



Ministry of Education

Operational Review Report

Hamilton-Wentworth District School Board

June 2008



reach every student



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Executive Summary

This report details the findings and recommendations of the Operational Review of the Hamilton-Wentworth District School Board (the Board) conducted by the Operational Review Team composed of external consultants from Deloitte Touche LLP, and Ministry of Education staff. The Operational Review was conducted over a four-day period beginning November 5, 2007.

Introduction

The Ministry plans to perform Operational Reviews of the 72 district school boards across the province over the next three years. The initiative supports Ministry goals and will increase confidence in public education. The Ministry's goal is to enhance management capacity within school boards by encouraging good stewardship of public resources and by the leveraging and sharing of best practices. By identifying opportunities for continual improvement, school board administration and operations will be aligned to support the government's highest priority: student achievement.

The Operational Review Team reviewed the Board's operations in four functional areas: Governance and School Board Administration; Human Resource Management and School Staffing/Allocation; Financial Management; and School Operations and Facilities Management. The purpose of this was to assess the extent to which the Board has 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. Appendix A provides an overview summary of the Operational Review scope and methodology.

The review found that the Board is well-managed, based on the fact that it has adopted a significant number of the leading practices in all of the functional areas reviewed. A summary of the findings and recommendations identified in each of the functional areas reviewed follows. Details can be found in subsequent sections of the report.

Governance and School Board Administration Summary

The Board has adopted a governance structure that clearly delineates the roles and responsibilities of the Board of Trustees and the executive council. The Board of Trustees comprises 11 trustees, four of whom are newly elected. Executive council is composed of the Director of Education, an associate director and the superintendents responsible for schools, education programs, and administration.

The Board of Trustees sets and maintains policy, while the executive council develops and implements operating plans and procedures. The executive council ensures adherence to the Board's policies and the accomplishment of the Board's Strategic Directions.

The working relationship between the Board of Trustees and executive council is collaborative. Both parties recognize that significant progress has been made in recent years.

The Board has developed clear decision-making processes that involve a number of standing committees, a committee of the whole and regular Board of Trustee meetings. Executive council reviews and approves all reports tabled at board committees. The committee of the whole is composed of the Board of Trustees, with executive council also in attendance. It meets on a monthly basis to review and approve recommendations that go to the Board for final approval. Reports and memos are presented as one of:

- decision required;
- monitoring; and
- information.

The committee of the whole also reviews the reports from other Board sub-committees. Regular Board meetings are held monthly, when the Board considers and accepts the committee of the whole recommendations. Other Board meeting standard agenda items are directed by an annual work plan and other matters that arise for its consideration.

The Board of Trustees is focused on improving student achievement through effective policymaking, strategic planning, evaluating student outcomes and identifying major implications for the Board. The executive council is responsible for implementing Board policy directions and the day-to-day operations of the Board. This clear delineation of roles results in effective Board governance, administration and planning.

The Board's approach to strategic planning is outlined in *One Passion, One Purpose, One Plan: Strategic Planning 2006-2009*. The document is supported by a research team that develops best practices. The process has resulted in a statement of *Core Commitments and Goals for 2006-2009*. The Board notes that it has increasingly improved reporting on progress toward achieving targets.

In 2007-08 the Board approved the *Annual Operating Plan* that was developed by executive council. This identifies the objectives to make every school an effective school by embracing and building capacity under seven correlates of effective schools:

1. Clear and focused mission
2. Instructional leadership that has a strong focus on numeracy and literacy
3. Safe and orderly environment
4. Climate of high expectations
5. Frequent monitoring of student success
6. Time on task
7. Positive home-school / community relations

In addition, executive council started a *Service Improvement Planning Process* that records the non-academic departments' efforts to make improvements.

At the time of the review, a number of the policies posted on the Board's web site were past their listed expiry date. This applied to all areas within the scope of the Operational

Review. The Board should focus on the regular maintenance and publication of all its policies.

Recommendation:

- The Board should consider establishing a specific refresh cycle for all policies and related procedures. Duration of the refresh cycle should be based on each policy, with a designated department responsible for tracking.

Human Resources Management and Staffing/Allocation Summary

The HR Department has demonstrated operational effectiveness overall, through the implementation of many leading practices:

- The HR department's goals and annual plan are aligned with the Board's strategic directives. The department also prepares a HR Service Improvement Plan (SIP) with due dates for initiatives and the responsible parties. The HR department produces an annual report detailing the progress on the plans.
- The department's focus on absenteeism and a proactive return-to-work program has produced savings. One of the successful practices has been an initiative for schools that returns 50% of their unused occasional teacher budget.
- The HR department is committed to personal development for non-professional staff. Programs for staff are identified by employees and management and delivered through local partnerships with Mohawk College and McMaster University.
- Recruitment goals and initiatives are reviewed annually. When particular recruiting investments are deemed unsuccessful, the approach is refined or the location is temporarily removed from future recruiting trips.
- The Superintendent of Operations and the Budget department closely monitor any material variances in enrolment and hold all parties involved in the estimation process accountable. An example is a three per cent over-estimation in the 2006/2007 school year, where each school was required to explain the shortfall on a student-by-student basis.
- The Board has implemented employee performance appraisal procedures for teaching (Teacher Performance Appraisal System) and all non-teaching staff groups (Employee Performance Appraisal System). EPAS defines a one to five year review cycle (depending on the staff group) and includes a comprehensive resource binder and supporting software. The HR department is responsible for monitoring and ensuring the completion of all performance appraisals.

Recommendations:

- The HR department should conduct independent, periodic compliance audits of the Board's benefits insurance carrier. These audits, conducted by HR or through its

benefits consultant, would ensure adherence to the plan terms and conditions, especially the adjudication of claims.

- As part of its on-going review of its needs for human resources management systems, the HR department should look to build in functionality that allows for automated synchronization of data between HR benefits, payroll, and external carriers.
- The Director, in consultation with senior staff, should consider developing a formal succession plan to manage retirements and resignations at the senior administrative level.
- The HR department should consider performing exit interviews with staff and management. Combined with the employee satisfaction survey, this can provide management with valuable input for HR professional development and policies.

Financial Management Summary

The business department has demonstrated positive results by implementing many of the leading practices:

- The annual budget development process is transparent, clearly communicated and incorporates input from all key stakeholders including executive council, principals, the Board of Trustees and the community. The annual budget is also linked directly to the approved goals and priorities of the Board that include student achievement targets.
- Enrolment forecasts combine school-based information with macro demographics, multi-year forecasts, and regional planning information.
- The Board participates in two of the larger provincial energy purchasing consortia and a copier paper consortium managed through the Peel District School Board.
- The department has a clear organizational structure, with well-defined roles and responsibilities. Staff have appropriate designations or experience commensurate with roles and responsibilities.
- The department has engaged stakeholders and gained their confidence, as demonstrated by the following comment in the Director's recent evaluation: "The Trustees commend the Director of Education for the high level of fiscal responsibility shown in the Hamilton-Wentworth District School Board. Trustees are exceptionally satisfied with the management of finances and the financial processes and controls in place, especially in light of the pressures facing the organization."

One area that offers opportunity for improvement is the format and detail of periodic financial reporting to the Board of Trustees. The Board currently receives a monthly report that shows the year-to-date expenditure as a percentage of budget. On an exception basis, management provides written variance commentary.

A leading practice in financial reporting is to show “expected spending to date” for each expenditure/revenue category, along with explanations for categories which vary significantly from expectations. Comment on the status of the current year’s expected year-end position would clarify whether current expenditures are above or below expectations, and confirm that the budget is tracking a balanced position.

Recommendations:

- The business department should compile the *Statement of Intent*s (i.e. an individual’s annual priorities) into an annual business service improvement plan aligned with the Board’s strategic directions. The business department can report its accomplishments against this plan.
- Finance staff should consider providing an expanded level of interim reporting in the format suggested in section 4.3 of this report. This would improve understanding of the year-to-date results.
- Management and the Board should consider establishing an internal audit function. Management could start by identifying options for its mandate and scope and estimating annual costs for each option. Management’s proactive assessment of need and cost would be a useful first step.
- The Board should consider establishing a standalone audit committee. Management and the Board should also consider expanding the membership of the audit committee to include external members as advisors.
- Management should consider tendering its banking services at least every five years. Management should periodically review banking terms and conditions and compare them to school boards of similar size, to ensure the most competitive terms.
- Management should develop an investment policy for approval by the Board, as required by the Education Act. The policy would define the investments permitted and define the nature of annual reporting on investment results.
- Management should assess the cost/benefit of an electronic registration and payment system for continuing education. This could expedite the registration and management of all continuing education services, increase access to registration, and improve reporting capabilities.
- As part of the update of the procurement policies and procedures, authorization and threshold levels should be evaluated to ensure that purchasing power is commensurate with the Board’s needs. This includes consideration of reducing the threshold for the use of electronic bulletin boards to \$50,000.
- To maximize payment processing efficiency, management should analyze existing PCard and lower value purchase order transactions (\$350-\$1,000). This would define the dollar value distribution of current payments and help to identify

opportunities to increase purchase order threshold limits and promote increased use of PCards.

- Management should develop a standard receipting and matching process at the school level to ensure that it only pays for goods it has received. The Board should consider performing a cost/benefit analysis of an automated receipting and matching process as part of any broader examination of its financial system requirements.
- Management should implement EFT payments to the majority of suppliers to gain greater efficiency and minimize the risk of payments being altered prior to clearing the bank.

School Operations and Facilities Management Summary

The plant services department employs many of the leading practices in its caretaking and maintenance operations. The following significant practices are noted:

- Management has implemented accountability mechanisms such as documented roles and responsibilities and policy compliance awareness training. Senior staff have appropriate professional designations. This contributes to the effective and efficient performance of the maintenance and operations functions.
- In 2005, management established a capital needs report that forecasted the Board's capital needs over a five-year period and included a ten-year enrolment projection. Management provided a 2006 capital plan update in December, 2006. This provides the Board with its capital planning priorities for the coming period.
- Management prepares and provides the Board with the annual maintenance plan that addresses its deferred and other maintenance needs. Lists of projects, their costs and funding sources are submitted annually to the trustees.
- The department maintains written standards for cleanliness in a custodial manual at the school level, and uses them as a basis to evaluate the performance of custodial staff at each facility. The Board's custodial allocation model provides for the optimal use of resources in support of the Board's cleaning standards and practices.
- Management has established an inventory system to track and control its major cleaning and maintenance equipment. The procurement procedures and inventory list are pre-determined through on-line catalogues, and tracking is enforced by custodial management and supervisors.
- The department has developed an annual energy management plan. A system tracks consumption and budget expenditure, and identifies future opportunities for savings. Consumption targets are set based on incremental annual improvements in systems and school-level initiatives to reduce energy use.

- In support of system-wide health safety and security, the Board has formed a chemical review committee that is composed of representatives from CUPE, health and safety, purchasing and maintenance. This committee ensures that new products are environmentally friendly and that new equipment is ergonomic.
- Management uses standard footprints on new school builds, and has developed a routine process to report on, monitor and control construction projects and costs.

Recommendations:

- The facilities department should compile the *Statement of Intent*s (i.e. an individual's annual priorities) into an annual business service improvement plan aligned with the Board's strategic directions. The facilities department can report its accomplishments against this plan.
- Management should consider establishing a multi-year (say 3 to 5 years) maintenance and renewal plan, including the funding available to support it. This would provide a clear forecast of the Board's critical needs over the next several years.
- Management should develop a comprehensive operational plan that consolidates all elements of an effective health, safety and security program, and provides a foundation for reporting accomplishments to executive council and the Board.
- Management should develop an action plan to address its status as a "high-risk workplace" from the Ministry of Labour. Lessons learned from these orders must be considered for all future maintenance plans and new schools.
- The facilities department should maintain an accurate and current assessment database of facility conditions, based on industry standards in the ReCAPP system. Few updates have been made since an initial (and extensive) benchmarking exercise in 2002.
- Management should benchmark its facility construction costs against peer boards, to demonstrate that its construction costs are in line with other school boards.

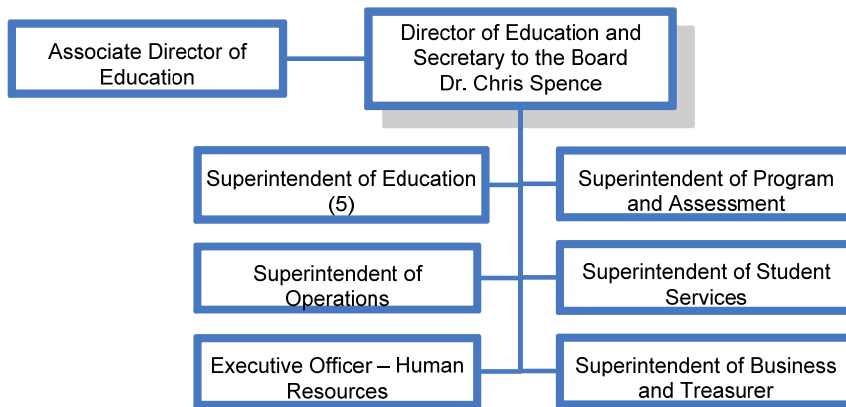
1. Background and Overview

1.1. Board Profile and Structure

The School Board operates 99 elementary and 20 high schools, serving about 50,000 students across many areas including Hamilton, Ancaster, Binbrook, Waterdown, Stoney Creek, Dundas and Mount Hope. The school board comprises an area of 1,130 square kilometres and includes dense urban neighbourhoods as well as rural areas.

The Board’s enrolment continues to decline in both elementary and secondary schools. The total decline since 2002-03 has been about 4,200 students in elementary and 400 students in secondary. This represents about 8.4% of the total students in 2002-03. Management states that this trend will continue for several years, and that the sharper decline experienced in elementary will impact secondary over the next few years. A staff report in December, 2006 stated that the “Board approved accommodation revitalization undertakings” over a 10-year period (up to and including 2008) representing 42 school closures and 11 new school openings. Management has presented the Board with the forecasted capital needs over the next five years.

The Board’s executive council is as follows for 2007-08:



With the diverse nature of Board’s operations, an associate director of education position was created to support the Director of Education with some of the day-to-day responsibilities.

This enables the Director to devote focused time with Trustees and other key stakeholders within the community, keeping them fully informed in matters of the board.

1.2. Key Priorities of the Board

The Board has a clearly defined mission and vision. Its vision is: “*A future in which all students can achieve their full potential.*” Its mission is: “*Educating all students to become lifelong learners and contributing citizens in a challenging, changing and multicultural world*”.

The Board of Trustees and management have defined goals, priorities and objectives. The Board of Trustees works with the Director, executive council and other stakeholders to create a strategic plan. The Board of Trustees has set three major focus areas for its term:

- student outcomes
- capital planning
- improved relationships with the staff associations.

The Board then developed the following system goals for 2006-2009 in line with the strategic plan:

- Effective staff - we will be an employer of choice that will attract and retain an effective, diverse and highly functioning workforce;
- Effective schools - Make every school an effective school by embracing and building capacity for the seven correlates of effective schools;
- Effective environments - Make every school a clean, attractive and quality learning environment that stimulates academic achievement.

These goals are then expanded within an annual operating plan that is developed by executive council. The current plan includes the *Seven Correlates of Effective Schools* which aim to provide the best possible learning environment for all students. These correlates are:

- Clear and focused mission and vision
- Strong instructional leadership
- Climate of high expectations for success
- Safe and orderly environment
- Opportunity to learn - time on task
- Positive home-school relations
- Frequent monitoring of student progress.

While each correlate is not specifically measurable, there are related actions and objectives beneath them which are. Achievement of the actions and objectives indicates that the correlate is being achieved.

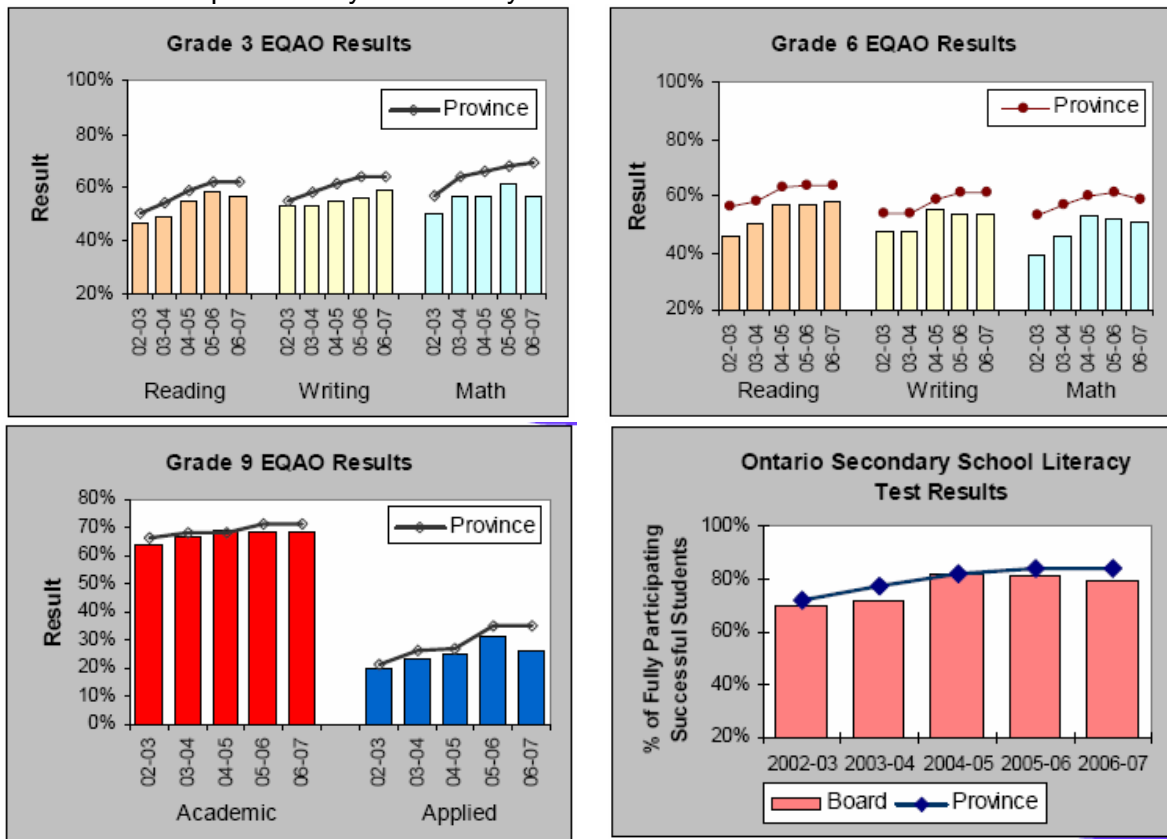
1.3. Student Achievement

The Board has made significant progress in its EQAO performance since its initial results in 2002/03. Despite the Board's earlier success at improving its academic performance, EQAO results from 2006/07 demonstrated a slight decline in overall achievement as evidenced by the charts below.

The Board has set a target of 75 per cent of students achieving the provincial standard by the 2007-2008 EQAO assessments. The Board recognizes that it needs to take steps to close the gap. For example, some of the on-going system initiatives include:

- 52 literacy improvement project teachers currently working within all elementary schools;
- K-6 mandatory assessment of students in reading, in order to guide instruction as well as interventions;
- Early intervention processes of all students in JK/SK and Grade 1 in order to identify learning strengths and areas of concern;
- An emphasis on balanced instruction (literacy and numeracy) and the role of all teachers as teachers of literacy; and
- Continuation of Board and Ministry Turnaround projects involving seven schools and the 10 Math facilitators currently working with teachers in our elementary schools.

The following information is based on the most recent data available at the time the review and was provided by the Ministry.



1.4. Fiscal Overview

The Board has achieved a balanced budget over the past several years, posting a surplus in most of those years. This has been achieved through prudent management of annual budgets and through significant annual savings from the closure of schools during that period. The forecasted balance of its Working Fund Reserves as of August 31, 2008 is about \$3.3 million. This is in addition to a contingency fund established in the 2007-2008 budget of about \$1.0 million. The Board also was in a position to use about \$6.5 million of its working fund reserves to support its capital program expenditures.

The Board's current capital and debt service requirements are funded through a variety of sources including New Pupil Place grants, proceeds from the disposition of some of its closed schools and operating reserves. The Board does not proceed with any capital project unless the required funding is secured.

<u>Summary Financial Data</u>	<u>2005-06 Financial Statements</u>	<u>2006-07 Financial Statements</u>	<u>2007-08 Revised Estimates</u>
Revenues:			
Legislative Grants	\$309,551,752	\$315,732,315	\$329,898,379
Local taxation	\$113,008,698	\$119,429,206	\$119,997,601
Board Revenues	\$4,705,741	\$3,741,252	\$2,679,320
Other Operating & capital Grants	<u>\$12,892,307</u>	<u>\$4,943,663</u>	<u>\$5,447,287</u>
Total Revenues (Schedule 9)	<u>\$440,158,498</u>	<u>\$443,846,436</u>	<u>\$458,022,587</u>
Expenditures:			
Operating expenditures	\$414,848,799	\$423,466,184	\$436,824,840
Capital expenditures - Before transfers from reserves	\$30,240,318	\$20,321,689	\$15,764,142
Transfer to (from) Reserves	<u>-\$8,936,330</u>	<u>-\$3,431,069</u>	<u>\$2,371,872</u>
Total Expenditures	<u>\$436,152,787</u>	<u>\$440,356,804</u>	<u>\$454,960,854</u>
Surplus - Represents Cumulative Surplus Balance	<u>\$4,005,711</u>	<u>\$3,489,632</u>	<u>\$3,061,733</u>
(The cumulative surplus at August, 2005 was \$3.4 million)			
<u>School Board Reserves and Deferred Revenues:</u>			
Reserve for Working Funds	<u>\$3,192,393</u>	<u>\$2,741,381</u>	<u>\$3,071,919</u>
Total Reserve Funds (Schedule 5)	<u>\$3,192,393</u>	<u>\$2,741,381</u>	<u>\$3,071,919</u>
Special Education Reserve	\$423,660	\$0	\$0
Proceeds of Dispositions - School Buildings	\$0	\$1,850,135	\$1,850,135
Distant School Reserves	\$57,879	\$0	\$0
Reserve for Classroom Expenditures	<u>\$69,010</u>	<u>\$0</u>	<u>\$0</u>
Total Deferred Revenues (Schedule 5.1)	<u>\$550,549</u>	<u>\$1,850,135</u>	<u>\$1,850,135</u>
Total Board Reserves and Deferred Revenues	<u>\$3,742,942</u>	<u>\$4,591,516</u>	<u>\$4,922,054</u>

1.5. Key Board Statistics

The following table highlights key statistics for the Board. Of note are the decreasing enrolment trend and the significant changes in the primary class size.

	2002-03 Actual	2007-08 Revised Estimates
Day School Enrolment:		
Elementary Day School ADE	36,656	32,415
Secondary Day School ADE	18,420	17,840
Total Day School Enrolment	55,076	50,255
Primary Class Size:		
	2003-04	2007-08
% of Classes Less Than 20	27%	92%
% of Classes Less Than 23	64%	100%
Average Class Size - Jr/Inter	25.7	25.5
% of 3/4 Classes 23 & Under	38%	100%
% of Combined Classes	23%	20%
Staffing:		
School Based Teachers	3,142	3,233
Teacher Assistants	420	522
Other Student Support	192	219
School Administration	180	170
School Clerical	217	208
School Operations	459	452
Other Non-Classroom	152	151
Total Staffing	4,762	4,955
Teacher - Pupil Ratio	1:12	1:16
FTE Staff per 1,000 Pupils (ADE)	87	99
(Note: Impacted by Class Size and Special Education)		
Total Salary & Benefits as % of Net Operating Expenditures	86.3%	87.6%
Special Education:		
Special Education Incremental Expenditures	\$41,199,152	\$52,399,689
Special Education Allocation	42,414,285	52,399,689
Spending above Allocation (Reserve)	-\$1,215,133	\$0
School Utilization:		
Total Capacity (Spaces)	61,186	56,500
Capacity Utilization	90.0%	88.9%
Number of schools	132	119
Board Area (Km2)	1,140	1,140
Number of Trustees	11	11

2. Governance and School Board Administration - Findings & Recommendations

The 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 board administration processes are reviewed to:

- Understand how the governance model delineates the division of duties between the Board of Trustees and the administration and supports operational effectiveness;
- 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 the processes for the generation and maintenance of policies and related procedures;
- Assess whether staffing levels and organization structures provide for clarity of roles and accountability sufficient to carry out the Board’s objectives;
- Identify opportunities to support continual improvement in the effectiveness and efficiency of all processes.

This section provides a summary of the findings and recommendations of our assessment of the Board’s adoption of the leading practices relating to the governance and school board administration. Our findings are a result of our review of the data provided by the Board and our field work, which included interviews with the Chair, the Director and senior staff of the Board.

The following table summarizes the leading practices defined for governance and school board administration, and identifies where evidence showed that the practice was adopted in full. Where the evidence was not present or the practice was not completely adopted at the time of the review, a “No” indicates that an improvement opportunity exists.

Leading Practices – Governance and School Board Administration	Evidence of Adoption?
Development and Reporting of Annual Goals and Priorities	
The Board of Trustees articulates annual goals/priorities and receives periodic/annual reports on the achievements against them.	Yes

Leading Practices – Governance and School Board Administration	Evidence of Adoption?
The Director of Education and management develop annual plans reflective of the Board of Trustees' goals/priorities and annually reports on their outcomes to the Board of Trustees and stakeholders.	Yes
Decision Making Processes	
The Board of Trustees and management establish processes to facilitate decision making that address student achievement targets and operational performance.	Yes
Organizational Structure and Accountability	
Organizational charts that clearly and accurately reflect the structure of senior management and illustrate roles, responsibilities and accountabilities are available to the public.	Yes
Stakeholder Engagement	
The Board of Trustees and management proactively engage internal and external stakeholders on a regular basis and through a variety of communications vehicles (e.g., websites, email, memoranda, town hall meetings, etc.).	Yes
Membership in Sector Committees or Associations	
Key senior staffs, of all functional areas, are members and participants in sector committees of provincial associations and/or Ministry work groups.	Yes

Development and Reporting of Annual Goals and Priorities

The governance model at the Board is based on a collaborative relationship between the Board of Trustees and the executive council. The Board of Trustees is responsible for setting the strategic direction and overall policy. Management is responsible for the day-to-day operations and annual performance of the Board.

The annual planning process is extensive and is managed by the associate director. The associate director meets annually with principals and community groups as part of an environmental scan. A research team undertakes a jurisdictional scan and compiles a set of best practices from the educational sector. This information is a key input into a strategic planning session conducted with the trustees. This session provides the foundation for the strategic plan which is then formally approved by the Board of Trustees.

A similar process is followed by the executive council to develop the annual operating plan which is then submitted as an information item to the trustees. This is a supporting document of the strategic plan. It outlines the specific resources and activities to achieve annual goals. The plan is composed of the following:

- Specific, measurable, and time relevant goal statements which focus on continuous improvement
- Measurable performance targets
- Timeframes

An annual report is produced by the Director of Education to track performance against goals and targets.

Decision Making Processes

The Board has developed clear decision-making processes that involve a number of standing committees, a committee of the whole and regular Board of Trustee meetings. Executive council initially reviews and approves all reports to be tabled at a board committee. The committee of the whole comprises the Board of Trustees with executive council in attendance. It meets monthly to review and approve the recommendations going to the Board. Reports and memos are presented as one of:

- decision required;
- monitoring;
- information.

The committee of the whole also reviews the reports from other Board sub-committees. Regular board meetings take place on a monthly basis after the committee of the whole, when the report from that month's committee of the whole meeting is approved by the Board.

Board meeting agendas are set based on an established work plan. The work plan considers the Ministry's reporting requirements and the cyclical timing of standard reports to the Board (e.g. annual energy management report). The Board sets out its annual work plan on the basis of anticipated and regularly scheduled reports for the year ahead. That provides the Board, management and the stakeholders with a sense of the major anticipated matters that will be presented and when to expect them.

The Board has hired the National Quality Institute to assess the quality of key administrative processes. The Board has reviewed the achievement of its organizational goals and has achieved level one certification. The Board is moving toward the second level of certification.

Organizational Structure and Accountability

The Board has created an effective organizational structure, in terms of reporting to key stakeholders, providing appropriate stewardship of resources, and supporting the success of its students and satisfaction of staff. A key element of the structure is the role of the associate director.

The associate director is actively engaged in operational system requirements, with a focus on internal priorities, including the grievance process, the equity portfolio and organizational development.

As a result, the Director has a greater opportunity to be involved in the strategic matters of the Board. Key activities include focused time with Trustees and other key stakeholders within the community to keep them fully informed. The Director also takes leadership over academic and strategic issues.

The Board has established a strong governance structure that supports student achievement and fiscal responsibility. Trustees have descriptions of their roles and responsibilities. The governance structure has improved its effectiveness as trustees move away from involvement in operational decisions. Given the recent change in Board membership, the Board could take this opportunity to review the current description of roles and responsibilities.

All Board members receive training through a series of workshops. Communication between the executive council, senior staff and trustees has increased in recent years. New Board sub-committees have been developed and existing subcommittees have broadened their mandates. As an example, there has been an evolution of the salary committee to a broader, policy-focused HR committee. Additionally, a superintendent, either functional or academic, is now represented on every Board sub-committee.

Policy is shaped and introduced to the Board of Trustees through a committee dedicated strictly to that task. The Board has recently moved towards 'pillar policies' which will provide greater direction to the policy review and refreshment process in the future. However, at the time of this review, the Board had not completed its review of select policies across administrative areas. As well, review of the web site indicates that many policies have passed their targeted review date.

Stakeholder Engagement

The Board engages all stakeholders at various points of the year, especially during the budgeting process. Various communication channels (emails, website postings and town halls) are crucial in keeping all key stakeholders engaged throughout the planning process.

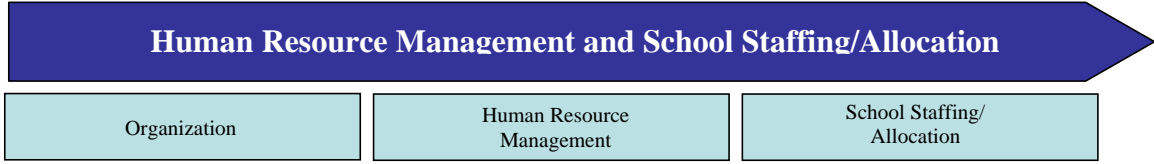
Membership in Sector Committees or Associations

The Director is an active member of the Council of Director's of Education (CODE). Other senior staff are active on education sector committees and/or Ministry work groups.

Recommendation:

- The Board should consider establishing a specific refresh cycle for all policies and related procedures. Duration of the refresh cycle should be based on each policy, with a designated department responsible for tracking.

3. Human Resources Management and School Staffing/Allocation - Findings & Recommendations



Effective management of human resources ensures that the staff allocations to schools and classrooms meet the Ministry’s class size requirements and are in line with the Board’s collective agreements and approved allocation models. The allocation models adopted by the Board are designed to ensure the most effective teaching and learning practices.

The following is a summary of our review of the HR department’s adoption of the leading practices under the processes identified above. The findings are a result of our review of the data provided by the Board and our on-site field work, which included interviews with all key HR staff as well as follow-up and confirmation of information.

3.1. Organization

The review of the organization of the HR department assesses:

- 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;
- Whether an annual plan setting out the goals and priorities and their alignment to the Board’s strategic directions has been established;
- Whether the roles and responsibilities of staff support the key functions, activities and practices of HR;
- Opportunities to support continual improvement in the effectiveness and efficiency of all processes.

The following table summarizes the leading practices defined for HR organizations, and identifies where evidence was found to indicate that the practice was adopted in full. Where the evidence was not present or the practice was not completely adopted at the time of the review, a “No” indicates that an improvement opportunity exists.

Leading Practices – Human Resource Organization	Evidence of Adoption?
Development and Reporting of Annual Goals and Priorities	
Departmental goals and priorities are aligned to the Board's strategic directives and are documented in an annual department plan accessible by key stakeholders.	Yes
Organizational Structure and Accountability	
Publicly-available HR organizational charts clearly illustrate roles, responsibilities and accountabilities.	Yes
Senior HR staff has appropriate designations (e.g., Certified Human Resource Professional, etc.).	Yes
Monitoring and Communication of Policy	
Management monitors HR policy compliance.	No
Management provides scheduled HR policy awareness, training, and education sessions.	Yes

Development and Reporting of Annual Goals and Priorities

The HR department goals and priorities are documented in an annual departmental plan which is aligned to the Board goals and priorities. The Board has developed a comprehensive approach to the development of service improvement plans that is targeted toward lead administrators and executive council. It includes a standardized methodology and supporting templates. This approach is noteworthy for its rigor but also because it explicitly identifies the need for non-academic functions of the Board to enhance their services in support of overall student achievement.

For 2007-08, the HR department has identified the following initiatives supported by lower level strategies, accountabilities and timelines:

- Implementation of employee performance appraisal system
- Development of HR equity operating plan
- Long Term Occasional teacher orientation
- Development of a workplace conflict policy directive
- Initiation of a Request For Information for HR system
- Employee satisfaction survey for unionized staff
- Accident reduction initiatives
- Pandemic continuity plan
- Teacher bargaining
- Effective service correlates
- Orientation program for non-teaching staff
- Human Resources in-service program

The HR department also produces an annual report detailing the progress on the plan.

Organizational Structure and Accountability

Over the last five years, the HR department has shifted to become a centralized, leader-focused organization with a defined mission and vision. The department functions are clearly detailed on the Board's website with departmental contact information. The number of staff with professional designations (e.g. Certified Human Resource Professional) has increased over this time. Members of the HR department participate in a number of provincial committees, including the HR Advisory Committee and the OPSBA Provincial Labour Relations Network (PLRN) committee, which consists of management plus one trustee.

Part of the department's role is to manage labour relations. A chief negotiator and an HR officer are dedicated to support each of the labour organizations. The HR officers are engaged in negotiations to increase their familiarity with the process. A part of the negotiation strategy includes working with other boards and organizations to understand the environment.

Recently, the occupational health and safety unit was moved from the facilities unit into the human resources department. This has broadened the unit's scope of responsibility to include policy implications.

Monitoring and Communication of Policy

A large selection of HR-related policies (including attendance management and termination) are posted on the Board's intranet, but many are outdated. There is little evidence to support the measurement of adherence to policies and procedures, since this is not monitored.

The Board acknowledges that current workload pressures have impeded its ability to perform necessary policy updates. An overall recommendation for the Board to update its policies and develop a formal refresh cycle is included in the Governance & Administration section of this report.

3.2. Human Resource Management

The purpose of reviewing the HR management processes is to assess whether:

- Planning and processes are in place for the recruitment of the appropriate number of qualified staff to support the student achievement targets;
- Appropriate processes are in place to 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;
- Opportunities to support continual improvement in the effectiveness and efficiency of all processes can be identified.

The following table summarizes the leading practices defined for HR Management, and identifies where evidence was found to indicate that the practice was adopted in full. Where the evidence was not present or the practice was not completely adopted at the time of the review, a “No” indicates that an improvement opportunity exists.

Leading Practices – Human Resource Management	Evidence of Adoption?
Attendance Management Processes/Programs	
Attendance management policies and processes support employees and minimize absenteeism costs.	Yes
Labour Relations	
Management and Board of Trustees have established labour/ management committees.	Yes
Established policies and procedures minimize the incidence of grievances.	Yes
Staff Recruitment	
Recruiting policies and practices are reviewed annually, and are aligned with staff planning in support of student achievement.	Yes
New hire policies and procedures are standardized in packages for respective staff groups.	Yes
Management of HR and Payroll Data	
Payroll processing is segregated from payroll and employee data changes.	Yes
Teacher qualifications and experience are formally tracked and HR records are current.	Yes
An approved pay equity plan is reviewed periodically and amended as necessary.	Yes
Employee Performance Evaluation Processes	
Management maintains and communicates formal disciplinary policies and procedures for all staff.	Yes
Management has implemented an employee evaluation system for all staff.	Yes
Management of Board’s Benefit Plans	
Management periodically conducts independent compliance audits of the Board’s insurance carrier to ensure adherence to benefit plan’s terms and conditions.	No
Data is automatically synchronized between HR benefits and payroll and external carriers such as TPP and OMERS.	No

Leading Practices – Human Resource Management	Evidence of Adoption?
Policies and procedures ensure the Board's benefit plans are managed appropriately.	Yes
Monitoring Staff Satisfaction	
Confidential staff satisfaction surveys are performed periodically.	Yes
Confidential exit interviews are performed for all staff.	No

Attendance Management Processes/Programs

Absenteeism has historically been an issue for the Board which has significantly increased supply teacher and other costs. One of the Board's strategies is to allocate to each school an annual budget for occasional teacher days, based on total teacher full time equivalent (FTE). Usage of occasional teachers is then tracked in attendance management software. If a school does not spend its entire occasional teacher allocation, 50% of the balance is returned to the school to use in their general operations, as long as the Board, in total, is in surplus. This initiative, along with the Board's proactive return to work program, has resulted in annual savings.

When occasional teachers are required, the Substitute Employee Management System (SEMS) is used. Each school has a roster of teachers who are called by the automated system.

Accurate and consistent tracking of attendance data is a challenge for many boards. The Board's overall trend on absenteeism shows a reduction from 4.1% in 2003-04 to 3.8% in 2005-06. Although progress has been made in the aggregate, some staff groups show much higher rates or different trends than the Board average. The Board has an opportunity to develop a more comprehensive approach to attendance management, specifically focusing on staff categories with increasing or higher-than-average absenteeism.

To reduce the amount of staff on short and long term disability, the HR department works closely with labour representatives, using a flexible and proactive return-to-work program. The program employs a disability management coordinator and a return-to-work coordinator to create programming to support re-entry. This program has resulted in savings to the Board.

Labour Relations

The HR department maintains good relations with its unions and employees by managing labour disputes in a proactive and transparent manner. Labour relations remain an area of priority for the Director, senior management and the Board, despite their success in working with the unions. In the event of an issue, HR management holds discussions with the individuals concerned. This allows all parties to discuss the issue under less pressure and prior to any formal action.

In preparing for negotiations, the negotiations sub-committee examines past negotiation notes and the grievance/arbitration list to understand which issues will be under discussion. In addition, HR management uses its membership in the North American Association of Educational Negotiators (NAEN) to advantage. The department reviews its proposed approach to negotiations against this backdrop of information.

The HR department has developed an employee relations process. Prior to a formal grievance, a discussion is held with the employee's supervisor or the relevant superintendent. If the grievance is not resolved, the superintendent is responsible for investigation, with support from the chief negotiator/management.

This grievance process is detailed in the HR annual report. Management tracks the number of grievances resolved prior to arbitration, instead of the number of actual grievances. This provides a clear picture of the department's ability to resolve grievances during preliminary discussions with labour organizations.

Staff Recruitment

Annual recruiting plans for new staff are developed by the HR department. The majority of recruiting is teacher-focused. The need for new teaching staff is determined once the surplus staff retained from the previous year have been placed.

For new teacher hires, certain regions and areas of Canada are targeted. Additionally, specific skills (e.g. core French teachers) have a higher recruiting priority, since they are always in short supply. Other routine recruitment is done through internal and external postings. For teaching positions, the Board uses "Apply to Teach" software to support its recruiting efforts.

Recruitment activities are reviewed annually. If particular recruiting trips are deemed unsuccessful, the location or region is removed from future recruiting plans. This was the case with the Board's recent recruiting trip to Canada's east coast.

The Board does not have formal succession planning processes to address the risk of senior management retirements or resignations. The Board does track projected retirements/separations from the Board for Principals, Vice-Principals, Teachers and Supervisory Officers over a 10 year time horizon.

Management of HR and Payroll Data

HR works directly with the business department to process payroll. Of note, the payroll processing function reports to the business department. To process payroll, data is shared between the departments. Typically, a primary and secondary payroll "dry run" is performed before payments are executed by payroll. There is not full integration between the two systems used for these processes.

The business department has been given limited authorization to access personnel records. As such, the Board has ensured the segregation of duties, to ensure that

updates to personnel records for pay and benefit changes or other compensation adjustments are only performed by authorized staff.

Employee Performance Evaluation Process

The Board has implemented comprehensive processes for the evaluation of all staff groups. Consistent with ongoing refinements made by the Ministry to the Teacher Performance Appraisal (TPA) System, the Board recently established a new set of guidelines and processes to address TPA for teachers newly-appointed to permanent positions. HR staff also implemented a training plan for principals and vice principals and worked to make adjustments to the software application that supports the process.

A new Employee Performance Appraisal System (EPAS) was implemented in September 2007, covering all non-teaching staff. The Board has developed a comprehensive resource binder and implemented supporting software for EPAS. Formal appraisals will be completed every one to five years, depending on the employee group, as shown here:

Employee Group	Minimum Frequency
Director	Annual
Executive Council	Every 3 years
Principals/Vice Principals	Every 5 years
Managers/PASS	Every 3 years
Professional Support Services Personnel	Every 5 years
Office, Clerical & Technical Staff	Every 5 years
Educational Assistants	Every 5 years
Caretaking & Maintenance Staff	Every 5 years
Security Staff	Every 5 years
Elementary and Secondary Teachers	In accordance with Ministry of Education guidelines for TPA
English As a Second Language Instructors	Every 3 years
Occasional Staff	As outlined in individual occasional employee group administrative detail

We note that a supervisor may initiate an appraisal at any time, and can also consider an employee's request for a review.

In collaboration with supervisors/managers, employees develop a yearly growth plan that outlines strategies for professional growth and development. If there is a performance issue, HR works with the supervisor/manager to resolve it with the employee.

The implementation of the EPAS is in keeping with one of the Board's goals established for the 2006-2009 and beyond being: "Effective Staff".

The Board has a well-developed training program for non-professional staff, partnering with Mohawk College and McMaster University to provide specialized training programs.

Training includes technical skills as well as soft skills. The overall training results are documented in the HR annual plan.

Management of Board's Benefit Plans

The department goes to tender for a benefits provider every five years. They use a benefits consultant to review the claims to determine an appropriate level of premium renewal. Management works with the labour organization presidents to review issues on health benefits as needed throughout the year. However, the Board does not currently conduct compliance audits of its benefit carriers.

HR is using a system called "Cyborg" for payroll, benefits, sick leave and pension. It is not directly linked to the current financial system, the Budgetary Administrative System (BAS Legacy). Instead, data is transferred using flat files. iSYS and Microsoft Access are used to automate the reporting on Cyborg. Cyborg is currently serviced by a single source vendor, which poses a business continuity risk to the maintenance of the system. The Board is currently looking for a replacement for Cyborg and has issued a formal "Request for Information" to determine its options.

The department has developed programs to support employees, including the Employee Assistance Program and a comprehensive New Employee orientation program in accordance with the New Teacher Induction Program (NTIP) funded by the Ministry. A mentorship program was initiated as part of the new employee orientation.

Monitoring of Staff Satisfaction

The HR department recently developed an employee satisfaction survey. The participation in the survey during its first year (2006/07) did not include all staff. Current staff satisfaction measurement efforts should be expanded to include all staff, to establish baseline results.

Recommendations:

- The HR department should conduct independent, periodic compliance audits of the Board's benefits insurance carrier. These audits, conducted by HR or through its benefits consultant, would ensure adherence to the plan terms and conditions, especially the adjudication of claims.
- As part of its on-going review of its needs for human resources management systems, the HR department should look to build in functionality that allows for automated synchronization of data between HR benefits, payroll, and external carriers.
- The Director, in consultation with senior staff, should consider developing a formal succession plan to manage retirements and resignations at the senior administrative level.

- The HR department should consider performing exit interviews with staff and management. Combined with the employee satisfaction survey, this can provide management with valuable input for HR professional development and policies.

3.3. School Staffing & Allocation

The purpose of reviewing school staffing/allocation processes is to:

- Assess whether accurate and efficient processes are in place to forecast and plan for staffing needs to support student achievement target strategies;
- Ensure that staff optimization allocation processes are in place, supported by an effective attendance management system;
- Identify opportunities to support continual improvement in the effectiveness and efficiency of all processes.

The following table summarizes the leading practices defined for School Staffing/Allocation, and identifies where evidence was found to indicate that the practice was adopted in full. Where the evidence was not present or the practice was not completely adopted at the time of the review, a “No” indicates that an improvement opportunity exists.

Leading Practices – School Staffing/Allocation	Evidence of Adoption?
Planning and Processes for Annual Staffing and Allocation	
Established policies and procedures govern the annual staff allocation models or procedures.	Yes
Monitoring and Reporting on Staff Allocation	
Systems monitor adherence to key Ministry and/or Board policy parameters such as: class size, prep time and collective agreement requirements.	Yes
Systems report on the actual allocation of staff, compared to the original approved allocation plan and budget (FTEs by function, department and program, actual versus budget).	Yes
A mechanism allows for adjustment of staff allocations for school based staff, if estimates for enrolment and/or funding change after budget approval.	Yes
Plans for student support services and staffing are based on a student-needs analysis.	Yes
Benchmarking Costs with Other Boards and Funding	
Staffing costs are compared with similar school Boards and the funding model to ensure efficient use of resources.	No

Planning and Processes for Annual Staffing and Allocation

Review of enrolment projections begins in the fall, when final enrolments are extracted from the Board's electronic Student Information System (eSIS). The key input to this analysis is the finalization of enrolment for the current year, as reported by schools at October 31. Preliminary estimates are then generated by moving the grade cohorts forward. This preliminary forecast is then provided to the Ministry.

Enrolment projections are then prepared for the elementary panel by the end of January for budgeting. The Budget department also has a system in place for principals to submit projected enrolments on-line. This process supports a top-down, bottom-up approach to refining projections. Principals are asked to notify planning if there are any changes in enrolment. Collaboration between finance and the academic superintendents concludes the forecasting and draft budget development process.

Once enrollments and the draft budget are established in March, the school staffing and allocation planning process begins. Enrolment data in the Staff Allocator software is first updated on a class-by-class basis. The initial focus is on the primary class size and resulting impacts on elementary schools.

Elementary class size planning occurs for three streams –JK/SK, grades 1-3 and grades 4-8. Core French, special education, librarians and clerical staff are forecast separately. There is a principal and secretary in every school except for three smaller or temporary schools. Vice principals and additional secretary support are determined by enrolment projections relative to ministry funding levels. The allocation of student support services such as ESL, special education and literacy teachers are based on an assessment of school and student needs.

The executive council approves the staffing plan in April for subsequent approval by the Board. The HR department also ensures alignment with the respective collective agreements.

Monitoring and Reporting on Staff Allocation

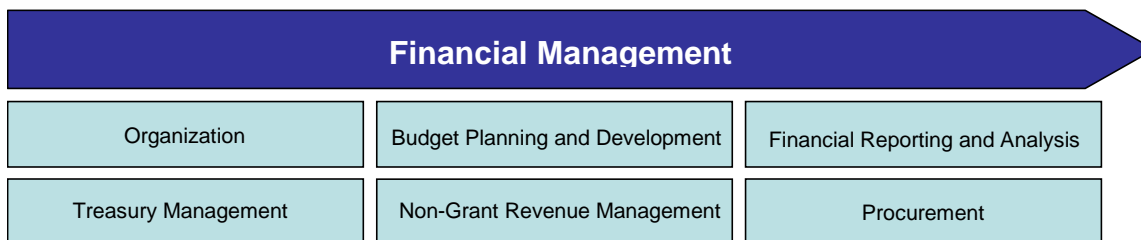
In late May, HR compares the original staff allocation plan and budget against the actual in-year staff allocation. Any variances from the original plan are reported to the executive council and the Board. In September there is a possibility of individual class/school reorganization if the planned class size is impacted by enrolment changes from the original allocation.

In the 2006/2007 school year, enrolment projections were over-estimated by approximately 3%. Each school was required to explain the shortfall, on a student-by-student basis. Changing immigration and student mobility patterns were identified as the main causes of this variance.

Benchmarking Costs with Other Boards and Funding

The HR department holds informal meetings with its coterminous board and other boards in southwestern Ontario. Discussions include labour-related issues such as grievances, vacancies and benefits. Although no formal benchmarking is performed, it is identified as a matter for discussion.

4. Financial Management - Findings & Recommendations



The financial management of the Board contributes to the efficient and effective use of fiscal resources. Financial management ensures that the annual budget is developed within the Ministry’s allocation and is aligned with student achievement targets, and that appropriate financial policies and procedures are in place to manage resources.

The financial and related business processes contribute to an appropriate level of transparency in the allocation and use of the budget by the various departments. They also ensure that the reporting of results to the Board of Trustees and other Board stakeholders reflects the approved goals/priorities relating to student achievement.

The following is a summary of our assessment of the Board’s adoption of the leading practices under the processes identified above. All findings are a result of a review of the data provided by the Board and on-site field work, which included interviews with all key finance management staff, as well as follow-up and confirmation of information.

4.1 Finance Organization

The purpose of reviewing the organization of the Business department is 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;
- Business 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 following table summarizes the leading practices defined for the Finance organization, and identifies where evidence was found to indicate that the practice was adopted in full. Where the evidence was not present or the practice was not completely adopted at the time of the review, a “No” indicates that an improvement opportunity exists.

Leading Practices – Finance Organization	Evidence of Adoption?
Development and Reporting of Annual Goals and Priorities	
Departmental goals and priorities are aligned to the Board's strategic directives and are documented in an annual department plan accessible by key stakeholders.	No
Organization Structure and Accountability	
Publicly available finance department organization charts clearly illustrate roles, responsibilities and accountabilities.	Yes
Senior finance, treasury and procurement staff has appropriate designations or related experience.	Yes
Monitoring and Communication of Policy	
Management monitors finance department policy compliance.	No
Management provides scheduled finance policy awareness, training and education sessions.	Yes

Development & Reporting of Annual Goals and Priorities

The Superintendent of Business and Treasury requires the respective departmental managers (i.e. Business, Budget, Purchasing, etc) to submit their annual plans, which are referred to as the “*Statement of Intent*” (i.e. an individual's annual priorities), for review and approval. The plans are required to be aligned with the Board's annual goals and priorities and identify improvement initiatives. Using the Boards' standard framework, we believe that there is an opportunity for the department to consolidate the Statements of Intent into an annual Business Service Improvement Plan document for approval by the Director. We understood from staff during the review that the Superintendent of Business and Treasury does consolidate the Statements of Intent, but we were unable to verify this due to his absence at the time of the review.

The Board has noted its satisfaction with the management of finances and the financial processes and controls, particularly in light of the pressures facing the Board, in its evaluation of the Director of Education.

Organizational Structure and Accountability

The business and treasury (business) department is headed by the superintendent of business and treasurer who reports to the Director of Education.

The facilities (plant) department was recently moved back into the business and treasury department. Management concluded that due to the Ministry-directed funding for facilities, there was a need to move facilities to the business department to increase monitoring and control over expenditures and financing of the capital program.

Additionally, with the facilities department reporting through the business department, there can be more collaboration regarding planned capital expenditures.

The business department is responsible for budget, finance, purchasing and accommodation and planning. The department has an organization chart, and staff have qualifications commensurate with their roles. A description of the business functions are as follows:

- The budget unit is responsible for reporting. ONSIS student reporting and in-year budgeting resides with the budgeting department. Ministry estimates and revised estimates are also prepared here.
- The finance unit has responsibility for accounts payable, accounts receivable and payroll. The preparation of financial statements occurs in this unit.
- The purchasing unit is responsible for the development, execution and monitoring of policies and administrative practices that govern procurement activities at the Board.
- The accommodation and planning unit is responsible for forecasting student enrolment, and the development of a high-level capital plan.

The department works collaboratively with the superintendent of education responsible for information technology and systems. Any IT matters involving a change in computer platform or software must be reviewed by this superintendent. The Board believes that this arrangement better aligns academic and administrative interests, ensuring that the ultimate goal of student success is at the forefront.

Monitoring and Communication of Policy

There are several finance-related policies, including procurement and P-Card usage. Most are publicly available on the website, which is the main method of dissemination apart from formal employee orientation.

At the time of the review, several of the policies were past their “refresh date”, as indicated by the expiry of the policy and as noted on the policy web site. Six policies were identified as “under review”:

- employee expenses
- procurement
- stakeholder engagement /staff development (training)
- P-card procedures
- spending reimbursement of trustees
- school use of funds

There is little evidence to measure adherence to policies and procedures, as this is not monitored. This can be more clearly defined as part of the review of the policies. An overall recommendation for the Board to update its policies and develop a formal refresh cycle is included in the Governance & Administration section of this report.

Recommendation:

- The business department should compile the Statement of Intent (i.e. an individual's annual priorities) into an annual business service improvement plan aligned with the Board's strategic directions. The business department can report its accomplishments against this plan.

4.2. Budget Planning and Development

The purpose of reviewing budget planning and development processes is to:

- Understand the linkages between the Board of Trustees' goals and priorities and the operational budgeting process;
- Assess whether sufficient transparency and controls exist in the budget planning and development process;
- Identify opportunities to support continual improvement in the effectiveness and efficiency of all processes.

The following table summarizes the leading practices defined for budget planning and development, and identifies where evidence was found to indicate that the practice was adopted in full. Where the evidence was not present or the practice was not completely adopted at the time of the review, a "No" indicates that an improvement opportunity exists.

Leading Practices – Budget Planning and Development	Evidence of Adoption?
Annual Budget Development Process	
The annual budget development process is transparent, clearly communicated, and incorporates input from all key stakeholders including management (with principals), the Board of Trustees and the community.	Yes
The annual budget presented for approval demonstrates that it is linked to the Board-approved goals and priorities including student achievement targets. It provides useful and understandable information for all stakeholders.	Yes
Budget planning processes account for all required cost and revenue changes.	Yes
Enrolment Forecasting Linked to Budget Development	
Management has adopted an integrated (school Board and school levels) approach to enrolment forecasting. This supports development of the staffing plan and the annual budget.	Yes
Identification of Risks and Mitigation Strategies	
Management identifies all significant risks during budget planning, and develops strategies to mitigate the risk of spending beyond authorized/budgeted levels.	Yes

Annual Budget Development Process

The annual budget process is transparent, clearly communicated and incorporates input from all key stakeholders including management, Board of Trustees and the community. The annual budget produced is presented for approval in sufficient detail to demonstrate links to the approved goals and priorities, including student achievement targets. The budget is written in non-technical language, and provides useful and understandable information for all stakeholders.

To establish the budget, the planning cycle begins with the finance advisory committee setting the budget development timetable in the fall and ends with the Board's approval in late spring. A preliminary budget based on academic and other priorities is presented to the executive council in February. The draft budget has no funding assumptions outside of what the Ministry has already communicated. It does incorporate salary impact assumptions for teachers, based on grid-movements associated with the annual retirements and teacher annual salary changes for experience.

A voting process is used to decide among new initiatives or address spending pressures. Successful new initiatives are often tied into new Ministry initiatives or Ministry-directed funding envelopes.

Enrolment Forecasting Linked to Budget Development

The system process is described under the "Planning and Processes for Annual Staffing" in the HR section of this report. Staff and management monitor the accuracy of student enrolment and staffing forecasts. Management and staff are accountable for the budgetary impact of the forecasts, as it is fundamental to the expenditure planning cycle. Additional planning is performed in September if actual enrolment exceeds forecasted levels and creates additional funding for the Board. If that occurs, management recommends an appropriate response to the additional funding to the Board.

Identification of Risks and Mitigation Strategies

While the Board does not have a formal risk management strategy, key risk areas are identified in the budget planning process. The most significant issues are the enrolment forecast and budgeting within the fixed revenue envelope. The Board is well aware of this risk, and staff have processes in place to adjust teacher staffing in September if enrolment is lower than forecasted. Other risks include maintaining the primary class size and other class size requirements of the collective agreements. Some of the expenditures (e.g. energy) can be a risk, although staff normally "lock in" the price of the commodity before the budget is established. The Board has a small Reserve for Working Funds that serves as a buffer in the event of unanticipated expenditures.

The risk of spending beyond authorized / budgeted levels is partially mitigated through the budgeting controls of the BAS Legacy system. Budget holders are expected to monitor their budgets closely throughout the year and address any potential budget

issues as they arise. These procedures help ensure that expenditures are carefully monitored and risks of overspending are minimized.

4.3. Financial Reporting and Analysis

The purpose of reviewing Financial Reporting and Analysis processes is to:

- Assess 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;
- Identify opportunities to support continual improvement in the effectiveness and efficiencies of all processes.

The following table summarizes the leading practices defined for Financial Reporting and Analysis, and identifies where evidence was found to indicate that the practice was adopted in full. Where the evidence was not present or the practice was not completely adopted at the time of the review, a “No” indicates that an improvement opportunity exists.

Leading Practices – Financial Reporting and Analysis	Evidence of Adoption?
Integrated System for Variance Analysis and Financial Reporting	
The school Board’s integrated financial information system provides useful, timely and accurate information for management and stakeholders.	Yes
Interim Financial Reporting Accountability	
Interim financial reports provide sufficient detail and appropriate explanations for a clear understanding of the current year’s budget and the outlook for the year.	No
Senior management is accountable for the integrity of financial reporting, through formal sign-off and approval procedures.	Yes
Internal Audit	
Management maintains an independent internal audit function where appropriate.	No
Internal and external audit plans are clearly documented. Audit report recommendations are acted upon by management.	Yes

Integrated Systems for Variance Analysis and Financial Reporting

The Board uses BAS Legacy as its main financial system. It is not fully integrated across the organization, and operates mainly in the business department, requiring intervention to input data, mainly from the payroll system. While the payroll system is linked into the general ledger, the facility department’s work order system is independent.

Interim Financial Reporting Accountability

Finance staff prepare monthly financial reports for review and approval by executive council, each of which are submitted to the Board, along with summary information provided by the budget department. The financial information compares the approved annual budget to the total spending to date, expressed as a percentage of the total budget. Depending on the report, staff provide some explanations that are typically related to changes in the forecasted enrolment, or changes in funding announced by the Ministry during the fiscal year.

However, the report does not provide any explanations to determine whether the percentage spent to date is above or below the expectations for the period. Finance staff noted that the presentation of the information has been prepared in the current format for some time. They also stated that they are prepared to respond to questions, should they arise.

The format of monthly or quarterly financial reporting varies significantly among boards. A more informative format would include:

- Comparison of the annual approved budget with the actual spending to date, and spending to date expressed as a percentage of the budget.
- A comparative percentage for each expenditure/revenue category to 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 must define what is "significant" for the reporting of variances.

The level of detailed expenditure and revenue presented will depend on the preferences of management and the Board. At the least, it would include a summary of the major expenditure and revenue categories, similar to those reported in Ministry financial reports. This is the level of reporting currently prepared by management. The reports would also confirm that the projected fiscal outlook is a balanced position for the year, or provide explanation for an anticipated variance.

This information would give reviewers a better understanding of the status of the year-to-date results.

Internal Audit Function

The Board does not have an internal audit function. Although management recognizes the importance of the function, they believe that the resources are not currently available to support the additional cost.

A formal internal audit function would assist senior administration and the Board of Trustees in exercising their overall governance and accountability roles. The internal audit would provide added assurance that internal controls established by management are operating effectively and are in compliance with the policies approved by the Board of Trustees and the procedures developed by management. The internal audit function can also help develop performance measures and indicators to evaluate whether programs and services are meeting their overall objectives. The function should report to the Audit Committee of the Board. The annual internal audit plan would be presented and approved by the committee, and all reports would be presented to the committee.

Audit Committee

The Board has established a finance advisory sub-committee, composed of three to five Trustees and a representative of the administration. The committee's mandate was expanded recently to take on the "role of an audit committee". This includes:

- Meeting with the auditors before the audit to review the scope of the work;
- Reviewing the auditor's report and annual audited financial statements;
- Reviewing 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;

With the increased complexity of annual financial statements and significant changes in accounting in recent years, the Board should consider establishing a separate Audit Committee. Its focus would be on the issues of the external audit and the other matters of the committee's role, and also the oversight of the internal auditor if that function is established. Audit committee members must understand what constitutes sound internal accounting and operational control processes over the implementation of Board policies and the protection of Board assets.

Consideration should be given to adding external members to the Audit Committee 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 backgrounds of the external members could include professional accountants, lawyers or other professionals depending on the needs of the committee and its mandate.

Recommendations:

- Finance staff should consider providing an expanded level of interim reporting in the format suggested in section 4.3 of this report. This would improve understanding of the year-to-date results.
- Management and the Board should consider establishing an internal audit function. Management could start by identifying options for its mandate and scope and estimating annual costs for each option. Management's proactive assessment of need and cost would be a useful first step.

- The Board should consider establishing a standalone audit committee. Management and the Board should also consider expanding the membership of the audit committee to include external members as advisors.

4.4. Treasury Management

The purpose of reviewing treasury management processes is to assess:

- 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;
- Opportunities to support continual improvement in the effectiveness and efficiency of all processes.

The following table summarizes the leading practices defined for treasury management, and identifies where evidence was found to indicate that the practice was adopted in full. Where the evidence was not present or the practice was not completely adopted at the time of the review, a “No” indicates that an improvement opportunity exists.

Leading Practices – Treasury Management	Evidence of Adoption?
Cash and Investment Management	
There is an efficient cash management process to maximize interest income, using short-term investments where appropriate.	Yes
Cash management activities consolidated with a single financial institution.	Yes
Staff and management periodically review the Board's investment policy and investment performance reports.	No
Staff and management periodically compare the Board's banking terms and conditions to those of similar school Boards.	No
Management monitors financial risk related to cash/investment management and has a plan to mitigate associated risks.	Yes

Cash and Investment Management

The treasury management function resides with the finance unit, which is responsible for payments and banking relations. The current banking relationship is seven years old. The relationship has been self-assessed by the Board as strong and distinguished by

competitive rates. However, the Board has not benchmarked its banking terms to other school boards.

The Board uses a single bank account, maintaining co-mingled funds, including its reserves, which are controlled through the use of separate ledger accounts. Cheques are the most frequent payment method to suppliers. The Board cannot move to Electronic Funds Transfer (EFT), since they have been informed by their bank that their Electronic Data Interface is not up to date to allow these payments for suppliers.

The Board's cash flow position is driven by the timing of receipt of Ministry funding and school taxes, relative to payments made for staff salaries and other expenditures. For example, teachers receive 8% of their annual salary on a monthly basis, except for a 20% payment that is made in June. This means that the Board sometimes moves into an overdraft position during the months of July and August.

The Board maintains an investment procedure, but does not have an investment policy approved by the Board of Trustees. Investments are short-term and low risk, with decisions based on the forecasted availability of surplus cash.

At the school level, up to 10 percent of school-based funds can be carried over on a year-over-year basis, to create a surplus for major initiatives, including small capital initiatives. These budgets and surpluses can be allocated to any approved spending category that the principal controls, including textbooks or other supplies.

Recommendations:

- Management should consider tendering its banking services at least every five years. Management should periodically review banking terms and conditions and compare them to school boards of similar size, to ensure the most competitive terms.
- Management should develop an investment policy for approval by the Board, as required by the Education Act. The policy would define the investments permitted and define the nature of annual reporting on investment results.

4.5 Non-grant Revenue Management

The purpose of reviewing non-grant revenue management processes is to:

- Assess whether procedures are in place to ensure the timely, complete and accurate recording of the different types of non-grant revenue;
- Assess whether internal controls exist to support appropriate cash handling and cash management;
- Identify opportunities to support continual improvement in the effectiveness and efficiency of all processes.

Non-grant revenue management is a smaller functional area for the Board, as revenue generated outside of grants makes up less than 1% of the Boards overall budget, or about \$2.0 million excluding interest income and “other grants”. The Board receives Education Programs –Other (EPO) funding from the Ministry for specific initiatives, which requires the Board to focus on the non-grant revenue line.

The following table summarizes the leading practices defined for non-grant revenue management, and identifies where evidence was found to indicate that the practice was adopted in full. Where the evidence was not present or the practice was not completely adopted at the time of the review, a “No” indicates that an improvement opportunity exists.

Leading Practices – Non-Grant Revenue Management	Evidence of Adoption?
Policies to Support Non Grant Revenues	
The Board has established policies on the application of its fee structure, and obtains credit/risk assessments.	Yes
Technology to Support Registration and Collection of Revenues	
Electronic registration and payment system are used where appropriate (e.g., ConEd, permitting of facilities, leasing, etc.).	No
Monitoring Procedures for all Non-Grant Revenues	
Staff monitors all sources of revenue to ensure completeness and compliance with policies. Action plans and processes maximize collections.	Yes
Managing Education Programs – Other (EPO) Grants	
Board budget identifies revenue and expenditure for each EPO program. Management monitors activity to ensure compliance with terms and conditions.	Yes

Policies to support Non-Grant Revenue

The Board maintains a policy on the levying of permits, fees, the application of the fee structure and related procedures.

The main source of non-grant revenue is tuition derived from visa students. Visa students represent a funding source that has been increasing significantly over the past few years. All payments for visa students are received by wire transfer.

Continuing education (Con-Ed) is not a major revenue generator for the Board. The revenue from the courses is from night school courses, summer school for visa students and the evaluation of transcripts. Con-Ed payments can be made at the Con-Ed registration centres. There are five payment and registration centres.

Currently, rental revenue is from one-year agreements with daycares at selected school sites. The revenue is not a significant source for the Board, although capital plans often include space allocation for daycares. Daycares are seen as a key recruiting tool for families and future students.

Technology to Support Registration and Collection of Revenue

The Board does not have a central on-line booking system for the community use of schools or for continuing education. However, the Board's web site does provide an on-line form that can be completed to inquire about facility rentals. An Excel spreadsheet is tracks community usage and post-dated cheques.

Monitoring Procedures for all Non-Grant Revenues and Other (EPO) Grants

Finance staff have established appropriate procedures to record and track the various EPO grants received. They also track the required accountability associated with the majority of the individual grants. This ensures that the funds are spent for the purposes intended and that financial reporting is completed on time.

The Board reviews non-grant revenue levels during the budget development process. The Board performs limited in-year monitoring and measurement related to this funding, as the amounts are not material.

Recommendation:

- Management should assess the cost/benefit of an electronic registration and payment system for continuing education. This could expedite the registration and management of all continuing education services, increase access to registration, and improve reporting capabilities.

4.6. Procurement

The purpose of reviewing procurement processes is to assess:

- 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.

The following table summarizes the leading practices defined for Procurement, and identifies where evidence was found to indicate that the practice was adopted in full.

Where the evidence was not present or the practice was not completely adopted at the time of the review, a “No” indicates that an improvement opportunity exists.

Leading Practices – Procurement	Evidence of Adoption?
Procurement Policies and Procedures	
Approved procurement policies and practices are clearly communicated to staff with purchasing authority and are periodically reviewed and updated.	No
Participation in Buying Consortia to Reduce Acquisition Costs	
The acquisition strategy includes the participation in consortia/ cooperatives for cost savings.	Yes
Vendor selection criteria include elements other than lowest cost, such as total cost of ownership, value, and quality.	Yes
Regular reporting is used to monitor compliance and develop strategies to increase purchasing power and to minimize the costs of goods and services procured.	Yes
Purchasing Levels of Authority	
Procurement authorization levels are commensurate to job title/role, and are monitored by the department head.	Yes
Policies and Procedures for PCards/Corporate Card Use	
Policies and procedures for PCard and corporate credit cards are documented and communicated to users through regular training and monitoring.	Yes
Accounting for Completeness of Purchase/Payment Cycle	
Automated three-way matching (purchase order, receipt/invoice and inspection) is used.	No
Commitment accounting is in place to monitor budget utilization.	Yes
Management has implemented electronic supplier interface for ordering, processing and payment, including the use of supplier portals.	Yes
Use of Electronic Funds Transfer for Greater Efficiency	
Management maximizes use of electronic funds transfers (EFT) for payments.	No

Procurement Policies and Procedures

The Purchasing Unit resides within the Business department. It is responsible for the corporate oversight and policy/procedure development of non-capital purchasing.

The procurement policy is a Board-approved policy. Many of the purchasing policies are outdated and are under review. At the time of this review, four procurement-related policies were under review:

- procurement
- P-Card procedures
- expense reimbursement

A formal policy is in development to help manage reimbursable costs related to personal digital assistants and cell phones.

Policies are set to be reviewed every five years or sooner. The Board has also established a policy review sub-committee, in part to support this review.

Participation in Buying Consortia to Reduce Acquisition Costs

The Board participates in two of the larger provincial energy purchasing consortia. In addition, the Board participates in a consortium for all photocopy-type paper, managed through the Peel District School Board.

The Board acknowledges that there could be other consortia opportunities in the Hamilton area, given the size and prevalence of other public organizations and boards and broader public sector entities. However, this opportunity has not matured given the perception of unique procurement needs of each organization. Management continues to pursue opportunities beneficial to the Board's interests.

Purchasing Levels of Authority

The procurement procedures provide for appropriate authorization levels that are commensurate with job titles and roles. They are monitored for compliance by department management. The spending/authorization thresholds are:

- A purchase with an estimated value of less than \$100 should be purchased directly through petty cash. Purchase orders will not be issued. A purchase valued between \$101 and \$350 may be purchased directly through petty cash or through a purchase requisition.
- A purchase with an estimated value from \$351 to \$5,000 will be processed via the issuance of a purchase order by the purchasing department.
- A purchase with an estimated value from \$5,001 to \$50,000 will be processed via the issuance of a purchase order, based on the purchasing department's solicitation of a minimum of three written quotations.
- A purchase with an estimated value over \$50,000 will be processed through a purchase order based on the purchasing department completing a request for tender or request for proposal process.
- Purchases greater than \$100,000 must be posted on nationally accessible electronic bulletin boards.

The Board's procurement policy outlines the advertising procedures for tendering contracts. The Board advertises annually in the local newspaper inviting companies to register their intention to quote on goods and services that may be required by the Board in the coming year. These suppliers are then added to the bidders who will be solicited at the time a purchasing requirement arises. It is becoming more of a common practice that school boards and other public sector organizations will place notices of tenders and/or RFP's on electronic bulletin boards to reach as many suppliers as possible. The Board's current practice is to do such advertising for purchases over \$100,000. Management should consider lowering the threshold to the \$50,000 level, where tenders and RFP's are required to be issued.

Standing contracts for large non-recurring purchases are signed by the senior business officer or director. Regular invoice audits are performed to monitor compliance against spending thresholds.

Policies and Procedures for PCard/Corporate Use

The Board has established PCard program procedures in the form of an administrative memo posted on the Board's web site. This details the roles and responsibilities of the cardholder and the finance department.

Cardholders must sign a cardholder agreement, and each card has a default budget code. A detailed monthly statement is forwarded to each cardholder, who is expected to match the charges on the statement with the appropriate receipts and file this supporting documentation with the statement. Cardholders notify the finance department of any discrepancies on the statement within five business days of receiving the statement, to allow time to resolve issues prior to the payment due date. Unless advised otherwise, the account balance is processed and paid by the finance department to avoid late charges and interest.

An appropriate PCard program needs to balance optimizing the efficiency of low-value purchasing transactions with sufficient internal control. Moving forward, the Board needs to perform an analysis of PCard usage by user, department, transaction value and merchant category code. A similar analysis for purchase orders would allow the Board to develop an optimal PCard program that maximizes purchasing efficiency while ensuring budgetary control.

Accounting for Completeness of Purchase / Payment Cycle

The purchasing unit attempts central purchasing for as many goods as possible. It maintains master price lists, and principals are encouraged to use a website to identify and order supplies electronically. Currently, the site is not integrated to the procurement system, so separate requisitions must be created. Once the requisition is submitted, a purchase order is created. Goods are then shipped to their destination, often directly to schools. For certain goods, the *ship to* and *bill to* addresses are different. The *ship to* address can be a school while the *bill to* address is the Board administrative office.

The recipient of goods at the school is the responsibility of either the head caretaker, principal or an administrator– depending on the school and the timing of delivery. The receipting and payment process has been standardized. Finance is not involved in validating the receipt, since packing slips remain in the school's possession at all times.

Currently, the payment process only requires accounts payable to scan invoices and send them via Board courier to the school. If the school does not identify a discrepancy within 10 days, the invoice is paid in full. In the event that a school reports a back order or price discrepancy, finance modifies the vendor payment accordingly. The informality of this process, and the absence of system controls, presents some risk as to the completeness, accuracy and validity of school-originated expenditures.

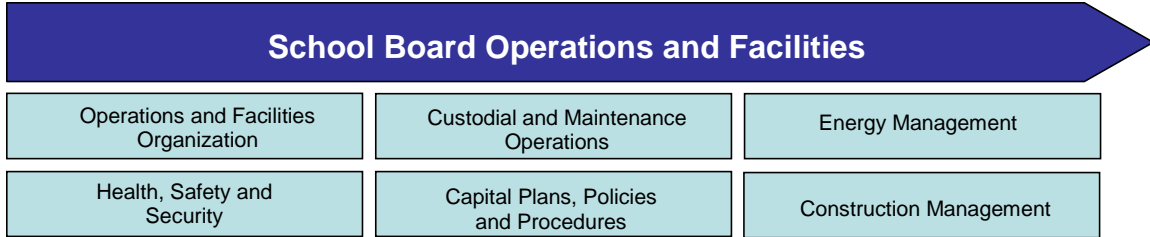
Use of Electronic Funds Transfer for Greater Efficiency

PCards are used for smaller transactions in order to reduce low value workload within finance. There are about 200 PCards in use, primarily at the school level. The Board's banking relationship is currently not configured for EFT payments to pay vendors. This is something that the Board should investigate to increase the efficiency and control of payment processing.

Recommendations:

- As part of the update of the procurement policies and procedures, authorization and threshold levels should be evaluated to ensure that purchasing power is commensurate with the Board's needs. This includes consideration of reducing the threshold for the use of electronic bulletin boards to \$50,000.
- To maximize payment processing efficiency, the Board should analyze existing PCard and lower value purchase order transactions (\$350-\$1,000). This would define the dollar value distribution of current payments and help to identify opportunities to increase purchase order threshold limits and promote increased use of PCards.
- Management should develop a standard receipting and matching process at the school level to ensure that it only pays for goods it has received. The Board should consider performing a cost/benefit analysis of an automated receipting and matching process as part of any broader examination of its financial system requirements.
- Management should implement EFT payments to the majority of suppliers to gain greater efficiency and minimize the risk of payments being altered prior to clearing the bank.

5. Operations and Facilities Management Findings & Recommendations



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.

The following is a summary of our assessment of the Board’s adoption of leading practices under the processes identified above. All findings are a result of the review of data provided by the Board and on-site field work, which included interviews with all key school operations and facilities management staff, as well as follow-up and confirmation of information.

5.1. Organization

The purpose of reviewing the organization of operations and facilities is 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;
- Opportunities to support continual improvement in the effectiveness and efficiency of all processes.

The following table summarizes the leading practices defined for the operations and facilities organization, and identifies where evidence was found to indicate that the practice was adopted in full. Where the evidence was not present or the practice was not completely adopted at the time of the review, a “No” indicates that an improvement opportunity exists.

Leading Practices – Operations and Facilities Organization	Evidence of Adoption?
Development and Reporting of Annual Goals and Priorities	
Departmental goals and priorities are aligned to the Board's strategic directives and are documented in an annual department plan accessible by key stakeholders.	No
Organizational Structure and Accountability	
Publicly available organizational charts clearly illustrate roles, responsibilities and accountabilities.	Yes
Senior operations and facilities staff have appropriate designations (e.g. P.Eng., Project Management Professional). and/or relevant field experience.	Yes
Monitoring and Communication of Policy	
Management monitors operations and facilities department policy compliance.	No
Management provides scheduled policy awareness, training and education sessions.	Yes

Development and Reporting of Annual Goals and Priorities

Similar to the business department, managers in the facilities department are required to develop annual statements of intent. The plans must be aligned with the Board's annual goals and priorities and identify improvement initiatives. Using the Boards' standard framework, we believe that there is an opportunity for the department to consolidate the statements of intent into an annual facilities service improvement plan document, for approval by the Director. We understood from staff during the review that the superintendent of business and treasury does consolidate the statements of intent, but we were unable to verify this, due to his absence at the time of the review.

Organizational Structure and Accountability

As referenced earlier, responsibility for the facilities department has been transferred to the superintendent of business and treasury. The senior manager of facilities has responsibilities for capital projects, caretaking and property, and maintenance and energy.

Management has the designation (e.g. P. Eng) or sufficient field and management experience commensurate with their positions in the organization.

Monitoring and Communication of Policy

The Board maintains a set of policies and procedures which have been posted on its website. The Board is in the process of reviewing a number of policies but is yet to complete the process. Review of the website reveals that a number of policies have passed their review date. Management stated due to the level of work effort and approvals required to maintain policies and approve policy changes, selected policies will become administrative memoranda.

The department does not formally monitor policy adherence. There are established protocols for monitoring whether the Board is in compliance with the respective regulatory requirements that govern the facilities department's operations.

An overall recommendation for the Board to update its policies and develop a formal refresh cycle is included in the Governance & Administration section of this report.

Recommendation:

- The facilities department should compile the Statement of Intent (i.e. an individual's annual priorities) into an annual business service improvement plan aligned with the Board's strategic directions. The facilities department can report its accomplishments against this plan.

5.2. Custodial and Maintenance Operations

The purpose of reviewing all processes relating to custodial and maintenance operations is to assess:

- Whether custodial and maintenance services are responding effectively and efficiently to maintaining an optimized learning environment for students;
- Whether the department has the appropriate organizational structure to effectively manage service delivery;
- Whether appropriate internal controls exist to effectively manage custodial and maintenance operations and expenditures;
- Opportunities to support continual improvement in the effectiveness and efficiency of all processes.

The following table summarizes the leading practices defined for custodial and maintenance operations, and identifies where evidence was found to indicate that the practice was adopted in full. Where the evidence was not present or the practice was not completely adopted at the time of the review, a "No" indicates that an improvement opportunity exists.

Leading Practices – Custodial and Maintenance Operations	Evidence of Adoption?
Staffing Model Supports the Board’s Cleaning and Maintenance Standards	
The school Board has set cleaning/maintenance standards for schools and reports annually on results.	Yes
Management’s custodial/maintenance allocation model optimizes use of staff.	Yes
Development of Annual/Multi-Year Maintenance Plan	
Using stakeholder input, management develops an annual/multi-year maintenance plan for deferred maintenance priorities and maintenance standards. Outcomes improve the learning environment. The plan optimizes the use of available funding (Annual Renewal Grant and Good Places to Learn funding) and is approved by the Board.	No
Training to Support Skills Development and Safety	
A monitored annual training plan for staff to addresses ongoing skill development and emerging regulatory issues.	Yes
Standardization of Cleaning and Maintenance Supplies	
Inventory system tracks and controls major cleaning and maintenance equipment.	Yes
Common standards ensure efficient procurement of supplies to minimize costs and promote energy and operating efficiency.	Yes
Project Management, Monitoring and Support Systems	
A work-order system and process that records, monitors, and evaluates projects ensuring the effective use of resources.	Yes
Management regularly evaluates the overall effectiveness and efficiency of its maintenance and custodial service practices.	Yes

Staffing Model Supports the Board’s Cleaning and Maintenance Standards

The department maintains a custodial manual for cleanliness at the school level, and uses these standards to evaluate the performance of custodial staff at each facility. The Board's custodial allocation model provides for the optimal use of resources in support of the Board's cleaning standards and practices. Staffing allocation is based on 25% student population and 75% on square footage. Only 90% of the actual cleaning budget is distributed. The remaining 10% is maintained centrally to address emerging issues. Management is responsible for oversight of custodians and adherence to cleanliness standards.

In support of the procurement of custodial supplies and equipment, the Board maintains a chemical review committee composed of representatives from CUPE, health and safety, purchasing and maintenance. Standards in cleanliness are clearly documented

and made available at each school. Regular inspections are performed by school principals.

Development of Annual/Multi-year Maintenance Plan

Maintenance and renewal activities are planned and prioritized to ensure that schools are maintained in a condition that supports improved student learning and facilitates employee productivity. The department tracks and reports on facility renewal and other capital projects on a regular basis through the superintendent of business and treasury.

Management has an approved annual maintenance plan that addresses its deferred maintenance and the Board's maintenance standards. Lists of approved projects, costs and funding sources are submitted annually to the trustees for review.

The development of a multi-year maintenance and renewal plan (e.g. three to five years) would give the Board and its stakeholders a better understanding of the system's needs over an extended period. The annual assessment could be expanded to provide the multi-year perspective of the needs of both planned (regular) and urgent maintenance and renewal requirements. This plan could also be supported by the funding sources available for related costs, which include annual operations, renewal grants and the Good Places to Learn allocation. This would provide management and the Board with a better planning perspective.

Training to Support Skills Development and Safety

Management has an annual staff training plan to address ongoing skills development and emerging regulatory issues and evaluate training effectiveness. The facilities department has multiple training programs for staff and middle management in areas that include boiler, climate control, electrical, plumbing and ladders.

Training is made available to all custodial and maintenance staff. Training is performed by the managers or by instructors from Mohawk College if the skills do not exist within the Board. There is also a Mohawk College instruction program for building environmental systems as well as a head caretaker leadership program.

Standardization of Cleaning and Maintenance Supplies

Management has established an inventory system for the tracking and control of its major cleaning and maintenance equipment. The procurement procedures and inventory list is pre-determined through on-line catalogues, and tracked by custodial management and supervisors.

Supply needs are forecast based on square footage and student population. Supplies management information is managed through the Board's facilities work order system (FIS). This system is not currently integrated with the financial information system.

An inventory is maintained for larger equipment (e.g. auto scrubbers and snow blowers) but not for smaller items (e.g. lawn mowers). The benefit of an inventory for all major items is that it can be used to create a routine maintenance schedule for all equipment.

Project Management, Monitoring and Supporting Systems

The department has a work-order system and process that records, monitors, and costs projects. However, it does not provide full costing capabilities to delineate between all internal and external costs. The department is currently exploring new system options. A new work order management system would increase the Board's ability to accurately track internal and external costs. It should include planning, forecasting and reporting functionality.

The Board uses ReCAPP as a tool to track large-scale deferred maintenance requirements for its facilities. There is an ongoing effort to continuously improve the integrity of the data within ReCAPP.

Recommendation:

- Management should consider establishing a multi-year (say 3 to 5 years) maintenance and renewal plan, including the funding available to support it. This would provide a clear forecast of the Board's critical needs over the next several years.

5.3. Energy Management

The purpose of reviewing all related energy management processes is to assess:

- Whether adequate planning and communication exist to support the reduction of energy consumption;
- Whether school Board structure and processes are in place to ensure that energy is procured for the lowest cost;
- Identify opportunities to support continual improvement in the effectiveness and efficiency of all processes.

The following table summarizes the leading practices defined for energy management, and identifies where evidence was found to indicate that the practice was adopted in full. Where the evidence was not present or the practice was not completely adopted at the time of the review, a "No" indicates that an improvement opportunity exists.

Leading Practices – Energy Management	Evidence of Adoption?
Energy Management Plan	
Management has established a multi-year energy management plan.	Yes
Purchasing practices support energy conservation objectives (e.g. Energy Star products, leveraging consortia membership).	Yes
Successful conservation initiatives are shared across all schools and with other school Boards.	Yes
Tracking and Reporting Energy Conservation	
Management provides formal annual reporting on the conservation savings achieved against plan.	Yes
A comprehensive system exists to budget expenditures, track consumption and identify opportunities for further savings.	Yes
Billing for all Board facilities is consolidated from each utility.	Yes
Centralized technology that automates energy regulation and conservation (e.g. light control, desktop power) is used wherever practical.	Yes

Energy Management Plan

There is a multi-year energy management plan that incorporates new energy efficiency measures to be implemented and the tools to monitor and manage them. Roles and responsibilities have been clearly documented, and the department has done significant research on energy management projects to ensure the effective adoption of lessons learned and best practices. Industry practices and other boards and organizations' experiences were leveraged by the Board and then used to develop a plan.

Since schools are old, with some more than 100 years old, not every energy initiative is suitable for every school. The Board continues to roll out energy efficiency projects to select sites, based on the expected return. New projects that promote energy management are presented on an *ad hoc* basis for review by trustees. As an example, the Board has updated many of its schools with centrally-controlled heating.

Tracking and Reporting Energy Conservation

Energy consumption and related costs are tracked separately and manually through consolidated invoicing for each utility company. Management provides formal annual reporting on the conservation savings achieved against planned savings.

A system tracks consumption and budget expenditure, and identifies opportunities for savings. Consumption targets are set based on incremental annual improvements in systems and school-level initiatives to reduce energy use.

Purchasing practices that reflect energy conservation objectives are followed. Selected legacy products with energy efficient devices have been replaced. The Board participates in a consortium with 40 other school boards for the purchase of electricity and a consortium with eight school boards for the purchase of natural gas.

5.4. Health, Safety, and Security

The purpose of reviewing all the Health, Safety and Security processes is to assess:

- 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;
- Opportunities to support continual improvement in the effectiveness and efficiency of all processes.

The following table summarizes the leading practices defined for health, safety and security, and identifies where evidence was found to indicate that the practice was adopted in full. Where the evidence was not present or the practice was not completely adopted at the time of the review, a “No” indicates that an improvement opportunity exists.

Leading Practices – Health, Safety and Security	Evidence of Adoption?
Development, Monitoring, and Tracking of Policies and Plans for Health, Safety and Security	
The maintenance of Health, safety and security plans and policies ensure compliance with statutory health, safety and security requirements.	No
The security code policy includes alert codes that reflect the situation and threat level, and that identify departmental responsibilities.	Yes
Security incidents are tracked by type of incident (e.g. property damage, intrusion, etc.).	Yes
Safe school teams responsible for school safety (e.g. PPM 144) are implemented in every school.	Yes
Water and air quality standards are monitored and issues are reported for corrective action.	Yes

Development, Monitoring and Tracking of Policies and Plans for Health, Safety and Security

The Board has introduced proactive programs and polices to support healthy work environments.

A health and safety committee is responsible for the development and monitoring of occupational the health and safety policy. HR manages employee injuries and absences that fall under the regulations of the Workplace Safety and Insurance Board (WSIB). The Board is self-insured and as such, is responsible for managing the claims and controlling the costs. As a member of the School Boards' Cooperative Inc. (SBCI), The Board receives consulting expertise in areas such as accident prevention and claims management, along with actuarial, financial and legal support.

Additionally, there is a chemical review committee composed of representatives from CUPE, health and safety, purchasing and maintenance. This committee ensures that new products are environmentally friendly and that new equipment is ergonomic.

The health, safety and security unit is now under the HR department. It develops, implements and monitors health, safety and wellness programs and services. The rationale for this is that it enables better links with HR initiatives, while maintaining a degree of separation from the operational areas of the Board.

There are two conditions of employment that are related to health, safety and security: an on-line WHMIS test and an annual criminal background check declaration. WHMIS training is a condition of employment and every employee is required to update annually. Furthermore, there is training available on-line, including asbestos identification training. This type of training and content is managed by the human resources department.

Injuries and incidents are reported in the Board's "Parklane" software application. Through educating staff on what constitutes a reportable incident, the number of incidents has recently increased. The increase is driven by reports from educational assistants, as they are more aware of what constitutes a reportable event.

The *Occupational Health and Safety Act* (OH&SA) requires all or part of every workplace to be inspected once per month. The Board has recently been deemed a high-safety risk by the Ministry of Labour (MOL) as part of its workplace inspection program. The Board has been issued approximately 200 building code compliance orders. Each time an order is issued, the Board has to comply within a set timeframe or risk penalties that could include a facility closure. These orders impact on the department's ability to perform other tasks and projects. The Board spends large amounts of time and money responding to compliance orders from the MOL and other provincial bodies (e.g. MOE).

Policy # 7.14 recognizes the need to develop and maintain policies and procedures, protocols and programs to support the components that make up the Safe Schools Policy. The policy is supported by a Handbook for Safe Schools. This policy has not been updated since 2003.

Security is managed at the school level by principals. The Board does have an Emergency Response Plan (e.g. a security code policy). that includes alert codes that reflect the situation, the threat level or trigger an action for staff

The Board monitors air and water standards. The Board conducts some plant and water testing, but contracts professionals for specialized testing where necessary (e.g. asbestos).

Recommendations:

- Management should develop a comprehensive operational plan that consolidates all elements of an effective health, safety and security program, and provides a foundation for reporting accomplishments to executive council and the Board.
- Management should develop an action plan to address its status as a “high-risk workplace” from the Ministry of Labour. Lessons learned from these orders must be considered for all future maintenance plans and new schools.

5.5. Capital Plans, Policies, and Procedures

The purpose of reviewing capital plans, policies and procedures is to:

- Assess whether school capital assets are being utilized effectively and efficiently;
- Assess 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);
- Assess whether management is appropriately prioritizing the maintenance and renewal expenditures in light of the available Ministry funding and multi-year capital programs;
- Identify appropriate controls and transparency within the current planning process.

The following table summarizes the leading practices defined for capital plans, policies and procedures, and identifies where evidence was found to indicate that the practice was adopted in full. Where the evidence was not present or the practice was not completely adopted at the time of the review, a “No” indicates that an improvement opportunity exists

Leading Practices – Capital Plans, Policies and Procedures	Evidence of Adoption?
Development of Annual and Multi-Year Capital Plans	
The school Board has an approved annual and multi-year capital program that includes the related funding plan.	Yes
The school Board has an approved pupil accommodation review policy.	Yes
On-going Monitoring and Maintenance of Data to Support Capital Plans	
The school Board maintains accurate and up-to-date inventories of school capacity and utilization.	Yes
Capital forecasts and related funding plans are assessed annually and adjusted to meet current needs and changes to original assumptions such as enrolment projections and capital grants.	Yes
Accurate and up-to-date assessments of facility conditions are maintained, based on industry standards (using RECAPP methodology).	No
Funding allocations are analyzed to determine if they meet the current and forecasted needs of the school Board's capital requirements.	Yes
Management tracks compliance and monitors new legislation or changes to existing legislation.	Yes

Development of Annual and Multi Year Capital Plans

The Board has an approved annual and multi-year capital program that includes the related funding plan. A capital needs report and a five-year plan with a 10-year enrolment projection has been established. The Board maintains accurate and up-to-date inventories of school capacity and utilization. The Board reassesses the accuracy of capital forecasts on an annual basis, and readjusts to meet current needs and changes to original assumptions, such as enrolment projections.

On-going Monitoring and Maintenance of Data to Support Capital Plans

The Board maintains an accommodation review policy, and has closed and built a number of schools over the last 10 years. A number of additional elementary schools have been identified as possible candidates for closure, along with several secondary schools. To replace these, the Board would be planning to build a number of new elementary schools.

Even though there is excess capacity across the system, many newly-built schools in growth areas are already filled to capacity. Facilities are evaluated on an as-needed

basis or when specific grants (e.g. PTR funding) require an assessment. Full scale facility condition assessments, using the ReCAPP methodology, have been performed, but have not been updated recently.

Recommendation:

- The facilities department should maintain an accurate and current assessment database of facility conditions, based on industry standards in the ReCAPP system. Few updates have been made since an initial (and extensive) benchmarking exercise in 2002.

5.6. Construction Management

The purpose of reviewing all related construction management processes is to assess and identify:

- 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.

The following table summarizes the leading practices defined for construction management, and identifies where evidence was found to indicate that the practice was adopted in full. Where the evidence was not present or the practice was not completely adopted at the time of the review, a “No” indicates that an improvement opportunity exists.

Leading Practices – Construction Management	Evidence of Adoption?
Cost Effective Practices in the Design and Construction of Facilities	
Management uses cost-effective designs, standard footprints, energy conservation and economical construction practices to minimize construction, maintenance and operation costs.	Yes
Management maintains standard policy and procedures to rationalize construction projects, including benchmarking against other school Board construction costs and design standards (including coterminous Boards).	No
Monitoring and Reporting on Progress of Construction Projects	
An effective management process monitors and controls construction projects and their costs. This includes periodic project status updates and post-construction project evaluation.	Yes
Maintaining Current Approved Professional Service Providers	
Management evaluates and updates the approved list of contractors, architects and related professionals periodically, ideally in five-year cycles.	No

Cost Effective Practices in the Design and Construction of Facilities

The Board has a standard footprint for elementary schools which helps contain costs. Based on the Board's reported costs, an elementary school build costs approximately \$130 per square foot, and resulting builds range from \$8M-\$10M. Each school site requires about eight acres for a 620-650 student, three-floor school. This school size has been deemed optimal, as it minimizes split grades and can accommodate enough students to support specialized programming. Green technologies are incorporated into school builds when possible.

The new school builds are being financed through the sale of land that was originally designated for school development but is no longer suitable. These properties are listed in a vacant land inventory bank. The bank includes 130 acres of land, of which 90 are available for disposal.

Monitoring and Reporting on Progress on Construction Projects

Management has developed a routine process to report on, monitor and control construction projects and costs. The Board does not compare construction costs with other boards.

Maintaining Current Approved Professional Service Providers

For each school build or renovation, the Board selects contractors from a list of preferred vendors, based on past relationships and need. We understand that the Board recently refreshed its "pre-qualified" list of construction contractors and the architects that the Board uses for its capital project development. Management is also working on the establishment of revised procedures that will guide the process at the next round of "pre-qualifying of suppliers" in 2009.

Recommendation:

- Management should benchmark its facility construction costs against peer boards, to demonstrate that its construction costs are in line with other school boards.

Appendices

Appendix A: Overview of the Operational Review

Operational Review Objectives

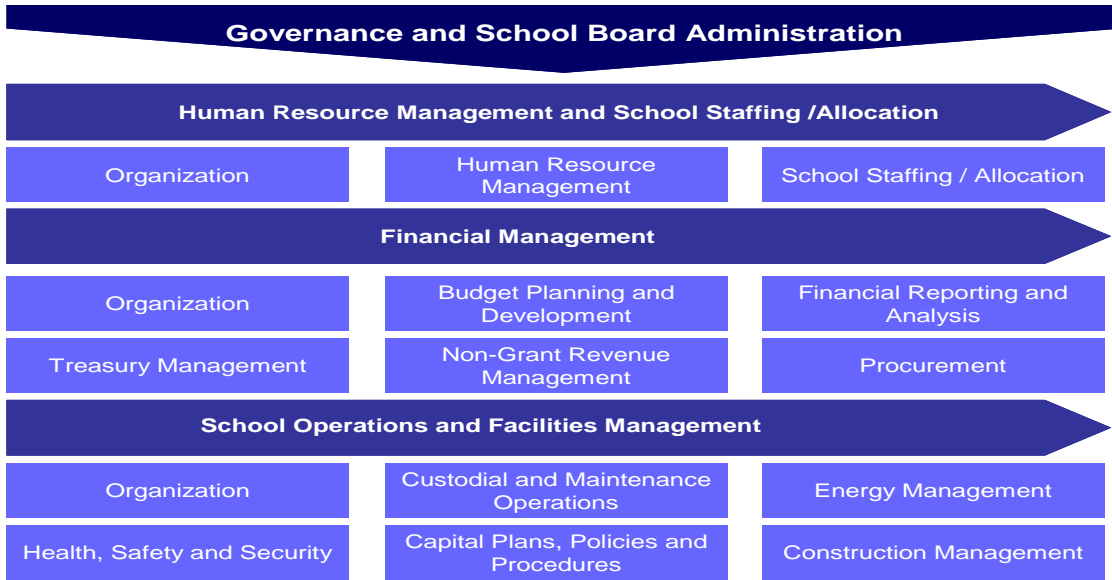
In order to perform an effective and consistent operational review the Ministry has worked with independent consultants to develop a Sector Guide that defines consistent standards and leading practices against which the operational reviews and analysis will be based.

Recognizing the unique characteristics of each DSB, the specific purpose of the Operational Reviews is to:

- Strengthen management capacity in school boards by developing recommendations that support improvement in non-academic operations;
- Highlight existing successful business practices used by school boards, to the sector and to school board communities;
- Leverage “Best Practices” across the education sector;
- Provide support and assistance to ensure that school boards are financially healthy, well managed, and positioned to direct optimum levels of resources to support student achievement;
- Provide the Ministry with important input on DSB capacity/capabilities for consideration in the ongoing development of policy and funding mechanisms.

Operational Review Summary Scope

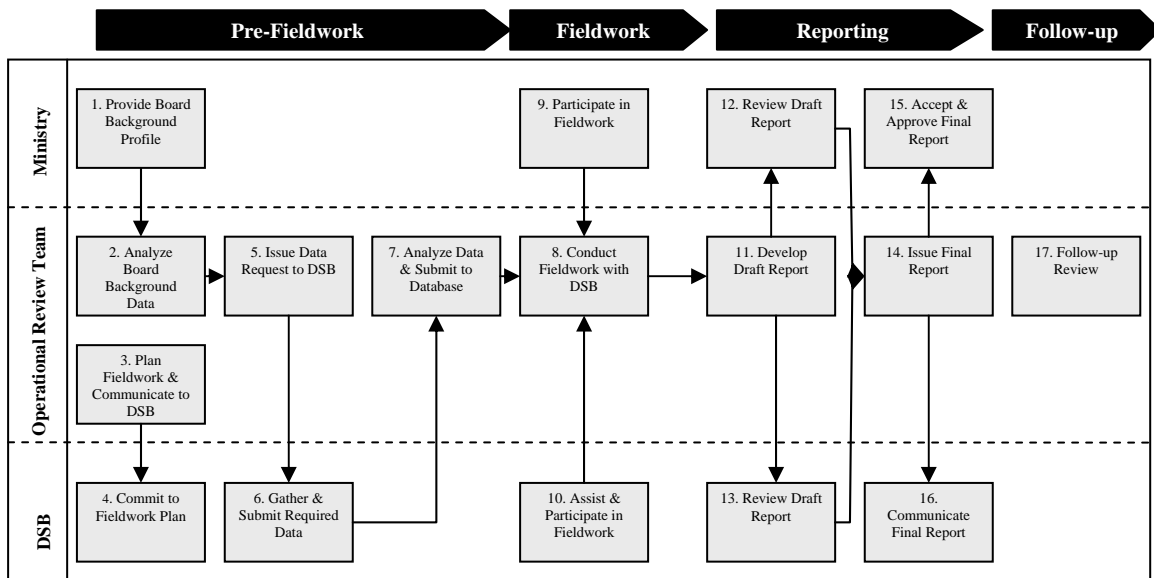
The scope of the Operational Review consists of the following functional areas which have been divided into key processes as shown below. The processes represent the end-to-end lifecycle of activities performed by Boards under each functional area. Each of the processes was examined based on its activities and its adoption of sector agreed leading practices, including alignment and support of student achievement strategies.



Operational Review Summary Approach

The high level Operational Review approach is shown below. The timing for the end-to-end process will vary depending on Board size and complexity.

Observations and assessments are made by the Operational Review Team based on a set of agreed upon leading practices designed for each functional area. The onsite reviews allow the team to validate ministry and board data; provide a better understanding of the environmental conditions and allow the team to review materials that support the existence leading practices.



The Table below defines the key phases and activities which comprise the Operational review Methodology.

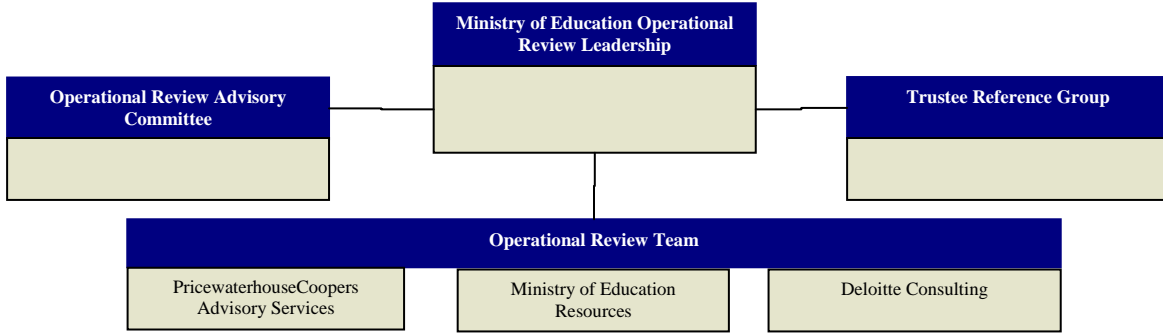
Phase	Key Activity	Description
Initial Planning and Analysis	Provide Board Background Data	The Ministry collects and maintains significant quantities of Board data. The Operational Review team has developed a standardized data request from the Ministry that will be used to provide background data for each Board.
	Analyze Board Background Data	Prior to launching fieldwork, the Operational Review team will review Board background data to understand the financial and operating characteristics. This review will identify specific issues and / or focus areas for the review.
	Plan Fieldwork and Communicate to Board	The Ministry and the Operational Review team will develop a rolling, quarterly review schedule that will be communicated to Boards prior to the start of that quarter.
	Commit to Fieldwork Plan	Boards will be required to commit to the Operational Review schedule. The Ministry and the review team will attempt to accommodate scheduling constraints faced by Boards.
	Issue Data Request to Board	Prior to the start of fieldwork, a data request will be generated to gather operating and other information for each of the focus areas. The review team will use this data to enhance its understanding of the Board prior to the start of field work.
	Gather Required Data	Upon receipt of the data request, each Board will compile the requested data. It is envisioned that Boards will have at least three weeks to complete this process prior to the start of the fieldwork.
	Analyze Data and Submit to Database	The review team will analyze the data provided by each Board, calculate key performance indicators where appropriate, and add the results to a sector-wide database that will be used to compare the results for each Board.
On Siteview	Conduct Fieldwork	The fieldwork will be conducted for each Board according to the previously agreed review cycle. The duration required to complete fieldwork will range between five to 15 days, based on the size of the Board.
	Participate in Fieldwork	Ministry staff will support the review team in the performance of fieldwork to ensure continuity and knowledge transfer of Board operations and upfront data support.

Phase	Key Activity	Description
	Assist and Participate in Fieldwork	Board staff will assist with and participate in the fieldwork. The number of participants involved will vary depending on the size of the Board.
Develop Final Report	Develop Draft Report	Based on the results of the fieldwork and data analysis, the operational review team will prepare a draft report. The draft report will contain a synopsis of findings and, where appropriate, recommendations for improvement.
	Review Draft Report (Ministry)	The Ministry will review the draft report and provide feedback to the review team.
Board Report Review	Review Draft Report (Board)	The review team will meet with Board senior staff to review and obtain feedback.
Final Report	Issue Final Report	The review team will incorporate the feedback from the both the Ministry and the Board and prepare a final report.
	Accept and Approve Final Report	The final report will be issued to the Ministry for approval and release.
	Communicate Final Report	The Ministry will issue a final report to the Board.
	Follow-up Review	Six to 12 months after the submission of the final report, the review team will conduct a follow-up review. This will determine the extent of the Board's adoption and implementation of the recommendations,

The Operational Review Team

The Ministry has assembled an Operational Review Team to ensure that these reviews are conducted in an objective manner. The Operational Review Team is designed to leverage the expertise of industry professionals and consulting firms to review specific aspects of each school board.

Management consultants from PricewaterhouseCoopers and Deloitte were hired to complete the Operational Reviews. The Ministry assigned an internal consultant with school board experience to provide the Review Team with valuable insight into school board operations in Ontario. The team has also received guidance and feedback from an Advisory Committee and a Trustee Reference Group convened by the Ministry of Education.



Limitations of this Review

The purpose of this report is to document the results of the Operational Review of the Hamilton-Wentworth District School Board. The review has been conducted using the methodology as previously described. The review is not of the nature or scope that constitutes an audit made in accordance with generally accepted auditing standards.

Appendix B: Summary of Recommendations

Ref.	Recommendation
Board Governance and Administration	
1.	The Board should consider establishing specific refresh cycles for all policies and related procedures. Duration of the refresh cycle should be based on each policy, with a designated department responsible for tracking.
HR Management and School Staffing / Allocation	
2.	The HR department should conduct independent, periodic compliance audits of the Board's benefits insurance carrier. These audits, conducted by HR or through its benefits consultant, would ensure adherence to the plan terms and conditions, especially the adjudication of claims.
3.	As part of its on-going review of its needs for human resources management systems, the HR department should look to build in functionality that allows for automated synchronization of data between HR benefits, payroll, and external carriers.
4.	The Director, in consultation with senior staff, should consider developing a formal succession plan to manage retirements and resignations at the senior administrative level.
5.	The HR department should consider performing exit interviews with staff and management. Combined with the employee satisfaction survey, this can provide management with valuable input for HR professional development and policies.
Financial Management	
6.	The business department should compile the Statement of Intent (i.e. an individual's annual priorities) into an annual business service improvement plan aligned with the Board's strategic directions. The business department can report its accomplishments against this plan.
7.	Finance staff should consider providing an expanded level of interim reporting in the format suggested in section 4.3 of this report. This would improve understanding of the year-to-date results.
8.	Management and the Board should consider establishing an internal audit function. Management could start by identifying options for its mandate and scope and estimating annual costs for each option. Management's proactive assessment of need and cost would be a useful first step.
9.	The Board should consider establishing a standalone audit committee. Management and the Board should also consider expanding the membership of the audit committee to include external members as advisors.

Ref.	Recommendation
10.	Management should consider tendering its banking services at least every five years. Management should periodically review banking terms and conditions and compare them to school boards of similar size, to ensure the most competitive terms.
11.	Management should develop an investment policy for approval by the Board, as required by the Education Act. The policy would define the investments permitted and define the nature of annual reporting on investment results.
12.	Management should assess the cost/benefit of an electronic registration and payment system for continuing education. This could expedite the registration and management of all continuing education services, increase access to registration, and improve reporting capabilities.
13.	As part of the update of the procurement policies and procedures, authorization and threshold levels should be evaluated to ensure that purchasing power is commensurate with the Board's needs. This includes consideration of reducing the threshold for the use of electronic bulletin boards to \$50,000.
14.	To maximize payment processing efficiency, the Board should analyze existing Pcard and lower value purchase order transactions (\$350-\$1,000). This would define the dollar value distribution of current payments and help to identify opportunities to increase purchase order threshold limits and promote increased use of PCards.
15.	Management should develop a standard receipting and matching process at the school level to ensure that it only pays for goods it has received. The Board should consider performing a cost/benefit analysis of an automated receipting and matching process as part of any broader examination of its financial system requirements.
16.	Management should implement EFT payments to the majority of suppliers to gain greater efficiency and minimize the risk of payments being altered prior to clearing the bank.
School Operations and Facilities Management	
17.	The facilities department should compile the Statement of Intent (i.e. an individual's annual priorities) into an annual business service improvement plan aligned with the Board's strategic directions. The facilities department can report its accomplishments against this plan.
18.	Management should consider establishing a multi-year (say 3 to 5 years) maintenance and renewal plan, including the funding available to support it. This would provide a clear forecast of the Board's critical needs over the next several years.
19.	Management should develop a comprehensive operational plan that consolidates all elements of an effective health, safety and security program, and provides a foundation for reporting accomplishments to executive council and the Board.
20.	Management should develop an action plan to address its status as a "high-risk workplace" from the Ministry of Labour. Lessons learned from these orders must be considered for all future maintenance plans and new schools.

Ref.	Recommendation
21.	The facilities department should maintain an accurate and current assessment database of facility conditions, based on industry standards in the ReCAPP system. Few updates have been made since an initial (and extensive) benchmarking exercise in 2002.
22.	Management should benchmark its facility construction costs against peer boards, to demonstrate that its construction costs are in line with other school boards.