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**2008: SB 32**

**MEMORANDUM TO:** Directors of Education

**FROM:** Cheri Hayward  
Director  
School Business Support Branch

**DATE:** Nov 5, 2008

**SUBJECT:** Operational Reviews- 2008 Update and Next Steps

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In follow up to memorandum 2007: SB 34, dated December 19, 2007, I am pleased to provide you with an update on the Operational Review initiative and the direction the ministry will take over the coming year.

As you are aware, Operational Reviews are providing opportunities for the ministry and school boards to work together to build management capacity, ensure efficient stewardship of resources, share best practices and identify ways for continuous improvement. The reviews are focused on board operations in four functional areas: governance and school board administration; human resource management and school staffing/allocation; financial management; school operations and facilities management.

As we begin Wave III, I would like to take this opportunity to thank those involved in the development of the Operational Review Sector Guide for their input and support. I would also like to thank the first 14 boards who were reviewed as part of Wave I and II; their professionalism and commitment to this process ensured that the reviews provided value to their organizations and will be useful as they continue work towards improving student success.

## **PROGRESS**

To date, 14 Operational Reviews have been completed and as a result a number of best practices and areas for improvement have been identified. These findings have helped to refine our approach leading into the next wave of reviews, which began in October 2008. The 14 school boards reviewed during Wave I and II, along with those to be reviewed during 2008-09, are listed in Appendix "A".

Each school board reviewed has received a final report, which provides, where appropriate, recommendations on opportunities for improvement. The reviews found that there was generally significant adoption of the leading practices by the boards, although the level and nature of leading practice adoption varied across the sector. Detailed reports from all reviewed sites are available online at <http://sbsb.edu.gov.on.ca/>.

In 2009 the Ministry plans to re-visit boards that completed an Operational Review in 2007-08. The re-visits will provide an opportunity to review and discuss any actions taken by the board in response to findings and recommendations contained in their Operational Review report.

## **OPERATIONAL REVIEW COMMITTEES**

On September 18, 2008, ministry staff met with the Operational Review Advisory Committee, which includes representation from the Council of Senior Business Officials (COSBO) and the Council of Ontario Directors of Education (CODE), as well as staff from the ministry's Internal Audit branch. A similar discussion was also held with the Operational Review Reference Group whose representation includes the four trustee associations. The discussions focused on two documents in particular, the *Second Edition of the Operational Review Guide for Ontario District School Boards* and the *Summary Report of Operational Reviews 2007-08*.

The *Second Edition of the Operational Review Guide for Ontario District School Boards* is enclosed for your reference. Although the overall design of the Guide remains unchanged, it includes modest revisions to the leading practices as a result of the initial 14 reviews. The descriptions of the leading practices have been simplified and a few new leading practices added. For example, a leading practice on senior management succession planning has been included in the Governance and School Board Administration section.

The *Summary Report of Operational Reviews 2007-08* is the first in a series annual reports on this important initiative. At the end of each wave of operational reviews a synthesis of the key themes and findings will be shared with the sector. The report developed as a result of the first 14 reviews highlights seven key areas for improvement that impact the entire sector. It also provides examples of best practices observed during the first wave of Operational Reviews, from which other boards can gain insight as they strive to improve their own operating practices. It is expected that the ministry and the sector will work collaboratively to address the "Improvement Opportunities" listed below:

### **Improvement Opportunity # 1 - Establishment of Strategic Direction and Development and Reporting of Annual Improvement Plans**

The development of a multi-year strategic direction (up to five years) is critical in providing a base on which to develop annual improvement plans. This should be developed after extensive internal and external consultation, and result in a high-level summary document available to the public. To enhance understanding, boards should group their objectives under key themes.

Most of the boards reviewed have extensive processes in place to develop a long-term (typically three to five years) strategic direction. Some boards have begun this process but have opportunities to improve its formality and depth. Opportunities include extending the time the strategic directions will cover, and establishing specific and measurable targets and related timelines for the various goals and priorities.

The Operational Review Advisory Committee recommended that the Council of School Business Officials (COSBO) and the Council of Directors of Education (CODE) establish

a new group by January 2009 to examine the elements of an effective Board Improvement Plan (BIP).

## **Improvement Opportunity # 2 - Attendance Management**

An effective attendance management system combines up-to-date policies and procedures, information systems to record and analyze trends, and dedicated resources to develop and implement strategies to improve staff attendance. These elements, combined with employee wellness programs and return-to-work initiatives, reinforce each other to develop a comprehensive attendance management program.

Boards recognize the significance of monitoring staff attendance and implementing attendance improvement programs, but capabilities vary significantly. Many boards have relevant policies and associated procedures to manage staff attendance, but only a limited number have started down the path of developing comprehensive attendance support programs.

Deloitte and Touche LLP has been engaged by COSBO to review and report on attendance management systems in Ontario School Boards. It is expected that the upcoming release of the Attendance Management Report will provide the sector and the Ministry with detailed information and recommendations to assist all school boards as they increase their capacity in this area.

## **Improvement Opportunity # 3 - Interim Financial Reporting**

The purpose of interim financial reports is to provide management and the board of trustees with a clear understanding of the status of the current year's budget versus actual expenditures to date, and an outlook for the year.

Boards generally provide monthly reporting to their management team and quarterly reporting to the board of trustees. However, the format of monthly or quarterly financial reporting varies significantly across boards.

The Operational Review Advisory Committee recommended that the Council of School Business Officials (COSBO) and the Council of Directors of Education (CODE) establish a workgroup to examine the content and form of Interim Financial Reports. They would be seeking input from school boards to establish the components of an effective report and identify best practices.

## **Improvement Opportunity # 4 - Audit Function (New Initiative)**

The reviews addressed two aspects of a board's audit function: internal audit and the audit committee.

The primary function of internal audit is to provide added assurance that internal controls established by management are operating effectively, and are in compliance with policies and procedures. The purpose of an audit committee is to provide oversight of financial reporting, disclosure, regulatory compliance and risk management activities.

Most boards have not established an independent internal audit function. For the few boards that have established an internal audit function, opportunities for improvement

exist in the area of maintaining the independence of the internal auditor, by having the function report to the board's audit committee.

The Ministry's Transfer Payments & Financial Reporting Branch will be looking at the role of audit in the education system to ensure consistency of processes and practices across the province.

### **Improvement Opportunity # 5 - Participation in Buying Consortia**

Boards should periodically assess the potential benefits and costs for participating in buying consortia.

An improvement opportunity exists for those boards not currently involved in joint/consortia purchasing to re-assess their position, to ensure their previous factors are still relevant. All boards can potentially benefit from exploring opportunities to expand the supplies and services that can be purchased in a consortium, and could consider expanding beyond the school board sector to other public sector entities.

It is expected that the education sector's active participation and leadership in the building of the Ontario Education Collaborative Marketplace (OECM), will provide support and capacity for all school boards with respect to strategic sourcing, e-enabling procurement processes and strengthen procurement guidelines and policies across the sector. The ministry will work with OASBO and COSBO to ensure that stakeholders are consulted and kept updated on OECM's progress.

### **Improvement Opportunity # 6 - Multi-Year Maintenance and Renewal Plan**

The establishment of a longer term (i.e. three to five years) maintenance and renewal plan setting out the planned priorities for the information of the board's key stakeholders is key to communicating the critical needs of the board's facilities. It also enhances the accountability of the operations and facilities function to the community.

An improvement opportunity exists for boards to develop formal, three to five year maintenance and renewal plans that would include the funding available to support the critical needs of the board.

The Operational Review Advisory Committee proposed that the OMC committee of OASBO be given an opportunity to review this subject.

### **Improvement Opportunity # 7 - Energy Management**

Boards should consider establishing formal multi-year energy management plans that incorporate quantifiable measures and are aligned with the strategic direction of the board.

An improvement opportunity exists for boards to develop a multi-year energy management plan. The energy management plan should be developed in collaboration with all administrative departments, teachers, students and the community.

To support boards with this important management issue, the Ministry has launched an Energy Conservation Initiative. As outlined in memorandum 2008 SB:18, dated July 28, the Energy Conservation Initiative is a broad-based program focusing on energy

procurement, consumption and conservation in schools.

Norm Vezina, Senior Manager of Environmental and Office Systems for the York Catholic District School Board, has agreed to take a lead role in the initiative. Norm will oversee the sector-wide Energy Conservation Initiative in collaboration with the sector and will act as a key resource. It is expected that this initiative will assist school boards as they work to address the improvement opportunities that have been identified for energy management.

## **RECENT CHANGES WITHIN SBSB**

As many of you know, Don Higgins was seconded from the Toronto District School Board in 2007 to lead the development and implementation of the Operational Review project. The breadth and depth of his knowledge regarding school board operations has contributed significantly to the success of the project, and his leadership helped foster an atmosphere of professionalism which is evidenced in the success of the reviews thus far.

As of October 1, 2008, Don's assignment at the ministry ended with his decision to return to the Toronto District School Board. While the ministry, and the sector as a whole, would have benefited from his continued involvement, we appreciate his desire to return to the board. On behalf of the ministry, and the sector, I wish him all the best and am grateful for his support over the past two years.

Moving forward, the operational review process will continue to be streamlined as ministry staff and the review teams refine their practice and gain additional exposure to the sector. In order to ensure that ministry capacity is maintained, Nick Landry has been added to the Operational Review Team. Nick comes to us with a broad understanding of the sector and his participation in the development and implementation of the Transportation Reform process over the past number of years aligns with the Operational Review initiative.

Should you have any questions regarding the Operational Review process, please contact either Bill Coleman at 416-212-3180 ([Bill.Coleman@ontario.ca](mailto:Bill.Coleman@ontario.ca)) or Nick Landry at 416-325-8731 ([Nicholas.Landry@ontario.ca](mailto:Nicholas.Landry@ontario.ca)).

Thank you and I look forward to working with you on this important initiative.



Cheri Hayward  
Director  
School Business Support Branch

cc: School Board Chairs  
Superintendents of Business and Finance  
Review Teams

## **Appendix A**

### Boards Reviewed in 2007-08

#### Wave I

- Avon Maitland DSB
- Hamilton-Wentworth DSB
- London District Catholic SB
- Simcoe County DSB
- Waterloo Catholic DSB
- Peterborough Victoria Northumberland Clarington Catholic DSB

#### Wave II

- Brant Haldimand-Norfolk Catholic DSB
- Durham Catholic DSB
- Durham DSB
- Lakehead DSB
- Lambton Kent DSB
- Ottawa Catholic DSB
- Trillium Lakeland DSB
- Thames Valley DSB

### Boards Scheduled for Review in 2008-09

#### Wave III

- Near North DSB
- Huron-Superior Catholic DSB
- Northwest Catholic DSB
- Halton DSB
- Sudbury Catholic DSB
- Algoma DSB
- Rainy River
- Ottawa-Carleton DSB
- Conseil scolaire de district catholique du Nouvel Ontario
- Conseil scolaire de district catholique Franco-Nord
- Two TBD