



Ministry of Education

**Summary Report of
Operational Reviews 2007-08**

September 2008

Table of Contents

1. INTRODUCTION	3
Boards Participating in the Operational Review.....	3
Purpose of the Summary Report.....	3
2. GOVERNANCE & SCHOOL BOARD ADMINISTRATION	3
Scope and Purpose.....	3
General Findings.....	3
Improvement Opportunity # 1 - Establishment of Strategic Direction and Development and Reporting of Annual Improvement Plans.....	4
3. HUMAN RESOURCE MANAGEMENT AND SCHOOL STAFFING / ALLOCATIONS	7
Scope and Purpose.....	7
General Findings.....	8
Improvement Opportunity # 2 - Attendance Management.....	9
4. FINANCIAL MANAGEMENT	11
Scope and Purpose.....	11
General Findings.....	12
Improvement Opportunity # 3 - Interim Financial Reporting.....	13
Improvement Opportunity # 4 - Audit Function.....	15
Improvement Opportunity # 5 - Participation in Buying Consortia	17
5. SCHOOL OPERATIONS AND FACILITIES MANAGEMENT	20
Scope and Purpose.....	20
General Findings.....	21
Improvement Opportunity #6 - Multi-Year Maintenance and Renewal Plan.....	22
Improvement Opportunity #7 - Energy Management	23

1. Introduction

The Ontario Ministry of Education (the Ministry) is performing Operational Reviews of the 72 district school boards across the province over the next three years. This summary report outlines the key findings of the initial 14 reviews of school boards, conducted from October 2007 to April 2008.

The Operational Review is focused on the review of a board's operations in four functional areas: governance and school board administration; human resource management and school staffing/allocation; financial management; school operations and facilities management. The purpose of the reviews is to assess the extent to which boards have implemented the leading practices set out in the "Operational Review Guide for Ontario School Boards". The review also provides, where appropriate, recommendations on opportunities for improvement.

The Ministry's goal in conducting Operational Reviews is to enhance management capacity within school boards, by encouraging good stewardship of public resources and by the leveraging and sharing of best practices. By identifying opportunities for continual improvement, the reviews assure the public that school boards are administratively and operationally aligned to support the Ministry's highest priority: **student achievement**. The Operational Review initiative will also contribute directly to increasing confidence and support for public education.

Boards Participating in the Operational Review

The following school boards participated in the Operational Reviews. Each board has received an individual report that details the findings and recommendations from the Operational Reviews.

- Hamilton-Wentworth District School Board
- London District Catholic School Board
- Ottawa Catholic District School Board
- Peterborough Victoria Northumberland and Clarington Catholic District School Board
- Simcoe County District School Board
- Trillium Lakelands District School Board
- Avon Maitland District School Board
- Brant Haldimand Norfolk Catholic District School Board
- Durham Catholic District School Board
- Durham District School Board
- Lakehead District School Board
- Lambton Kent District School Board
- Thames Valley District School Board
- Waterloo Catholic District School Board

Purpose of the Summary Report

The purpose of this Summary Report is to provide school boards with the key findings from each of the functional areas reviewed. It also provides a few of the improvement opportunities arising from the Operational Reviews considered significant to their business practices.

The Operational Reviews examined the boards' processes against established leading practices set out in the "Operational Review Guide for Ontario District School Boards". The individual reports to the boards identify the level of the board's adoption of those leading practices.

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 boards.

We have identified several improvement opportunities where we believe the sector should focus. These opportunities represent those areas with the lowest level of adoption by boards and/or they have the most significant financial implications.

For each of the improvement opportunities outlined in this report, the following is provided:

- Overview and significance of the improvement opportunity
- A description of the expected practices that boards should be following
- Improvement opportunities from current practices
- Examples of where boards have implemented the expected practices.

While many boards have demonstrated practices that could provide examples to other boards, this report does not provide a complete list from the first two waves of reviews. Rather, it provides a few illustrations from which other boards can gain insight as they strive to improve their own operating practices.

2. Governance and School Board Administration

Scope and Purpose

A board's governance model and administrative organizational framework make a significant contribution in helping the board of trustees, director, senior administration and community stakeholders support both student achievement strategies and effective board operations.

Governance and school board administration processes were reviewed to:

- Understand how the governance model supports operational effectiveness and delineates the division of duties between the board of trustees and the administration
- Assess the development of the annual plan (including the goals/priorities) and actions to engage and communicate with key stakeholders, and the related reporting against the plan
- Assess how policies and related procedures are generated and maintained
- Determine whether staffing levels and organization structures provide for clarity of roles and accountability sufficient to fulfill the board's objectives
- Identify opportunities for continual improvement in the effectiveness and efficiency of all processes.

General Findings

Boards have generally adopted a governance model designed to delineate the roles and responsibilities of the board of trustees from the senior management team. The board of trustees has responsibility for setting long-term strategic direction and developing and maintaining policy, while the senior administration develops and implements annual improvement plans and procedures to accomplish key priorities and comply with policies. The strength of a board's governance model and the relationship between the director, senior management and trustees determine how the board can focus on student achievement and operate with fiscal responsibility.

Boards maintain policies that cover the spectrum of academic and administrative functions. Boards generally make them available to the public on their public web site. One of the leading practices is to ensure that all policies are maintained on a current basis. Many boards have established a formal "refresh cycle" to support the maintenance of all policies. There are, however, examples of boards that have fallen behind the planned refresh timetable or which have policies that have not been reviewed for many years.

Practices vary across boards with respect to the development of board strategic directions and the development and reporting of annual improvement plans. All boards publish an annual report from the director of education that describes accomplishments relative to plans and targets. Improvement opportunities relating to the establishment of strategic directions and the development and reporting of annual improvement plans are discussed in ***Improvement Opportunity # 1*** below.

All boards have organization structures, accountability mechanisms and decision-making processes commensurate with the size of the board.

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

Overview and Significance

The establishment of a board's multi-year strategic direction is a critical process, because it provides the framework for all subsequent planning and resource allocation decisions. A board's annual improvement plan provides the basis for the system to understand current year's goals/priorities, contributes to the annual budget development process, and provides a specific basis for the director's reporting to the board of trustees and the public on the year's achievements against the planned targets.

Expected Practices

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. Some examples include student achievement, accountability, fiscal responsibility, human resources and facilities. Boards should ensure that the strategic direction is widely publicized to all system stakeholders. Summary brochures, posters and web sites are useful tools to achieve this objective.

The director and the senior management team should develop annual plans that define the specific goals/priorities for the current year and are clearly aligned to the board's overall strategic direction. These documents, usually known as board improvement plans, should define the annual goals and priorities for all academic and non-academic operations of the board. They should also summarize more detailed school improvement plans and individual departmental (finance, human resources and school operations) plans. Planning and reporting templates should be standardized to facilitate planning and the ability to "sum up" individual plans and the reporting of achievements.

Improvement Opportunities from Current Practices

Boards have generally exhibited capability in some, but not all, of the expected practices above.

Most of the boards have extensive processes in place to develop a long-term (typically three to five years) strategic direction. Other 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. These are critical for the development of the annual plans by staff.

There are variations across boards in terms of the structure and content of annual plans and priorities. The most common practice is the development of a board improvement plan, which typically focuses on goals/priorities and targets with respect to student achievement. Boards then develop individual school improvement plans that align to the board improvement plan.

While board improvement plans frequently contain extensive goals/priorities on student achievement initiatives, most boards do not include the goals and priorities for non-academic operations. The reviews also found that most boards have well developed improvement plans for the human resource department, but do not have such plans for the finance and facility departments. There is an opportunity to improve the boards' total annual planning process by having all departments prepare formalized annual plans that can be incorporated into the annual board improvement plan. This would provide management and the board with a complete understanding of the actions, timelines, accountabilities and measurable targets of the board as a whole, against which to report progress.

There is also an opportunity for boards to adopt a consistent planning framework to develop all plans at the overall board level, the department level and the school level. This would ensure alignment and integration across all levels of planning. Planning frameworks should include, as a minimum, information on goals/priorities, strategies/activities, assigned responsibilities, timelines, indicators of success and a framework for reporting on achievements.

Sector Examples:

<p>Long Term Strategic Planning</p>	<ul style="list-style-type: none"> ▪ The Durham District School Board has developed <i>Durham Directions</i>, a multi-year strategic plan for 2004-2009 (http://ddsb.durham.edu.on.ca/DDSBmain.htm). The board has initiated a process for developing the next multi-year strategic plan. ▪ The Lambton Kent District School Board has developed <i>Lambton Kent Growth Plan 2006/07 to 2009/2010</i> (http://www.lkdsb.net/Welcome/reports.htm)
<p>Annual Board Improvement Plan Templates</p>	<ul style="list-style-type: none"> ▪ Good examples of board improvement plan templates have been developed by the Brant Haldimand Norfolk Catholic School Board and Avon Maitland District School Board. ▪ The Hamilton-Wentworth District School Board has started a <i>Service Improvement Planning Process</i> that records the non-academic departments' efforts to make improvements. A detailed template has been developed which includes the key elements referred to above. The board has also produced a supporting document that explains the Service Improvement Planning development process.

Non-academic Departmental Planning	<ul style="list-style-type: none"><li data-bbox="597 163 1372 371">▪ The Avon Maitland District School Board embarked on a pilot initiative to develop a balanced scorecard approach for strategic planning and performance measurement. Management has established a set of key performance indicators and targets linked to the board's system goals and based on the review of past performance.
---	---

3. Human Resource Management and School Staffing / Allocations

Scope and Purpose



Effective management of human resources ensures an adequate number of qualified staff throughout the organization can perform their prescribed duties. Policies and procedures to develop staff are in place, through performance appraisals, professional development and support services. Staff allocations to schools and classrooms meet the Ministry's class size requirements, and are congruent with the board's collective agreements and allocation models. The allocation models adopted by the board ensure the most effective teaching and learning practices.

Human Resource Organization, Management and School Staffing/Allocation processes were reviewed to assess whether:

- Appropriate policies and procedures have been established and maintained to support the HR functions and required priorities, and whether they are aligned with the board's directions
- An annual plan setting out the goals and priorities and their alignment to the board's strategic directions has been established
- The roles and responsibilities of staff support the key functions, activities and practices of HR
- Planning and processes are in place for the recruitment of the appropriate number of qualified staff to support the student achievement targets
- Appropriate processes promote the personal and professional growth of all staff
- There are adequate systems and procedures in place to manage employee compensation plans, labour relations, employee performance and attendance and other support services to foster employee satisfaction
- Accurate and efficient processes forecast and plan for staffing needs to support student achievement target strategies
- Staff optimization allocation processes are in place, supported by an effective attendance management system
- Opportunities exist to support continual improvement in the effectiveness and efficiency of all processes.

General Findings

The organizational structure of Human Resource (HR) departments is a function of the size of the board. Larger boards typically have a dedicated Superintendent responsible for HR-related functions, while smaller boards often deliver these services from a broader portfolio under a Superintendent of Business. Similarly, larger boards need to have more specialized roles within their HR departments, due to the number of potential issues to be addressed. They often require a more focused approach in areas such as labour relations and attendance management.

HR departments generally prepare annual departmental plans that detail specific strategies, indicators of success, timelines and assigned responsibility. The plans provide HR staff, the director and senior management and all other board staff with a clear view of the key departmental priorities for the year.

The extent of formalized reporting against the plan varies. All boards periodically provide some level of updates to the director, senior management and the board on key items such as the status of grievances or specific statistics on the allocation of teachers and support staff. Some boards produce an annual report that provides details on the department's achievements relative to the plan. This is considered to be a leading practice.

All boards have recognized the critical importance of staff allocation and monitoring processes, given the impact on student achievement and significant budgetary implications. All boards integrate initial system-wide enrolment forecasts with more detailed analysis by school, by grade and by class. Boards continually monitor actual enrolment, and adjust their staffing mix as appropriate.

Positive labour relations are critical for boards to maintain stability and support student achievement. Boards generally find that a proactive approach to labour relations reduces the number of formal grievances.

All boards recognize the importance of staff performance evaluation policies and procedures, but there are variations in the degree of implementation. All boards adhere to the Ministry-mandated Teacher Performance Appraisal system, and support new teachers through the New Teacher Induction Program. Some boards facilitate the teacher appraisal process with web-based applications. Many of the boards have performance evaluation processes for management, union and non-union support staff. Other boards are developing their procedures and/or extending the evaluation to all their staff.

Improvement opportunities exist to ensure that the performance evaluation processes are implemented for all staff. Some boards also need to document their procedures and policies for all the categories of staff. The processes for non-teaching staff are more typically manual, but some boards have begun to use automated tools.

Most boards have or are developing focused policies and processes for attendance management across all staff groups. However, attendance management capabilities remain relatively under-developed, and there are opportunities for improvement. These are discussed in **Improvement Opportunity # 2** below.

Improvement Opportunity # 2 - Attendance Management

Overview and Significance

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.

With the significant financial costs associated with absenteeism, a focused approach to attendance management is especially important. Absenteeism also has implications for student achievement.

Expected Practices

A significant part of the planning process for attendance management programs is the early engagement of the board's various employee groups affected. Without their "buy in", such programs have little chance of success.

The development of attendance support programs should begin with a detailed trend analysis of data on absenteeism, benefits claims (including WSIB and Return-to-Work) and wellness programs, across all staff groups. The next step is to identify various initiatives aimed at reducing absenteeism. This should provide management with a consistent and structured approach to improve attendance, by engaging in positive enforcement to employees and adopting standardized policies and practices across all employee groups. A communications plan is an essential element, to ensure that all staff are fully informed of the processes and communication protocols.

Boards should establish appropriate performance measures and expected outcomes in attendance support plans, which can be monitored and reported on periodically.

Boards should recognize that staff attendance is a broad area that covers far more than absences due to illness. It covers a continuum of related subjects, including sick days, staff benefits, workplace injuries and wellness programs. Dedicated resources can be critical for the success of attendance management programs. The cost is often more than offset by the reduction of costs associated with attendance.

Improvement Opportunities from Current Practices

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. One important improvement opportunity is in the clarity of roles for HR departments and managers and principals. It is important that HR provides managers and principals with tools and support to manage attendance more effectively. This includes timely attendance reporting and trend analysis, as well as support and guidance on escalation protocols. Conversely, managers and principals should provide HR with feedback on the effectiveness of attendance support strategies, to promote learning and continuous improvement.

A common challenge is the timely and accurate capture of absence data. Some boards use manual processes between the school and the board office to report on absences. Others have difficulties in accurately coding absences (e.g. sickness versus professional development) which hinders accurate interpretation of results. There is an opportunity for improvement opportunity in the development of timely and consistent processes to capture absenteeism data. This is an important early step in a board’s assessment process to develop attendance support strategies.

For boards that are either about to begin or are developing new programs, there is an improvement opportunity to establish a strategic plan. This establishes the framework for the development, implementation and monitoring of an attendance management policy and program. The timelines for implementing the first steps of attendance support programs must take into account the relationship and history of management and the various employee groups.

Sector Examples:

<p>Absenteeism Data Tracking</p>	<p>The Simcoe County District School Board has detailed attendance management procedures, supported by an electronic reporting system, to track staff attendance data. School principals must designate employees to be trained on the system. The board can also perform detailed trend analysis of attendance data by absence code and by staff category. For example, the HR department regularly reviews statistical reports to analyze the number of days lost due to sick leave, the number of LTD claims, and the number of successful returns to work of ill and injured employees.</p>
<p>Attendance Management Program</p>	<p>The London District Catholic School Board is working on implementing a comprehensive attendance management program that will apply to all staff groups. As part of this initiative, the board has developed a “Principal/Supervisor Communication Protocol related to Employee Attendance Management”. The board has also implemented a “Help Line” to support Education Assistants and “Early Intervention and Return to Work Committee” to provide broader support for staff. The board tracks staff attendance and has detailed data over several years. The data is continually analyzed and assessed against benchmarks from sector and industry research.</p>

4. Financial Management

Scope and Purpose



The financial management of the board ensures the efficient and effective use of fiscal resources. Financial management ensures that the annual budget is developed within the Ministry's allocation and aligned with student achievement targets. It also ensures that appropriate financial policies and procedures are in place to manage resources. Financial and related business processes contribute to an appropriate level of transparency in the allocation and use of the budget to the various departments. They also ensure that the reporting of results to the board of trustees and other board stakeholders reflects the approved goals and priorities for student achievement.

Financial Management Processes were reviewed to assess:

- The establishment of policies and procedures to support the key Finance functions, activities and required business priorities and their alignment with student achievement targets
- Finance department support of the overall goals/priorities and accountability measures established by the board
- The efficiency and effectiveness of the departmental structure and support of the roles and responsibilities for the key functions, activities and practices
- Opportunities to support continual improvement in the effectiveness and efficiency of all processes
- The linkages between the board of trustees' goals and priorities and the operational budget process
- Whether sufficient transparency and controls exist in the budget planning and development process
- Whether procedures are in place to ensure that management, the board of trustees and the Ministry receives timely, accurate and complete financial information of all board activities
- Whether processes are in place to ensure the optimal use of cash, investments and borrowings within school boards
- Whether sufficient internal controls exist to support cash management, investments and borrowings

- Whether procedures are in place to ensure the timely, complete and accurate recording of the different types of non-grant revenue
- Whether procurement policies and practices are in place to ensure that the school board acquires goods and services through an open, fair and transparent process
- Whether appropriate internal controls exist to support the procurement and related payment process
- Whether school board processes ensure the receipt of value for money from all acquired goods and services
- Opportunities to support continual improvement in the effectiveness and efficiency of all processes.

General Findings

Boards generally have established an organization structure for their finance departments that is appropriate for the size of the board, with segregation of duties to promote internal control and accountability. Across the boards, senior staff of finance departments hold appropriate finance designations, while other staff have experience commensurate with their role.

The level of detail and formality of annual department planning varies significantly across boards. In general, finance departments' annual plans are relatively under-developed compared with those of HR departments. There is an improvement opportunity to increase the effectiveness and accountability of the finance department's annual planning activities.

This has been discussed in ***Improvement Opportunity # 1 Establishment of Strategic Direction and Development and Reporting of Annual Improvement Plans***

Boards generally have well-established budget development processes. These processes are typically clearly communicated, and incorporate input from all key stakeholders. Boards communicate and follow clear timelines for the budget, to meet budget deadlines. Many of the boards are in a position to approve their budgets with little debate. This is a result of significant planning and consultation on the issues to be addressed that occurs well in advance of the final presentation for the formal approval.

Boards generally use an integrated financial system which, at a minimum, includes integration between the general ledger, accounts payable and procurement modules. Commitment accounting is followed, such that open purchase orders are recorded against the budget for reporting purposes. Financial reports on the year-to-date position are generally developed for senior administration and the board on a monthly or quarterly basis.

Boards in general recognize the importance of providing the board of trustees and senior management with timely, accurate and informative interim financial reports. However, the format and usefulness of interim financial reports varies significantly across boards. Improvement opportunities relating to interim financing reporting are discussed in ***Improvement Opportunity # 3*** below.

Most of the boards reviewed do not have an independent internal audit function. While the boards acknowledge the benefit of establishing an internal audit function to improve accountability, they indicated that a lack of resources is the primary obstacle to establishing one. The majority of the boards have established an audit committee, although not all of them are standalone subcommittees of the board. A few of the boards have appointed external advisors to assist the committee in the conduct of their work, given the increasing complexity of accounting issues and financial reporting. Improvement opportunities relating to the audit function (covering both the internal audit and the audit committee topics) are discussed in **Improvement Opportunity # 4** below.

Boards in general have demonstrated strong processes for treasury management, with appropriate internal controls for cash management, investments and debt financing. However, a small number of boards need to put more focus on accurately forecasting long-term capital funding requirements, to ensure that all current and future financing commitments are appropriately funded. The Ministry has developed a “Capital Liquidity Template” that boards are now required to use as a basis for forecasting their existing and future debt commitments, along with the current and forecasted funding sources. This ensures that a board’s debt service requirements are adequately met. This will provide boards with the ability to monitor and manage their current and future capital commitments.

Most boards have implemented procurement cards (PCards) to some degree, as a mechanism to reduce the volume of low value, invoice transactions. There are, however, opportunities to align the PCard programs with existing thresholds for the use of purchase orders. There are instances where the required dollar threshold for the issue of a purchase order is lower than the transaction authority limit for using the PCard. Boards should begin by reviewing their existing authority-based PO approval thresholds and compare those against the terms and conditions of their PCard program. The required dollar threshold for a purchase order should in general be equal to, or higher than, that of the transaction authority limit for using the PCard.

Many boards participate in purchasing consortia for energy, custodial supplies, office supplies and other goods and services. However, there are opportunities to expand the use of purchasing through consortia to achieve further efficiencies and savings. Improvement opportunities relating to buying consortia are discussed in **Improvement Opportunity # 5** below.

Improvement Opportunity # 3 - Interim Financial Reporting

Overview and significance

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. In order for the reporting to be useful for decision making and taking action to mitigate unfavourable variances, interim financial reporting must be provided in a timely manner, at least monthly for management and quarterly for the board of trustees.

Expected Practices

Management and trustees require an informative format that includes:

- an analysis of the variance between budget versus actual results;
- an indication of whether the percentage of remaining budget is above or below what should be expected for the reporting period;
- accompanying explanations and/or commentary about the variances; and
- an update on financial risks identified at the time of the budget approval.

Specifically, boards should consider adopting a format of interim financial reporting that would include at least the following attributes:

- Comparison of the annual approved budget with the actual spending to date, and the spending to date expressed as a percentage of budget
- A comparative percentage for each major expenditure/revenue category that would reflect what the "expected spending to date" should be, relative to either historical averages, prior year's experience or, in the case of salaries and benefits, the number of staff and pays processed to date
- Written explanations to explain any significant variations from the normally expected percentage spent to date. Management would need to define what is "significant" for the reporting of variances.

Interim financial reports should be provided to senior management monthly, and at least quarterly for the board of trustees.

Improvement Opportunities from Current Practices

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. For example, some boards provide monthly financial reports to management with a comparison of the year-to-date actual expenditure with the annual total approved budget, and a percentage of actual expenditure to budget. All boards provide their respective board of trustees with interim reports, at least quarterly, providing essentially the same level of detail given to management. Finance staff advised that although there is limited or no written commentary, they are prepared to respond to questions.

While all boards recognize the importance of interim financial reporting, they have different levels of expectations with regards to the level of detail and analysis required. Many boards have used the same format of interim financial reporting for a long time, and may simply not have taken the opportunity to reflect on the adequacy of their existing level of detail.

An improvement opportunity for finance staff is to work closely with their stakeholders, and periodically re-assess the most appropriate frequency and detail of the interim financial reports. The goal should be to ensure that accurate, relevant and timely financial updates are available to key decision makers. An appropriate standard for interim reporting would be one that incorporates the essential elements outlined above.

Sector Examples

Interim Financial Reporting	<ul style="list-style-type: none">▪ The finance staff of the Ottawa Catholic District School Board provides interim financial reports to the executive committee, senior administration and the board of trustees on a regular basis. Finance staff prepares interim financial reports at least three times a year, using a standard format and incorporating explanations of variances that provide the reader with a clear understanding of the year to date operating results. The statements presented are a high level summary by major category, and include a percentage of “spent to date” for the current year and the “spend” level for the preceding year. This prior year statistic serves as a benchmark for what should be the normal spending levels at the time of reporting.▪ The Lambton Kent District School Board’s interim financial reports include a comparison of the approved budget and the year to date expenditures, and the remaining budget at the reporting date. The remaining budget amount is expressed as a percentage remaining. This is compared to the “benchmark” of what the remaining budget should be, based on either historical spending patterns or what is expected to be remaining in salary and benefits, according to the number of pays processed to date. Finance staff are prepared to respond to questions regarding variances and other related matters when the report is presented to the senior administration and the board of trustees.
------------------------------------	---

Improvement Opportunity # 4 - Audit Function

Overview and significance

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 internal audit function can also develop performance measures to determine whether programs and services are meeting their overall objectives. The establishment of a formal internal audit function will assist the board in its overall governance and accountability.

The purpose of an audit committee is to provide oversight of financial reporting, disclosure, regulatory compliance and risk management activities. Boards should

establish a separate standalone audit committee, so that the primary focus would be related to the issues of the external audit and the other matters of the committee's role, including the oversight of the internal audit function. The complexity of annual financial statements and the significant changes in accounting in recent years is increasing. The appointment of external advisors to the committee can assist the members in their understanding of the issues.

Expected practices

The internal audit function should have a clear mandate and develop a multi-year audit plan focusing on areas of risk on a board-wide basis. The function should report to the audit committee of the board. The annual audit plans would be presented and approved by the committee, and all reports would be presented to the committee.

The audit committee will act on behalf of the board to:

- Review the annual audited financial statements
- Review and understand the accounting complexities inherent in their preparation
- Gain a more detailed understanding and appreciation of the significance of maintaining a sound system of internal control in the relevant areas of the board's operations
- Review the annual external auditor's appointment, the annual audit plan, the management letter and other matters related to the annual audit of the financial statements
- Review the quarterly treasurer's report
- Oversee the internal audit function
- Manage other corporate matters.

The audit committee should include external members who can act as advisors. The advisors would not be voting members, since current legislation only recognizes trustees as voting members on board standing committees. The professional background of the external members could include professional accountants, lawyers or other professionals, depending on the needs of the committee and its mandate.

Improvement Opportunities from Current Practices

Most boards have not established an independent internal audit function. Many boards do have "audit" activities regarding the audit of schools, focusing on the audit of enrolment reporting and/or school funds. An improvement opportunity is for management and the board to consider establishing an internal audit function. Management could start by identifying options for its mandate and scope, and the estimated annual cost for each option. Small boards could consider the option of a shared internal audit function with other small boards.

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.

Many boards have established or are establishing an audit committee. The existing committees had a mandate comparable to that set out above. A few boards have appointed external advisory members to their committee. An improvement opportunity exists for those boards yet to establish one. In these circumstances the board should establish an audit committee with a mandate as set out above and consider the appointment of external advisory members. The audit committee should establish a pre-determined schedule of meetings throughout the school year.

Sector Examples

<p>Internal Audit Function</p>	<ul style="list-style-type: none"> ▪ The Lakehead District School Board has established an internal audit function, which reports directly to the director. The primary function of the internal auditor is to provide added assurance that internal controls established by management are operating effectively and in compliance with policies and procedures. ▪ The Waterloo Catholic District School Board has established an internal audit function, which reports directly to the Superintendent of Business and Financial Services. They are in the process of developing a multi-year internal audit strategy and plan to focus on areas of risk on a board-wide basis.
<p>Audit Committee</p>	<ul style="list-style-type: none"> ▪ The Lakehead District School Board has established an audit committee and has a policy and associated procedure on audit committee terms of reference. It is composed of up to three trustees, one alternate trustee, and up to three external members, all appointed by the board. ▪ The Thames Valley District School Board has established an audit committee composed of three trustees and two community representatives with a financial background. The audit committee’s mandate is consistent with that described above.

Improvement Opportunity # 5 - Participation in Buying Consortia

Overview and significance

Participation in buying consortia can contribute to the reduction of acquisition costs, through leveraging the increased volumes and through efficiencies of the combined purchasing power of consortia. Buying consortia can be established by school boards with other school boards, and also with the local municipalities and/or other local agencies.

Expected practices

Boards should periodically assess the potential benefits and costs for participating in buying consortia. Specifically, boards should perform an analysis of existing purchases by product type, frequency and volume, to determine their own purchasing characteristics. Once the analysis has been completed, a comparison could be made with similar buying consortia of comparable scale and volumes, to determine whether there is a business case for participating in buying consortia. If a business case has been identified, the board should continually measure any efficiencies and benefits derived from the consortia.

Improvement Opportunities from Current Practices

Most of the boards participate to some degree in purchasing consortia. They are involved typically in joint purchasing of energy, school and caretaking supplies, and equipment. Although most boards have analyzed the costs of participating in buying consortia, or have at least been approached to do so, there are a few boards who decided to continue independent purchasing.

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.

The Province of Ontario is conducting a pilot for the proposed Ontario Education Collaborative Marketplace (OECM), an electronic marketplace that connects buyers and suppliers to facilitate more effective, efficient procurement of goods and services for Ontario's school boards, colleges and universities. This will present a significant opportunity for many boards to realize potentially significant efficiencies and savings by participating in the OECM.

Sector Examples

<p>Participation in buying consortia</p>	<ul style="list-style-type: none">▪ The Lambton Kent District School Board participates in the Chatham-Kent-Lambton-Administrators Group (CKLAG) purchasing consortia for many goods and services. The board also participates in the CKLAG consortia to benefit from advantageous and competitive market banking rates, through the pooling of the cash positions of the participants. This arrangement appears to be an excellent way to join several of the local boards, colleges, municipalities and agencies to leverage the purchasing power and achieve savings. It also appears to result in improved returns on surplus cash investments and lower short term borrowing costs. This is a practice that other school boards could assess to determine its applicability to their own circumstances.
---	---

	<ul style="list-style-type: none">▪ The Peterborough Victoria Northumberland and Clarington Catholic District Board has realized ongoing savings and stabilized the price and expenditures through the initiation of a Kawartha Cooperative Purchasing Association. A recent example of the board's participation in consortia purchasing was a joint tender with Kawartha Pine Ridge District School Board for a photocopier contract, where both boards enjoyed significant savings over their previous individual contracts.
--	---

5. School Operations and Facilities Management

Scope and Purpose



Efficient and effective management of the board's facilities (particularly schools) is an important factor in student achievement targets and strategies. Along with providing a positive learning environment for students, teachers and staff, it also helps the board achieve a standard of cleanliness and maintenance that meets the expectations of the school community.

School operations and facilities management were reviewed to assess:

- Whether the board of trustees and management have established policies and procedures that support the key departmental functions and activities, strong internal controls and financial management
- Whether the department supports the overall goals, priorities, and accountability established by the school board in support of student achievement targets and strategies
- The efficiency and effectiveness of the departmental structure and whether roles and responsibilities support the key functions/activities and the required business practices
- Whether custodial and maintenance services are responding effectively and efficiently to maintaining an optimized learning environment for students
- Whether the custodial and maintenance departments have the appropriate organizational structure to effectively manage service delivery
- Whether appropriate internal controls exist to effectively manage custodial and maintenance operations and expenditures
- Whether adequate planning and communication exist to support the reduction of energy consumption
- Whether the school board structure and processes are in place to ensure that energy is procured for the lowest cost
- Whether adequate planning and communication exist to support the provision of a safe teaching and learning environment
- Whether school board structure and processes are in place to implement safety precautions

- Whether school capital assets are being utilized effectively and efficiently
- How well management is planning for future capital requirements, based on enrolment forecasts and the capacity/maintenance issues of the existing asset base, relative to the funding available from the Ministry (i.e. NPP funding)
- Whether management is appropriately prioritizing the maintenance and renewal expenditures in light of the available Ministry funding and multi-year capital programs
- Whether processes are in place to ensure that school boards complete construction projects on-time, on-budget and with due regard to economy
- Opportunities to support continual improvement in the effectiveness and efficiency of all processes.

General Findings

Most boards' operations and maintenance function engages board staff throughout the development of their annual priorities. However, relatively few boards have formally developed annual goals and priorities for their operations and facilities function that are aligned with board-wide strategic priorities. In general, operations and facilities departments' annual plans are relatively under-developed compared with those of HR departments. There is an improvement opportunity to increase the effectiveness and accountability of the department's annual planning activities.

This has been discussed in ***Improvement Opportunity # 1 Establishment of Strategic Direction and Development and Reporting of Annual Improvement Plans***

Almost all boards use the ReCAPP database to guide the development of the annual major maintenance and renewal priorities, which are funded from the annual renewal grant and the Good Places to Learn funding. While many boards maintain a database of prioritized maintenance and renewal projects extending several years out, few boards formally communicate these priorities in the form of a comprehensive multi-year (say three to five years) maintenance and renewal plan. Improvement opportunities relating to the establishment of multi-year maintenance plans are discussed in ***Improvement Opportunity #6*** below.

Boards in general have implemented a variety of energy conservation measures. However, only a few of the boards have developed a comprehensive multi-year energy management strategy that incorporates various initiatives and establishes annual energy reduction targets. Furthermore, few boards have the ability to track detailed baseline energy consumption data for their facilities. Improvement opportunities relating to energy management are discussed in ***Improvement Opportunity #7*** below.

All boards have implemented adequate planning and communication to support the provision of a safe teaching and learning environment. Boards have also maintained appropriate policies and procedures to implement safety precautions.

Most boards monitor and plan school capacity within the framework of the Student Facilities Inventory System (“SFIS”). Some boards have dedicated resources to keep their SFIS databases current, and carry out ongoing condition assessments of their facilities. Due to the critical need to maintain accurate school capacity data, all boards should consider dedicating resources to ensure their SFIS database is kept current and accurate.

Boards in general have developed appropriate multi-year capital plans, based on enrolment forecasts, projected school capacity and the maintenance issues of the existing asset base. These forecasts also take into account the status of their current and forecasted operating and capital grants, relative to the ongoing operating and maintenance costs and future capital requirements. All of the boards have implemented comparable planning processes. Although not all boards have submitted formal 10-year capital plans as required by the Ministry, all intend to submit them.

Boards generally use cost-effective designs for additions and new school construction. Key elements include standard footprints, energy conservation measures and economical construction practices, to minimize construction costs and future maintenance and operating costs. Boards also maintain standard policies and procedures to rationalize construction projects, including benchmarking against other school board construction costs and design standards. Boards have an effective management process to monitor and control construction projects and their costs. This includes periodic project status updates and post-construction project evaluation. Management also evaluates and updates the approved list of contractors, architects and related professionals periodically.

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

Overview and significance

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 community 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.

Expected practices

The establishment of a multi-year maintenance and renewal plan should extend three to five years out, and include a systematic listing of critical maintenance and renewal requirements. The listing of requirements should be accompanied by appropriate information for prioritization, such as anticipated cost, regulatory requirements, available funding, and the impact of deferring any project. This would provide the board and its stakeholders with a clear forecast of the board’s critical needs over the next several years, within the available funding.

Improvement Opportunities from Current Practices

Boards have generally recognized the importance of planning and tracking critical maintenance and renewal projects, but the extent to which these plans are communicated and reported to stakeholders varies significantly. Boards have typically developed detailed annual maintenance and renewal projects. They also track the status of their critical needs annually, for internal planning purposes. It is common practice to present the annual plan to senior management and the board for information.

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. Boards should begin by reviewing their existing internal maintenance plans and identifying pertinent parts of the document to be extended for longer-range planning (three to five years).

A dedicated resource should be tasked with monitoring and updating the document. These multi-year plans should be made available on the boards' web sites and refreshed on an annual basis. In addition, the boards should develop a communications strategy to accompany the release of information to the public. The multi-year plan will foster increased dialogue between the board's stakeholders and management on matters related to the nature, frequency, cost and prioritization of critical maintenance/renewal projects. As a result, boards will be better informed of their maintenance and renewal priorities, based on broader input from the board's stakeholders.

Improvement Opportunity #7 - Energy management

Overview and significance

A formal multi-year energy management plan would provide management, the board and its stakeholders with a comprehensive overview of energy conservation and related initiatives. It would also show their relative value to the board and demonstrate the impact on energy costs over an extended period. This would serve as a framework for the annual planning, implementation and reporting on outcomes from the initiatives. The plan would also include the purchasing strategies to meet the board's energy requirements, and the tracking processes and controls associated with management's plans for conservation.

Expected practices

Boards should consider establishing formal multi-year energy management plans that incorporate quantifiable measures and are aligned with the strategic direction of the board. Management should carefully consider the ability of the staff resources to develop and implement the plans, and the on-going requirements for managing and monitoring initiatives.

Management should establish the means to monitor energy consumption and savings performance at a school or facility level, and use this information in subsequent planning cycles.

Management should explore, among other options, joint purchasing opportunities for procurement of utilities, to achieve cost savings.

Improvement Opportunities from Current Practices

Boards in general have implemented numerous energy management initiatives. These initiatives typically include upgrading lighting/boiler/HVAC equipment, or the installation of remote control systems for temperature control. While a few boards have started to consider implementing formal multi-year energy management plans, relatively few have done so. This is typically due to the lack of sophisticated systems to collect and analyze detailed energy consumption data at a facility-level, and to establish baseline data with consideration for external factors.

Boards that have participated in joint energy purchasing consortia have reported tangible savings over time. There is an opportunity for boards to periodically assess the costs and benefits of participating in joint purchasing arrangements.

An improvement opportunity exists for boards to develop a multi-year energy management plan. The energy management strategy should be developed in collaboration with all administrative departments, teachers, students and the community. The board should ensure that it has the appropriate systems in place to measure energy consumption at a facility level, to establish historical baselines for measurement. The baseline data should be able to account for one-time events caused by external factors (i.e. new equipment, power failures).

The boards should also establish processes to collect and analyze the data on an ongoing basis. Once the energy consumption data system is in place, the board should then set meaningful energy consumption and expenditure targets for each facility. A communications strategy should be established to engage all community stakeholders and staff. It is important for boards to realize the need for a dedicated resource to develop and manage the implementation of the plan, due to its complexity and the potential of a significant impact on costs.

Sector Examples

<p>Energy management plan</p>	<ul style="list-style-type: none"> ▪ The Ottawa Catholic District School Board established a multi-year energy management plan called the “Framework for Energy Management” that incorporated new measures and tools. It was initiated in 2005 by the Planning and Facilities Department in consultation and collaboration with all administrative departments, the director of education, superintendents, school principals, unions, custodial and trades staff. The plan was supported by a process of systematically informing, educating and guiding staff and students throughout the year, to establish operational and behavioral practices within each facility. Targets for consumption were established for each facility, using a site-by-site analysis of current consumption and operational characteristics. This provided a benchmark for expected improvements.
<p>Monitoring energy consumption and savings performance</p>	<ul style="list-style-type: none"> ▪ The Thames Valley District School Board uses “universal front end” technology that allows staff to remotely manage and control energy consumption equipment for newer schools. Using this system, the board currently collects and analyzes energy expenditures at the school level, and routinely compares energy costs per square foot across facilities to monitor energy costs. ▪ The Lambton Kent District School Board collects and analyzes energy expenditures at the school level, and routinely compares energy costs per square foot across facilities to monitor energy costs. The board maintains centralized technology that enables energy efficient practices through automation. The centralized technology enables the board to remotely manage and control energy consuming equipment (i.e. heating, air conditioning) on a facility-by-facility and a room-by-room level. The board continually monitors consumptions and the impact on costs. ▪ The Lambton Kent District School Board participates in the Local Authority Services (LAS) consortia for the purchase of electricity and natural gas. This enables the board to gain from the pooling of the volumes required to be purchased for more favorable pricing.
<p>Purchasing practices that reflect energy conservation objectives</p>	<ul style="list-style-type: none"> ▪ The Durham Catholic District School Board is a member of the Catholic School Board Services Association (CSBSA) consortium for purchasing fuel, natural gas and electricity. Management also follows a policy of buying new equipment that is energy efficient and actively looks at incentive programs offered by utilities, Natural Resources Canada and other organizations to conserve energy.