time alignment in conjunction with its hazard zone review, it is important that operators be required to provide specific bus to run information. Not only is this an important consideration for the measurement of asset utilization but, in general, for the monitoring of operator compliance.

#### 4.6 Results of the interim E&E review

The Ottawa Student Transportation Authority has been rated as **Moderate** in Routing and Technology for the interim review. It is recognized that at this point in time that the Consortium has made a concerted effort to be well prepared for analyzing and undertaking major efficiency and effectiveness improvement initiatives, such as the prospective bell time and recently completed hazard zone reviews. The work that has been completed including staff training, issues tracking, and the improved coding structure positions the Consortium well in order to achieve a high level of success in the reorganization of its bell times.

Once the bell time review and the resulting changes to the routing scheme is implemented, the regular analysis of routing efficiencies and other key performance measures will ensure that that the Consortium achieves its goals of continual improvement and the recognition as a highly effective and efficient operation.

## 5 Contracts

### 5.1 Introduction

The Contracts section refers to the processes and practices by which the Consortium enters into and manages its transportation and other service contracts. The analysis stems from a review of the following three key components of Contracting Practices:

- Contract structure;
- Contract negotiations; and
- Contract management.

Each component has been analyzed based on observations from information provided by the Consortium, including information provided during interviews. The analysis included an assessment of areas requiring improvement that were informed by a set of known best practices identified during previous E&E Reviews. These results are then used to develop an E&E assessment for each component. The E&E assessment of contracting practices for the Consortium is as follows:

Contracts – Original E&E Rating: Moderate-Low

Contracts – New E&E Rating: Moderate

### 5.2 Contract Structure

An effective contract<sup>5</sup> establishes a clear point of reference that defines the roles, requirements, and expectations of each party involved and details the compensation for providing the designated service. Effective contracts also provide penalties for failure to meet established service parameters and may provide incentives for exceeding service requirements. Contract analysis includes a review of the clauses contained in the contract to ensure that the terms are clearly articulated, and a review of the fee structure is conducted to enable comparison of its components to best practice.

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<sup>5</sup>The word Contract in this context refers to detailed documents outlining the scope of services, rates and expected service levels. The phrase Purchase of Service agreement is used in this report to describe a less detailed document that only outlines the services to be provided and the rates at which they are to be provided.

## **5.2.1 Original recommendations**

### **First Aid safety training**

The Consortium currently requires drivers to have first-aid training within 60 days of the start of employment. It is recommended all drivers are qualified to manage emergency situations from the first day of employment. Additionally, while the Consortium requires that all drivers be trained to use an EpiPen prior to beginning a route that includes students with identified life-threatening allergies, it is highly recommended that all drivers be provided with EpiPen training to ensure all drivers are appropriately trained to deal with life threatening emergencies as it is not only students with identified allergies that can have a serious allergic reaction.

### **Contract validity extension period**

If the school year begins before a new contract is ratified, there is an informal understanding between the Consortium and the Operators that the prior year's contract will be temporarily extended until the new contract is ratified. If negotiations for the following year's contract are going to continue beyond the start of the following school year, this understanding should be formally documented by either including a provision in future contracts that automatically extend the contract validity period or in a signed letter of understanding between the Consortium and the Operators.

### **Dispute resolution**

A clause regarding dispute settlement should be included in future Operator contracts. This will ensure that there is a formal process whereby disputes can be settled without the need for a reduction in service levels or litigation. This process should be neutral and transparent.

### **Route allocations**

The Consortium should review the methodology used when assigning routes to specific Operators. It is recommended that the Consortium modify its route allocation methodology to ensure that route allocations take into consideration past Operator performance. A rotational or proportional system for assigning and deducting routes may not be providing the Consortium with the optimal equipment or service and does not reward those Operators that provide superior service or equipment to the Consortium.

## **Operator compensation**

It is recommended that the Consortium review its Operator compensation formula to ensure that only costs incurred by Operators in the event of inclement weather closures are compensated. The Consortium should also continue its review of the impact of the minimum kilometer payment.

## **Operator subcontracting**

The Consortium should consider the appropriateness of allowing its Operators to subcontract transportation services to taxis, given the high service and safety standards that Operators need to meet and the difficulties the Consortium may face in verifying that all subcontractors are in compliance with all contract requirements. If this practice continues, the Consortium will need to modify its monitoring procedures to ensure all vehicles used to transport students are in compliance with contract requirements, whether the vehicles are directly contracted or subcontracted.

## **Municipal transit cost-benefit analysis**

The Consortium should consider conducting more rigorous cost-benefit analyses when evaluating whether student transportation is best provided by municipal transit (i.e., analyzing students and routes in the context of optimizing the entire system instead of analyzing students and routes in isolation). This would ensure standardized and transparent analyses that would facilitate the Consortium receiving the best value for money and operational efficiency.

### **5.2.2 Incremental progress**

#### **Bus Operator contract clauses**

The Bus Operator's contract covers the period of September 2012 to June 2013 with extension clauses for two additional school years. The clause has been updated to allow OSTA to extend the contract at its own discretion by providing a written notice to exercise the option to the Operator not later than June 30 of the preceding year in which the option is to be exercised.

OSTA has significantly enhanced the existing contract to include most of the key clauses which relate to establishing roles and responsibilities, fee structures, vehicle and driver requirements, dispute resolution clauses, treatment of confidential information, and safety. The Consortium has added a clause related to OSTA's ability to modify and reorganize runs or routes with an Operator with 10 day notice.

The contract negotiation process remains unchanged as noted in the original E&E review. The route allocation to the Operators in a contract year continues to be based on historical routing. The General Manager indicated that there is no particular methodology for route allocation and there is a tendency to keep the Operators on the same routes which were served historically and geographically. Contract clause allows OSTA to pull routes from Operators who have consistently demonstrated poor performance and failed to take corrective action at OSTA's request. OSTA indicates that this did occur during the 2012-13 planning cycle. New routes may be assigned to Operators at the Transportation Coordinator's discretion based on geographical location and/or superior performance on other routes.

OSTA also indicated that cost impact calculations for route changes are a manual process. The total cost estimates for route changes are not readily available and involve the discrete process of manually applying cost figures to the route changes in a spreadsheet.

### **Bus Operator compensation**

The base structure for the Operator's compensation is unchanged from the original E&E review. It comprises of a total fixed base costs per vehicle plus a variable component based on kilometers. There is a minimum guaranteed amount for each vehicle class in the contract.

Compensation for cancellation due to inclement weather has changed in the current contract. On inclement weather days, Operators are paid 85% of the pro-rated daily contract rate if notified by OSTA before 6:00 AM on the cancellation day. The previous agreement allowed full payment for first five days and 75% of fixed rate thereafter.

The contract continues to provide a specific additional payment in the amount of \$600 for High Visibility buses assigned on morning and afternoon services on OCSB routes only for vehicles model year 2004 and earlier. It was noted during last E&E review and was expected to be phased out as Member Board's policies are harmonized.

The special vehicles (approx. 600 vehicles) to transport student with accessibility needs are compensated on a daily rate basis. The Consortium holds the view that many students with accessibility needs do not have predictable school transportation requirements due to reasons such as fluctuations in health conditions and programming which will render a regular contract a costlier option than a daily use and pay mechanism.

## **Provincial School's Operators Contract**

No changes noted from the last E&E review in relation to Provincial School contracts. OSTA continues to have contracts with air service providers and other ground transportation services.

## **Operator's subcontracting**

The Consortium has assessed the appropriateness of the sub-contracting arrangements and has thereby met the expectations of the recommendation in the original E&E review. It is the opinion of the Consortium that market conditions in Ottawa require that taxi and small school purpose vehicle services continue to be sub-contracted by four primary Operators. The Consortium has also put mitigating measures in place to ensure that sub-contracted vehicles are covered under oversight and performance measures applied directly to sub-contracting Operators.

## **First-Aid safety training**

OSTA has revamped the safety training clauses in the current Operators' contracts. All drivers need to complete the first-aid safety training before the first day of operating a vehicle on OSTA routes. The completion records are kept by the Operators who sign an annual declaration of compliance. OSTA ensures compliance by verifying files during the facility audit.

OSTA mandates that all Operators provide anaphylaxis training including EpiPen administration to dispatchers and drivers annually and all drivers must have the training/refresher training prior to the first day of operating vehicles on OSTA routes. Operators are required to hold at least two safety-awareness meetings for their drivers per year and must advise OSTA of the date and content of those meetings once completed.

OSTA also holds an annual safety awareness event for new and existing riders, and have included a clause in the Operators' contract to participate in the event. OSTA provides compensation to the Operators to participate in the event.

## **Municipal transit cost-benefit analysis**

OSTA completed a cost-benefit analysis of using public transit versus yellow bus service for the OCSB. Results of the analysis have been shared with the senior staff of the OCSB for further consideration. A clause in OSTA's Transportation Eligibility policy gives OSTA the full authority to select whichever mode of transportation is most cost-effective and which delivers transportation services according to its policies and

standards. Transportation mode for each student is established during annual planning cycles.

### **5.2.3 Accomplishments**

It is recognized that the Consortium now demonstrates the following best practices in addition to the best practices outlined in the original report:

#### **First Aid and EpiPen safety training**

The Consortium requires that all drivers be trained for first aid and EpiPen prior to beginning their work. This ensures that all drivers are appropriately trained to deal with this type of emergency should it occur.

### **5.2.4 Recommendations**

#### **Special compensation**

The Consortium should consider eliminating its specific additional compensation which is provided to buses on certain OCDB routes. Since the OSTA contract with Operators does not specify the Member School Board routes, it is expected that the compensation for bus routes should not differ on the basis of routes serving a particular Member School Board. Compensation should be structured using one compensation formula which is derived from the standard Operators' contract and no special consideration should be provided to operators serving one Member School Board or another.

#### **Route allocation**

We acknowledge the addition of route allocation clause in the Operator's contract which establishes the discretion of the Consortium to make changes to the route allocation. It is also commended that the Consortium now considers Operator's performance as one of the factors to decide existing route allocation. Discussions with Consortium management indicated that the Consortium allocates routes among Operators based primarily on historic allocations and occupancy rates. It is important to ensure that the Consortium is receiving the best service possible at the rates being paid and as such, it is recommended that the Consortium modify its route allocation methodology to ensure that route allocations are made based primarily on Operator performance (including price and service levels as factors).

## **Municipal transit cost-benefit analysis**

OSTA completed a cost-benefit analysis of using public transit versus yellow bus service for the OCSB. We encourage the Consortium to act on the recommendations of the analysis.

## **Cost impact calculations**

Knowing the cost impact of potential route changes is important to make decisions which are geared toward cost reduction. It is recommended that the current manual process of cost estimation be automated such that cost impact information can be assessed in conjunction with other operational and safety concerns when considering route changes/updates. OSTA should review current routing software to see if such functionality to calculate the costs is available.

## **5.3 Goods and Services Procurement**

Procurement processes are intended to provide an avenue by which the Consortium, as a purchaser of services, can ultimately obtain the best value for money. The goal of the Consortium is to obtain high quality service at fair market prices.

### **5.3.1 Original recommendations**

Continue efforts to implement a competitive process for the procurement of all transportation services, including special needs transportation

While it is recognized that the Consortium is moving towards competitive procurement for its Operator contracts, at the time of the E&E Review, the Consortium had not used a competitive process for the procurement of its Operators. We encourage the Consortium to continue working towards competitive procurement for the procurement of bus Operator services because it can help the Consortium achieve the best value for its money as Operators would be competing to provide the required service levels.

It is also recognized that the Consortium has informed its Operators that it will be moving towards competitive procurement and we encourage the Consortium to formally communicate key dates and implementation timelines to Operators.

A competitive process can be used with certain safeguards in place to protect the standards of service. The Consortium should continue to enforce limits placed on the volume of business any one Operator can hold to avoid a monopoly situation. Additionally, in evaluating the successful proponents, cost should not be the overriding factor as that will encourage low cost proponents to enter the market while not

necessarily ensuring that the same or improved levels of service are being provided. Local market conditions should be considered at all points in the development and evaluation of any service proposal.

For example, local Operators can be encouraged to participate in this process by placing a value on having local experience as part of the evaluation criteria; however, this specific criterion for local experience should also not be an overriding factor in the proposal evaluation process.

### **5.3.2 Incremental progress**

#### **Competitive procurement**

Contracts are in place with large vehicle Operators until June 2013 with the option to extend for an additional one or two year term. Contracts with Small School Purpose Vehicle Operators are in place for a period of two years until 2014-15 with the option to renew for an additional one or two years term. All contracts were signed August 2012 prior to the start of the school year. OSTA indicated that it is developing its competitive procurement process in preparation for a possible launch in 2013-14. These timelines have been communicated to Operators.

OSTA's Procurement of Goods and Services policy was approved by the Board in October 2012. The policy states that for goods and non-consulting services, including construction, equal to or above \$100,000, an open competitive procurement will be used through advertisement on MERX. The procurement policy is designed to cover any and all procurement activities, including that of transportation Operators.

OSTA has used competitive procurement for non- transportation services. It has selected an external auditor for the audit of its annual financial statements and engaged a consultant to undertake its Hazard review process.

OSTA has commenced implementing competitive procurement for some services and will be extending the scope to other procurements as they are required. In the meantime, OSTA has ensured that contractual agreements are in place.

### **5.3.3 Recommendations**

#### **Competitive procurement**

While it is acknowledged that the Consortium has used competitive procurement for some of its services from third-party service providers, Contracts for school bus transportation services have not yet been competitively procured. In order to keep with

best practices and legislated requirements for BPS organizations under the *Broader Public Sector Accountability Act* and the BPS Procurement Directive, new contracts with a value of \$100,000 or greater must be competitively procured.

The recommendation from the original E&E review continues to apply for competitive procurement for bus transportation services.

## **5.4 Contract Management**

Contracting practices do not end after a contract is signed. Ongoing monitoring of compliance and performance of contracted service is an important and valuable practice to enhance service levels and ensure that contractors are providing the level of service that was previously agreed upon. Effective contract management practices focus on four key areas:

- Administrative contract compliance to ensure that Operators meet the requirements set out in the contract;
- Operator facility and maintenance audits to ensure that Operators keep their facilities and vehicles in line with the standards outlined in the contract;
- Service and safety monitoring to ensure that the on the road performance of drivers and Operators reflects the expectations set out in the contract; and
- Performance monitoring to track the overall performance of Operators over time.

### **5.4.1 Original recommendations**

#### **Bus Operator administrative, contract compliance, facility and maintenance monitoring**

The Consortium has recently developed a program for the monitoring of Operators' administrative responsibilities, contract compliance, and facility and maintenance standards; however, it has not formalized a policy on implementing and regularly conducting these evaluations. It is recommended that the monitoring be conducted on a random but regular basis and should be supported with appropriate documentation summarizing the results. It is further recommended that the policy also address the follow-up activities required of the Consortium, as this type of follow-up reporting can aid in the evaluation of Operators and be used as evidence of proper implementation of the stated monitoring policies. Efforts should be made to evaluate all of the Operators that serve the Consortium. The results of these evaluations should be tracked over time by the Consortium and communicated back to the Operators to assist them in managing their drivers, facilities and improving overall service quality.

## **Enhance the Operator safety and service monitoring process**

The Consortium has recently developed a program for the monitoring of Operators' on-the-road performance through route audits, and is in the process of developing a policy on the implementation and execution of these evaluations. It is recommended that the Consortium continue with the implementation of this program, and focus on evaluating a broad and representative sample of all of the Operators that serve the Consortium. The Consortium should also strive to audit at least ten percent of its routes annually, to ensure that it is able to achieve a broad and representative sample. Results of the route audits should be documented by the Consortium and be communicated back to the Operators to assist them in managing their drivers and improving overall service quality.

### **5.4.2 Incremental progress**

#### **Operator contract compliance and performance Management**

The Consortium has a governance approved policy, framework and documentation in place that outlines the process to verify that Operators are meeting contract compliance and safety and performance standards through various audit processes including: Facility audits, route audits, school site audits and invoice reconciliations. Contract compliance is ensured through two mechanisms: 1) each Operator must sign a Declaration of Compliance, and 2) OSTA uses an 'Operator Checklist' to verify and follow up on Operator compliance documents.

The Facility audits for three of the Operators out of seventeen Operators have been completed to date. The policy calls for each Operator to be audited once every three years. Some of items to be reviewed as part of a Facility Audit include:

- Physical inspection of randomly selected vehicles for defects;
- Review of Pre-trip inspection records and maintenance documentation;
- Review of Driver safety training records, driving abstracts and driver performance issues;
- Procedures and policy manuals at the facility; and
- Any requirements listed in the Declaration of Compliance signed by the Operator.

OSTA provides a score for each item on the facility audit checklist and calculates an overall compliance percentage. A score of 85% is considered satisfactory. Operators are required to correct any issues noted by OSTA within a pre-determined time-frame.

OSTA has completed a route audit on a sample of more than 10% of routes. Route audit involves an auditor who follows a vehicle in real time and records observations. OSTA has developed an audit form which allows real-time observations for:

- Basic driving skills of driver
- Loading/unloading passengers on route
- Railroad crossings
- Student control
- Routes
- Route Mileage

The findings of the route audits are communicated with the Operator for correction. Minor and critical issues are recorded on a report and percentage ratios calculated. This score is combined with facility audit and school site audits to determine the overall performance score of the Operator.

OSTA has completed a school site audit at all of its schools. The school site audit primarily involves observations by an auditor at a school site. It covers Operators services as well as school's preparedness for handling student transportation at the location. The school audit form contains route identification, arrival time, student count and type of vehicle and comments on observations related to vehicle speed, vehicle condition, signage, issues noted in loading and unloading safety, licence stickers on vehicles etc. The audit also covers taxis subcontracted by the Operators and issues noted are flagged during the audit. A follow-up is performed with the Operators for the findings of the audit. Minor and critical issues are recorded on a report and percentage ratios calculated. This score is combined with facility audit and school site audits to determine overall performance score of the Operator.

The General Manager stated that the Consortium is in the process of combining findings from various audits into a combined rating/percentage for the purposes of inclusion in KPI assessments and developing a trend analysis in compliance and performance management.

The invoicing reconciliation process involves the preparation of T1 forms by Operators which are sent to the Assistant General Manager for review for each of the 10 billing cycles. The AGM and Transport Coordinators review the T1 forms and make changes based on routing adjustments. OSTA prepares a T4 summary sheet which contains the summary of costs and sends it to the Operators for review. On confirmation, the Operators generate an invoice and send it to OSTA for review. OSTA conducts an invoice reconciliation and calculates any under/overpayment. The reconciliation of compensation for special purpose vehicles is a manual process involving the review of a large number of invoices detailing daily activity.

### 5.4.3 Accomplishments

#### Contract monitoring

The Consortium performs periodic, documented audits of Operators and drivers to ensure they are providing adequate service levels to the schools in terms of on-time service, compliance with routes and driver compliance with traffic regulations. Audits are a key component of contract management. They measure whether the Operators and drivers are complying with stated contract clauses and ultimately if they are providing safe and reliable service.

#### Operator administrative, contract, facility and maintenance compliance

The Consortium ensures that the information, facility and vehicle requirements outlined in the Operator contracts are verified in a timely manner and track the performance of Operators over time. Such efforts to ensure Operator compliance helps the Consortium to measure whether the Operators are complying with stated contract clauses and, ultimately, if they are providing safe and reliable service. The compensation for special purpose vehicles is highly manual. The Consortium should look for opportunities to automate the process to enable timely review and accuracy.

### 5.5 Results of the interim E&E Review

The process by which the Consortium, structures, and manages its contracts for transportation services has been assessed as **Moderate**. Positive elements include the execution of detailed, long-term Operator contracts; and use of competitive procurement for some of its services. The Consortium has also greatly improved its contract monitoring processes. The Consortium is encouraged to continue planning for the competitive procurement of school bus services, to implement recommendations from the public transit costing analysis and to look at their practices around route allocations.

## 6 Funding Adjustment

The Ministry has asked the E&E Review Team to apply their Funding Adjustment Formula to each Board that was subject to an E&E Review. Note that where Boards are incurring transportation expenses in multiple Consortium sites, the Board's adjustment will be prorated for the portion attributed to the Consortium under review. For example, if 90% of Board A's expenditures are attributed to Consortium A, and 10% of expenditures are attributed to Consortium B, the funding adjustment resulting from Consortium A's review will be applied to 90% of Board A's deficit or surplus position.

The Ministry's funding formula is as follows:

**Table 4: Funding Adjustment Formula**

Overall Rating	Effect on deficit Boards <sup>6</sup>	Effect on surplus Boards <sup>6</sup>
High	Reduce the gap by 100% (i.e. eliminate the gap)	No in-year funding impact; out-year changes are to be determined
Moderate-High	Reduce the gap by 90%	Same as above
Moderate	Reduce the gap by 60%	Same as above
Moderate-Low	Reduce the gap by 30%	Same as above
Low	Reduce the gap in the range of 0% to 30%	Same as above

Based on the Ministry's funding formula, in conjunction with our E&E assessment of the Consortium, it is anticipated that the following funding adjustments will be made for each Board:

### Ottawa-Carleton District School Board

Item	Amount
2011-2012 Transportation Surplus (Deficit)	(\$4,985,214)

<sup>6</sup> This refers to Boards that have a deficit/surplus on student transportation

<b>Item</b>	<b>Amount</b>
% of Surplus (Deficit) attributed to the Consortium	100%
Revised amount to be assessed under the Consortium	(\$4,985,214)
E&E Rating	Moderate
Funding Adjustment based on Ministry's Funding Adjustment Formula	60%
2012-2013 Total Funding adjustment	\$2,991,128

### **Ottawa Catholic School Board**

<b>Item</b>	<b>Amount</b>
2011-2012 Transportation Surplus (Deficit)	\$1,097,340
% of Surplus (Deficit) attributed to the Consortium	100%
Revised amount to be assessed under the Consortium	\$ 1,097,340
E&E Rating	Moderate
Funding Adjustment based on Ministry's Funding Adjustment Formula	N/A
2012-2013 Total Funding adjustment	N/A

(Numbers will be finalized once regulatory approval has been obtained.)

## 7 Appendix 1: Glossary of Terms

Term	Definition
Act	Education Act
Assessment Guide	The guide prepared by the E&E Review Team and the Ministry of Education which will be used as the basis for determining the overall effectiveness and efficiency of each Consortium.
Common Practice	Refers to a set of planning parameters that have been reported by Ontario school Boards as the most commonly adopted planning policies and practices. These are used as references in the assessment of the relative level of service and efficiency.
Consortium, the; or OSTA	The Ottawa Student Transportation Authority Consortium
Deloitte	Deloitte LLP (Canada)
Driver	Refers to bus Drivers, see also Operators
E&E	Effectiveness and Efficiency
E&E Review Team	As defined in Section 1.3.1
E&E Reviews	As defined in Section 1.3
Effective	Having an intended or expected effect; the ability to deliver intended service
Efficient	Performing or functioning in the best possible manner with the least waste of time and effort; the ability to achieve cost savings without compromising safety.
Evaluation Framework	The document, titled “Evaluation Framework for the Renfrew County Joint Transportation Consortium” which supports the E&E Review Team’s Assessment; this document is not a public document.
Funding Adjustment Formula	As described in Section 1.3.2
HR	Human Resources

<b>Term</b>	<b>Definition</b>
IT	Information Technology
JK/SK	Junior Kindergarten/Senior Kindergarten
KPI	Key Performance Indicators
Memo	Memorandum 2006: SB13, dated July 11 issued by the Ministry
Ministry	The Ministry of Education of Ontario
MPS	Management Partnership Services Inc., the routing consultant, as defined in Section 1.2 and 1.3
MTO	The Ministry of Transportation of Ontario
OCDSB	Ottawa-Carleton District School Board
OCSB	Ottawa Catholic School Board
Operators	Refers to companies that operate school buses, boats or taxis and the individuals who run those companies. In some instances, an Operator may also be a Driver.
Overall Rating	As Defined in Section 3.2 of the Evaluation Framework
Partner Boards, Member Boards, School Boards or Boards	The School Boards that have participated as full partners or Members in the Consortium; the OCDSB and the OCSB.
Rating	The E&E Assessment score on a scale of High to Low, see Section 1.3
Report	The report prepared by the E&E Review Team for each Consortium that has undergone an E&E Review (i.e. this document).
Separate Legal Entity	Incorporation

## 8 Appendix 2: Financial Review – by School Board

### Ottawa-Carleton District School Board

Item	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013 <sup>7</sup>
Allocation <sup>8</sup>	32,478,689	32,559,391	33,598,149	34,560,399	33,826,417
Expenditure <sup>9</sup>	33,872,020	36,034,320	37,755,851	39,545,613	40,391,748
Transportation Surplus (Deficit)	(1,393,331)	(3,474,929)	(4,157,702)	(4,985,214)	(6,565,331)
Total Expenditures paid to the Consortium	33,872,020	36,034,320	37,755,851	39,545,613	40,391,748
As % of total Expenditures of Board	100%	100%	100%	100%	100%

### Ottawa Catholic School Board

Item	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013 <sup>6</sup>
Allocation <sup>8</sup>	23,496,460	23,615,978	23,499,682	23,295,421	22,460,303
Expenditure <sup>9</sup>	23,412,978	22,394,650	22,771,998	22,198,081	22,608,000

<sup>7</sup> 2012-2013 allocations and expenditures based on Ministry data – Revised Estimates for 2012-2013

<sup>8</sup> Allocation based on Ministry data – includes all grant allocations for transportation (Section 9 00008C, Section 13 00006C, Section 13 00012C)

<sup>9</sup> Expenditure based on Ministry data – taken from Data Form D: 730C (Adjusted expenditures for compliance) – 212C (Other Revenues)

<b>Item</b>	<b>2008-2009</b>	<b>2009-2010</b>	<b>2010-2011</b>	<b>2011-2012</b>	<b>2012-2013<sup>6</sup></b>
Transportation Surplus (Deficit)	83,482	1,221,328	727,684	1,097,340	(147,697)
Total Expenditures paid to the Consortium	23,412,978	22,394,650	22,771,998	22,198,081	22,608,000
As % of total Expenditures of Board	100%	100%	100%	100%	100%

## 9 Appendix 3: Document List

Number	Document
1	ACCESSIBILITY PLAN ROLE.docx
2	C1a.pdf
3	C1b.pdf
4	C1c.pdf
5	C3a.pdf
6	C3b.pdf
7	C3b.pdf
8	C3c part 1.pdf
9	C3c part 2.pdf
10	C5.pdf
11	C6b.pdf
12	C7a.pdf
13	C7b part 1.pdf
14	C7b part 2.pdf
15	C7c.pdf
16	C8a.pdf
17	C8b.pdf

Number	Document
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20	C9c.pdf
21	C9d part 1.pdf
22	C9d part 2.pdf
23	C9d part 3.pdf
24	C9d part 4.pdf
25	C9e part1.pdf
26	C9e part2.pdf
27	C9g part 1.pdf
28	C9g part 2.pdf
29	C9g part 3.pdf
30	CM10.pdf
31	CM10a.pdf
32	CM10b.pdf
33	CM11b revised.pdf
34	CM12a.pdf
35	CM12b OCSB Registration Form.pdf

Number	Document
36	CM12b.pdf
37	CM12c.pdf
38	CM12d.pdf
39	CM12e.pdf
40	CM12f.pdf
41	CM13a.pdf
42	CM13c part 1.pdf
43	CM13c part 2.pdf
44	CM13c part 3.pdf
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47	CM14a.pdf
48	CM14b.pdf
49	CM14c.pdf
50	CM14f part 1.pdf
51	CM14f part 2.pdf
52	CM14f part 3.pdf
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64	CM6 part 1.pdf
65	CM6 part 2.pdf
66	CM6 part 3.pdf
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