

Ministry of Education

Operational Review Report

Waterloo Catholic 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 Waterloo Catholic District School Board (the Board) conducted by the Operational Review Team composed of external consultants from PricewaterhouseCoopers LLP and Ministry of Education staff. The Operational Review was conducted over four days beginning January 21, 2008.

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

The Board has adopted a governance structure that clearly delineates the roles and responsibilities of the Board of Trustees and the senior administration. The senior administration is composed of the Director and the superintendents. The Board of Trustees sets and maintains policy, while the school board's senior administration develops and implements operating plans and procedures. The senior administration ensures adherence to the Board's policies and the accomplishment of the Board's strategic plan. The governance structure is supported by a board of nine experienced trustees and two student trustees.

Under the Board's governance process, there are two forms of committees – Board of Trustees committees and operational committees. Board of Trustees committees report to the whole board and include senior administrative personnel as supports. Operational committees report to the Director of Education who, in turn, reports to the Board of Trustees. Operational committees may have trustee representation on them at the invitation of the Director of Education, or through a Ministry of Education mandate.

The working relationship between the Director and the Board of Trustees is positive. The Director meets frequently with trustees to keep them apprised of key administrative developments. The Director's roles and responsibilities are clearly defined and well documented. The strong working relationship between the Director (as head of the senior administration) and the Board of Trustees contributes to the achievement of the Board's goals and priorities.

The Board developed its strategic plan entitled *Sharing Our Journey* following an extensive consultation process. The Board approved nine goal statements arising from this plan as a way of condensing the vision it outlined. The Board goals have been used as the basis for the development by the senior administration of the *2005-2009 System Plan for Improved Student Learning*. The Board is currently preparing for a thorough review of *Sharing Our Journey* in 2009.

The system plan includes four priorities with associated focus areas. These are further developed into specific activities or strategies that have performance measures, responsibilities and timelines.

- Faith formation: *focus areas – pastoral teams for all schools and Board office sites.*
- Instruction and assessment: *focus areas – assessment, language literacy, mathematics, pathways.*
- Building safe, nurturing, inclusive communities: *focus areas – bullying prevention, conflict resolution, employee workplace harassment/discrimination prevention policy.*
- System support: *focus areas – energy conservation program, public sector accounting principles.*

Detailed descriptions of the focus areas are available on the Board's web site. One of the key elements of the planning process is the establishment of "SMART Goal Templates for Student Learning" that are used by the schools and the departments or divisions to develop their respective plans for improved student learning.

The annual report of the Director of Education is the prime vehicle used to report on accomplishments against the Board's goal statements.

The organization of the Board's senior administration appears to be operating effectively. The Director has made some changes in the reporting relationship of the facilities department and some of its functions. The superintendent of human resources is currently responsible for the facilities department. Also the capital planning function is directly responsible to the Director. While this structure is not common among school boards, we understand that this is a temporary arrangement until the Director implements a permanent restructuring of responsibilities.

Recommendation:

- The director should proceed with restructuring of responsibilities for the facilities department at the appropriate time.

Human Resource Management and School Staffing/Allocation

The Human Resource (HR) Department has demonstrated a good level of operational effectiveness overall. It has implemented many of the leading practices:

- The department's goals and annual plan are aligned with the Board's strategic directives.
- The department engages staff and other departments during the development of its strategic priorities. Information was used from employee surveys and focus groups obtained during the development of the Board's priorities. The department also uses employee focus groups and periodic employee exit surveys to collect information.
- The department regularly communicates with employee groups on policy and procedures, through communication sessions with the principals, written memos and online publications.
- The HR department provides extensive professional development for all Board staff. It uses feedback from employee surveys to support the development of future training programs.
- The Board has established policies and procedures aimed at minimizing the incidence of grievances.
- The board has effective processes for the allocation of teaching and support staff.
- Teacher qualifications and experience are formally tracked and HR records are current.
- The HR department conducts confidential exit interviews for staff.

The HR and finance departments share a number of joint responsibilities in staff budget development and allocation. At the time of the review, there were discussions between the departments regarding roles and

responsibilities involved in the staff budget development, the actual staff allocation for teachers and school support staff, and the on-going monitoring of the allocation.

The HR department is also responsible for a number of roles that are usually filled by the Information Technology (IT) department in other school boards. These include managing the Board's records management strategy and data archival procedures. Management is considering alternative assignment of these responsibilities.

At the time of the operational review, the HR department does not have sufficient data on attendance management to analyze long-term trends and develop strategies to improve attendance management. Management believes that recent enhancements to the attendance reporting system will improve data quality, reporting and analysis.

The Board has not developed a formal policy on performance appraisals for all staff groups. The Board is at various stages of implementation of performance appraisal procedures for all staff groups.

Recommendations:

- HR should review current roles and responsibilities in concert with the respective departments, to determine who should be responsible for critical functions relating to staff allocation, staff budgeting and monitoring and other corporate data management functions.
- Management should continue to compile timely attendance data to establish a performance baseline for absenteeism. This will enable the Board to devise strategies to improve attendance management and reduce absenteeism costs.
- Management should continue to expand the current employee appraisal system to all staff. The Board should consider developing a policy governing the appraisal system to complement the procedures that will eventually be developed. A periodic report summarizing the status of the process and the timelines for completion would inform senior administration as HR proceeds.

Financial Management

The business and financial services (finance) department has demonstrated positive results by implementing many of the leading practices, such as:

- The business and financial services department's goals and annual plan are aligned with the Board's strategic directions.

- An effective annual budget process is in place. It is transparent, clearly communicated, and incorporates input from all key stakeholders.
- The annual budget presented for approval is clearly linked to the Board-approved goals and priorities, and provides useful information for all stakeholders.
- Management uses a Board and school level approach for enrolment forecasts, by combining school based information with macro demographic information, multi-year forecasts, and regional planning information.
- The Board's integrated financial information system provides useful, timely and accurate information for management and the Board.
- Staff and management periodically compare the Board's banking terms and conditions to those of similar school boards to ensure that the rates and other terms remain competitive.
- Policies and procedures for procurement cards (PCards) are documented and communicated to users through regular training and monitoring.

The finance department has established a formal internal audit function, and is developing a multi-year internal audit strategy. The finance department is commended for being proactive in establishing a formal internal audit mandate. The multi-year internal audit strategy should enhance internal controls, and ensure compliance with approved policies and procedures.

The internal auditor currently reports directly to the superintendent of business and financial services. As the role of the internal auditor matures, it would be more appropriate for the internal auditor to formally report to the Board's audit committee. This would ensure complete independence from all administrative departments. An internal audit function traditionally reports to the audit committee.

The finance department provides quarterly financial updates to the Board of Trustees. These reports compare the revised estimates for the annual budget to the actual revenues/expenditures to date, expressing the expenditures to date as a percentage of the original budget. The report is a one-page, high level summary of revenues and expenditures. The report provides only limited explanations of whether the percentage spent to date is above or below what would be expected of the period being reported.

The Board has recognized the need for an audit committee, and we understand that the board as a whole acts in the "capacity of an audit committee" for purposes of reviewing the annual financial statements. The more common practice is to have a standalone committee of the board. This would become more important as the internal audit function matures and begins to report to the audit committee as suggested above. It would also facilitate the addition of external advisors as we have recommended.

The Board has financed its capital program through the issue of long term financing. The funding for the debt service has come primarily from New Pupil Place grants and debt charge grants from the Ministry. In addition to the annual capital grants, the Board forecasts that the balance of its Pupil Accommodation Debt Reserve at August 31, 2008 will be \$7.2 million.

Management has developed a capital project financing analysis that projects its existing and proposed (based on the multi-year capital plan) debt obligations to the maturity of the debt. This analysis shows that the forecasted funding will not cover all of the annual debt service costs starting in around 2014. This assumes that no further capital projects will be started. The current forecast also assumes that two sinking fund debentures due to mature in 2010 and 2011 (about \$12 million each) will be re-financed to avoid the principal being repaid in those years. Management stated that the problem arose primarily due to changes in the new pupil place funding formula.

Management has maintained detailed capital funding forecasts to anticipate the funding shortfall several years in advance. Further, the Board has been prudent by not committing to additional capital projects after the funding shortfall was determined. Management is considering various options to address this matter. Senior board staff are confident that the funding will be resolved. They are actively working with Ministry staff to find an acceptable solution to the debt funding issues.

Recommendations:

- Management should consider providing an expanded level of interim financial reporting, as in the format suggested in section 4.3 of this report. This would improve understanding of the year-to-date results.
- As the role of the internal audit mandate matures, it would be more appropriate for the internal audit function to formally report to the Board's audit committee.
- 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 who would contribute to the committee's accountability.
- Management should develop an investment policy that complies with the Education Act.
- Senior board staff, especially senior finance staff, should continue to place top priority on a plan to resolve capital debt obligations. The Board should not proceed with any new capital projects until the existing funding support for its debt obligations is resolved.

- The Board should proceed with its plans to identify and conduct a return on investment analysis for an electronic registration and payment system for the continuing education and facilities rental programs. In doing so, management should review existing electronic solutions at several other school boards.

School Operations and Facilities Management

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

- The Facility Services department's goals and annual plan are aligned with the Board's strategic directions.
- Management has implemented accountability mechanisms (including documented roles and responsibilities, policy compliance awareness training and appropriate professional designation) for senior staff, to support effective and efficient performance of the maintenance and operations functions.
- The department has a well-defined caretaker allocation model that supports the Board's cleaning standards and practices.
- Management has established and tracks an inventory system for major equipment and tools.
- The Board has developed appropriate health and safety policies and procedures to ensure compliance with statutory health, safety and security requirements.
- Management has an approved multi-year capital plan. It provides significant details regarding the board's facility capacity, enrolment projections and new capital projects that will be required over the planning period. The long-term funding forecast, which incorporates the use of the "Proceeds of Disposition Reserve" and proposed property sales, would need to be adjusted to take into account the resolution of the funding issues referred to under in the Financial Management section of the report.
- The Board's maintenance and renewal activities are re-assessed frequently through individual school assessments.

The Director's Annual Report indicates that management intends to establish consistent maintenance standards for all facilities within the Board.

Management develops an annual plan for preventative, critical and deferred maintenance, in accordance with the Board's standards. At present the Board does not expand this planning into a multi-year framework.

Management uses the ReCAPP database to guide the development of the annual major maintenance and renewal priorities. Although management believes the current quality of data in the Board's ReCAPP database is adequate, it also acknowledges significant opportunities for improvement. Management intends to improve the data quality of the ReCAPP database over the next two to three years.

The most recent facility services annual department plan identifies an energy management plan as a priority for the department. The Board has also recently established a sustainable development committee to investigate the EcoSchools program and to determine the suitability for implementation at the Board. It is also noteworthy that management has implemented several conservation initiatives.

The Board's existing inventory of facility drawings is outdated and in some cases there are no drawings available. The Board has also encountered challenges in converting scanned drawings into a useable format. The Board is planning a digital drawing conversion project to address these issues.

Recommendations:

- Management should complete plans to establish consistent maintenance standards, particularly for major equipment, for all facilities within the Board. Management should ensure that results are measured, monitored and reported on annually.
- Management should consider expanding its annual maintenance and renewal plan to a multi-year format. The plan should include an analysis of the funding available to support the plan. This would provide a clear forecast of the Board's critical needs over the next several years.
- Management should dedicate resources to ensure that the data contained in the Board's ReCAPP database is continuously updated, for more effective maintenance and renewal planning.
- Management should proceed with the development of the energy management plan, and consider expanding it to a multi-year plan. The plan would reflect any significant initiatives (including EcoSchools if adopted) and should incorporate performance measures to demonstrate the results of conservation initiatives. Management should assess the need for a dedicated staff resource to manage this important area.
- The facility services department should complete their planned digital drawing conversion project. This will ensure that the Board has accurate digital floor and site plans for each facility.

1. Background and Overview

1.1. Board Profile and Structure

The Board has a long history dating back to 1836. It currently has 47 elementary schools, five secondary schools, two adult education facilities, and a day school enrolment of approximately 22,100 students. The Board has a diverse student population, representing over 114 countries and more than 68 languages.

The Board's elementary enrolment has decreased by about 1,200 students to 14,638 since 2002-03 or by about 7.5%. Secondary enrolment has increased by about 855 to 7,561, or by about 12.7%. The enrolment forecast shows a continued slow decline in elementary students over the next several years, with a decline in secondary enrolment reflecting the decline in the elementary panel. The Board's long term capital plan addresses this trend in its assessment of the implications on the Board's facilities and the program and services.

The Board's senior administration:

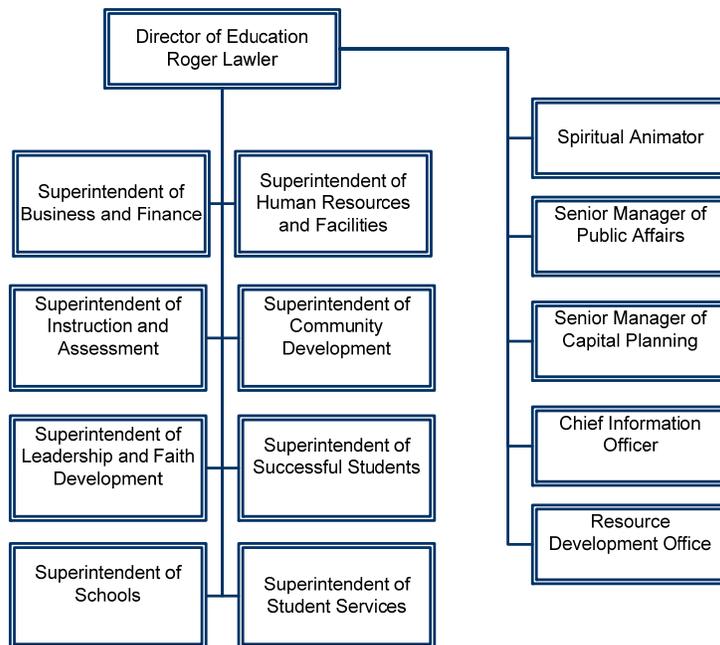


Figure 1

1.2. Key Priorities of the Board

The Board has developed its strategic plan, *Sharing Our Journey*. This is underpinned by nine strategic goals for 2005-2009:

- Curriculum: *the Board will ensure that the distinctive nature of Catholic education is demonstrated in curricula, extra-curricular and educational experiences reflective of the Ontario curriculum and the Ontario Catholic School Graduate Expectations;*
- Assessment: *the Board will promote assessment strategies which assist learners in celebrating their gifts and help them in identifying directions for future academic and personal growth;*
- Instruction: *the Board will support instructional practices which celebrate inclusion and diversity in our learning communities;*
- Our resources including technology: *the Board will demonstrate the management of responsible, just and equitable natural, material, technological and human resources;*
- Our stakeholders: *the Board will engage partners to promote Catholic education;*
- Our leaders: *the Board will enable the development of informed and imaginative people of faith who are committed to achieving excellence in Catholic education;*
- Our educational faith community: *the Board will create a dynamic environment that will encourage an intelligent, honest and searching exploration of our Catholic tradition;*
- Staff: *the Board will create an organizational culture whose focus is to attract, develop and retain staff that excels in their field; and*
- Our organization: *the Board will create a system which is accountable for decisions within the context of our roles as Catholic educators, employers and members of the broader community.*

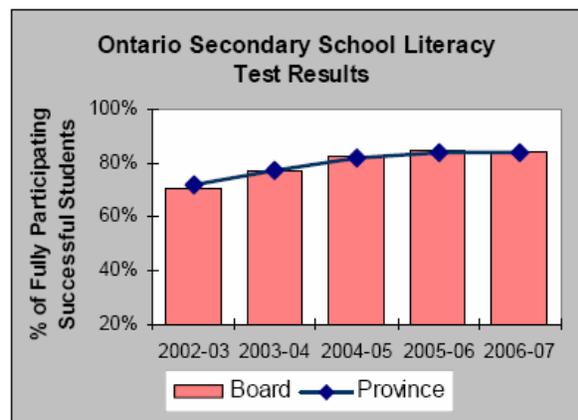
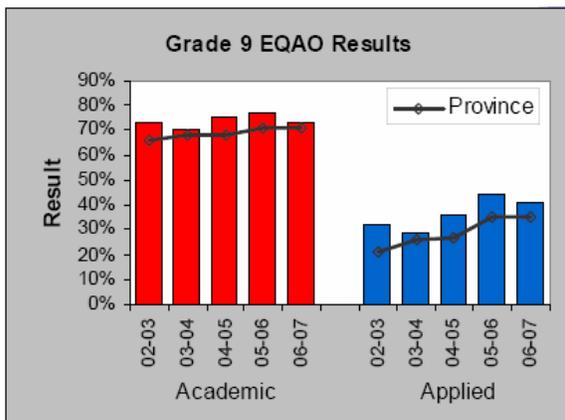
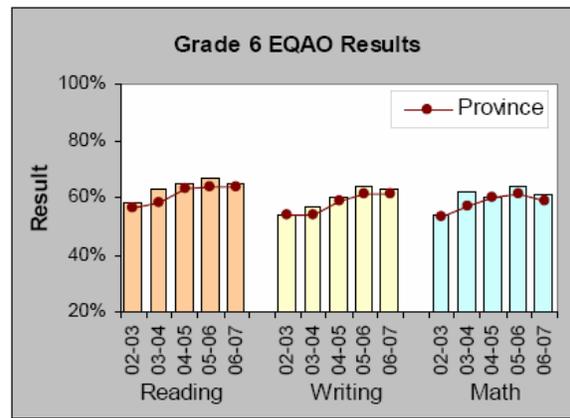
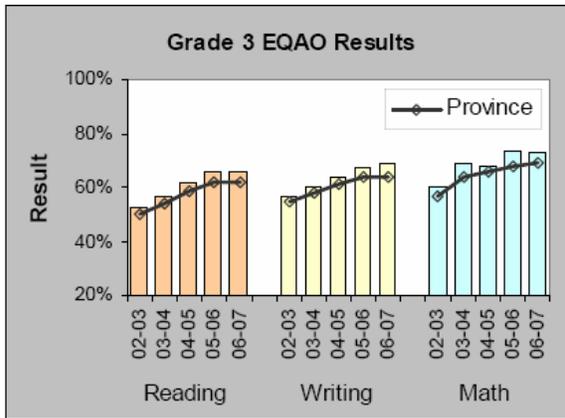
These goals have been used as the basis for the development by the senior administration of the 2005-2009 system plan for improved student learning.

Further details of the development of the Board's priorities can be found in Section 2 of this report.

1.3. Student Achievement

The Board's student achievement results have consistently been above the provincial average as measured by the EQAO scores. Since 2002-03, student scores in Grade 3 reading and math have been above the provincial average and have steadily increased. The Grade 6 scores have been above the provincial average, but declined slightly in 2006-07. Grade 9 scores have also been consistently above average although there was also a decline in 2006-07. Management attributes the positive student achievement results to the focus on literacy and math programs outlined in the Board's 2005-2009 system plan for improved student learning.

The following charts illustrate the Board's EQAO and OSSLT results over the last five years.



1.4. Fiscal Overview

The Board has achieved a balanced budget for the past several years without the need to draw on its reserve for working funds. In the budget plan for 2007-2008 the Board approved the draw-down of the reserve for classroom expenditures of about \$3 million. This was for specific planned expenditures. The Board forecasts that its reserve for working funds will be about \$1.6 million as of August 31, 2008.

The Board's capital program has been financed through the issue of long-term debt and funded from the Ministry New Pupil Place and debt charge grants. As discussed in section 4.4 of this report, senior Board staff are assessing the funding issues associated with the Board's current debt obligations. They are in discussions with Ministry officials to determine how to address the funding of the Board's forecasted debt service costs.

The following tables provide a fiscal overview of the Board:

Summary Financial Data	2005-06 Financial Statements	2006-07 Financial Statements	2007-08 Revised Estimates
Revenues:			
Legislative Grants	\$129,848,876	\$136,057,717	\$146,182,696
Local taxation	\$55,242,249	\$55,814,788	\$57,692,713
Board Revenues	\$2,710,228	\$3,757,726	\$5,418,963
Other Operating & capital Grants	\$3,322,041	\$3,409,914	\$3,801,419
Total Revenues (Schedule 9)	\$191,123,394	\$199,040,145	\$213,095,791
Expenditures:			
Operating expenditures	\$176,748,550	\$183,111,011	\$198,481,691
Capital expenditures - Before transfers from reserves	\$16,795,085	\$15,705,517	\$15,714,911
Transfer to (from) Reserves	-\$2,420,241	\$223,617	-\$1,100,811
Total Expenditures	\$191,123,394	\$199,040,145	\$213,095,791
Surplus (Deficit)	\$0	\$0	\$0
School Board Reserves and Deferred Revenues:			
Reserve for Working Funds	\$847,295	\$1,808,182	\$1,647,197
WSIB	\$694,840	\$787,235	\$787,235
Network Infrastructure	\$1,488,573	\$1,263,813	\$1,263,813
Con Ed	\$192,098	\$178,462	\$178,462
Pupil Accomodation Debt Reserve	\$8,191,471	\$8,133,697	\$7,193,871
Total Reserve Funds (Schedule 5)	\$11,414,277	\$12,171,389	\$11,070,578
Proceeds of Dispositions - School Buildings	\$8,887,093	\$8,959,376	\$8,959,376
Improved Access for Special Education	\$190,230	\$181,842	\$181,842
Education Development Charge Reserve	\$0	\$191,526	\$391,526
Reserve for Classroom Expenditures	\$2,950,210	\$2,974,205	\$0
Total Deferred Revenues (Schedule 5.1)	\$12,027,533	\$12,306,949	\$9,532,744
Total Board Reserves and Deferred Revenues	\$23,441,810	\$24,478,338	\$20,603,322

1.5. Key Statistics

The following table highlights key statistics for the Board. Of note is the decreasing elementary enrolment trend and the increasing compliance with the Ministry's primary class size

Measures:	2002-03 Actual	2007-08 Revised Estimates
Day School Enrolment:		
Elementary Day School ADE	15,843	14,638
Secondary Day School ADE	6,706	7,561
Total Day School Enrolment	22,549	22,199
Primary Class Size:		
	2003-04	2007-08
% of Classes Less Than 20	27%	90%
% of Classes Less Than 23	62%	100%
Average Class Size - Jr/Inter	26.1	25.8
% of 3/4 Classes 23 & Under	25%	100%
% of Combined Classes	35%	41%
Staffing:		
School Based Teachers	1,274	1,359
Teacher Assistants	268	272
Other Student Support	138	159
School Administration	65	82
School Clerical	102	119
School Operations	186	208
Other Non-Classroom	72	76
Total Staffing	2,105	2,275
Teacher - Pupil Ratio	1:18	1:16
FTE Staff per 1,000 Pupils (ADE)	93	103
(Note: Impacted by Class Size and Special Education)		
Total Salary & Benefits as % of Net Operating Expenditures	86.3%	90.5%
Special Education:		
Special Education Incremental Expenditures	\$17,604,764	\$24,793,279
Special Education Allocation	18,847,964	23,030,665
Spending above Allocation (Reserve)	-\$1,243,200	\$1,762,614
School Utilization:		
Total Capacity (Spaces)	21,522	20,607
Capacity Utilization	104.8%	107.7%
Number of schools	53	51
Board Area (Km2)	1,389	1,389
Number of Trustees	9	9

2. Governance and School Board Administration – Findings and 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
The Director of Education and management develop annual plans which reflect the Board of Trustees' goals/priorities and report 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
Key senior staffs, of all functional areas, are members and participants in sector committees of provincial associations and/or Ministry work groups.	Yes

Organizational Structure and Accountability

The Board has adopted a governance structure that clearly delineates the roles and responsibilities of the Board of Trustees and the senior administration. The Board of Trustees sets and maintains policy, while the senior administration is responsible for the development and implementation of plans and procedures. The governance structure and associated governance processes are formally documented as policies and are available on the Board website.

The Board's commitment to policy governance and its effort to continuously monitor its practices has led to a governance structure that appears to be operating effectively.

The Board recently completed an internal assessment of its governance model with the assistance of an outside consultant. The review of the Board's governance structure reaffirmed the Board's commitment to policy governance.

There is a positive relationship among the Director, senior administration and the Board of Trustees. The recently completed internal assessment of the Board's governance has also enhanced the level of understanding and support for policy governance among members of the Board of Trustees.

The organization of the Board's senior administration appears to be operating effectively. The Director has made some changes in the reporting relationship of the facilities department and some of its functions. The superintendent of human resources is currently responsible for the facilities department. Also the capital planning function is directly responsible to the Director. While this structure is not common among school boards, we understand that this is a temporary arrangement until the Director implements a permanent restructuring of responsibilities.

Although the Board's departments have developed organizational charts for internal use, the Board would benefit by providing public access to organizational charts its website.

Development and Reporting of Annual Goals and Priorities

The Board's activities are guided by a strategic plan document that articulates a strong, focused mission, a set of values and a commitment to a shared vision. *Sharing Our Journey* (see section 1.2 of this report) has guided the Board since 2002 and will continue to do so until the next system review in 2009. The development of the strategic plan involved broad consultation with Board staff and surveys with the wider community.

The Board focuses on a subset of three out of the nine goals each year. For 2007-2008 the Board has selected Curriculum, Our Stakeholders and Our Staff as the three goals to be reported on. The Board has recently started developing the next strategic plan which is due 2009.

The senior administration responds to the Board goals with an annual system plan for improved student learning that covers both schools and administrative departments. The system plan contains detailed strategies for implementing the current year priorities, benchmarks, measures, expectations, resources, lead contact person, communications and timelines. Achievements are communicated through the Director's annual report, updates from administrative divisions, school newsletters and the Board's website.

Stakeholder Engagement

The Board consistently administers its responsibilities in an open and transparent manner, both directly and through its committees. Various communication channels (emails, website postings and town hall meetings) keep key stakeholders engaged throughout the year. Examples include the development of the *Sharing Our Journey* document, the development of the annual system plans, and various partnerships with the community. The Board website also lists administrative procedures for communicating with parents, staff, groups and other external organizations.

The Board has established a detailed review process for all policies and administrative procedures that includes internal and external stakeholder input. Management determines the review time table for each policy/procedure annually, based on its nature and its last review date.

Decision-Making Process

The Board's consultative approach to making key decisions related to governance and administration is documented in a formal policy on governing style which emphasizes:

"...outward vision rather than an internal preoccupation, encouragement of diversity in viewpoints, strategic and collaborative leadership more than administrative detail, clear distinction of Board and Direction of Education roles, collective rather than individual decisions, future rather than past or present, and being proactive rather than reactive."

The process for creating and approving key policies is also well documented and communicated to all stakeholders. The positive working relationship between the Director and the Board of Trustees contributes to an effective process for agenda-setting and decision-making.

Finally, the Board has documented the decision-making mandate and scope for the Board of Trustees and board administration. The document contains a decision-making matrix that describes the responsibilities of Board committees, a schedule of planning meetings and reporting cycles, and detailed allocation of responsibilities for key stakeholder groups.

Recommendation:

- The director should proceed with restructuring of responsibilities for the facilities department at the appropriate time.

3. Human Resource Management and School Staffing/Allocation – Findings and 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 a review of the data provided by the Board and 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.	No
Senior HR staff has appropriate designations (e.g., Certified Human Resource Professional, etc.).	Yes
Monitoring and Communication of Policy	
Management monitors HR policy compliance.	Yes
Management provides scheduled HR policy awareness, training, and education sessions.	Yes

Development and Reporting of Annual Goals and Priorities

The HR department develops an annual divisional system plan that is aligned with the system priorities identified in the system plan for improved student learning. The plan identifies four areas of HR priorities:

- attendance / disability & WSIB management;
- health and safety initiatives;
- information systems & records management;
- recruitment.

The divisional system plan contains detailed strategies for implementing the current year priorities, benchmarks, measures, expectations, resources, lead contact person, communications and timelines.

The HR department engages Board staff throughout the development of its annual priorities. The development process includes relevant input from employee surveys and focus groups. Implementation of the department's priorities is facilitated with specific and appropriate measures of success, including a formal monitoring process and in-year progress reporting. Achievement of the goals outlined in the system plan is communicated through the Director's annual report, updates from administrative divisions, school newsletters and the Board's website.

Organizational Structure and Accountability

The HR department reports to the superintendent of human resources and facility services. Its key responsibilities include staff development, performance appraisals, labour relations, benefit management, attendance management, occupational health and safety, assessments and admissions. HR managers have clearly defined roles and responsibilities, with clear lines of internal reporting, and detailed strategic priorities with associated performance measures and accountabilities.

The HR and finance departments share a number of joint responsibilities in staff budget development and allocation. At the time of the review, there were discussions between the departments regarding appropriate roles and responsibilities for the processes for budget development, the actual staff allocation for teachers and school support staff, and the on-going monitoring of the actual versus budgeted allocation. Given the critical nature of these processes, management should review the roles and responsibilities and arrive at a final resolution as soon as possible.

The HR department is responsible for a number of roles that are more commonly supported by a dedicated information technology (IT) department. These responsibilities include the development and implementation of the Board's records management strategy and data archiving procedures. Management acknowledged the need to better align these responsibilities by potentially re-allocating them to the office of the chief information officer (CIO).

As noted in the previous section, the Board's organizational charts are not available on its website.

The HR department staff has appropriate professional designations. The department provides professional development for staff. All staff participate in development programs that include HR certification courses, conferences and retreat. All of the programs are designed to improve the employee groups' HR skill sets and facilitate learning.

Monitoring and Communication of Policy

Detailed HR administrative policies and procedures are posted on the Board's website. Review of the material demonstrates that the department is focused on maintaining and updating HR policy, where required, in order to remain current and applicable.

Other means of monitoring HR policy include the use of efficacy reviews. For example, the Board recently completed an efficacy review of its employee workplace harassment/discrimination prevention policy. This resulted in the need for an employee process checklist and process acknowledgement form, to facilitate clarification.

The HR department regularly communicates with all board staff on policy and procedures, using a variety of media such as communication sessions with the principals, written memoranda and online publications. For example, the HR department recently completed focus group reviews of the information to be included in the human resources services manual. The HR communication plan for the manual outlined strategies such as: presentations and a public relations campaign to generate enthusiasm. This level of communication facilitates policy training, and creates a broad awareness and understanding of the Board's HR policies and procedures.

Recommendation:

- HR should review current roles and responsibilities in concert with the respective departments, to determine who should be responsible for critical functions relating to staff allocation, budgeting and monitoring and other corporate data management functions.

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.	No
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.	No
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.	Yes
Data is automatically synchronized between HR benefits and payroll and external carriers such as TPP and OMERS.	Yes
Policies and procedures ensure the Board's benefit plans are managed appropriately.	Yes
Monitoring Staff Satisfaction	
Confidential staff satisfaction surveys are performed periodically.	Yes

Leading Practices – Human Resource Management	Evidence of Adoption?
Confidential exit interviews are performed for all staff.	Yes

Attendance Management Processes/Programs

The Board has worked with the School Boards' Co-operative Inc. (SBCI) since 2003 to develop an attendance management program to better track and monitor absenteeism rates. Based on the findings of the SBCI analysis, the HR department has developed an Employee Attendance Support Program (EASP), which has a formal administrative procedure and is available on the Board's website.

The attendance management program is implemented by dedicated staff and monitored with the assistance of SBCI data and analysis. It appears that the program has been successful, with a gradual decrease in payroll costs per FTE associated with absenteeism. Management uses HR budget allocations for absenteeism as another measure for performance of the attendance management program. The department reports a flat trend in annual budget allocations for absenteeism.

The HR department recognizes the importance of maintaining an accurate attendance management database. Management has recently installed Smart Find software to enable accurate reporting on attendance.

The HR department does not undertake formal trend analysis and assessment of attendance data captured by Smart Find. This is an important element for attendance management, and it is envisaged that, over time, the "Smart Find" software will help achieve improvement of data quality and reporting. It should be noted that the compilation of accurate and timely attendance data will enable management to better monitor its attendance management policies through measurable metrics.

The Board has also developed an early intervention program to bring employees back to work as soon as possible. It also has a range of other programs, including the workplace harassment prevention programs (available on the staff intranet and through leaflets and brochures) and the planned Wellness Works website. The department also matches new staff to appropriate positions with significant physical requirements, as part of its pro-active approach to WSIB claims management.

Labour Relations

The Board is successful in the management of labour relations, likely as a result of the formal and informal practices followed in dealings with the unions. Each employee group has a dedicated labour/management committee, which helps maintain an open dialogue. Specifically, there has

been success related to limiting the incidence of grievances, as well as positive grievance resolution.

The Board is planning to develop and implement a labour relations training program for administrative staff in the near future, which should help maintain a harmonious relationship with its labour unions.

Staff Recruitment

The HR department has developed and documented detailed procedures for hiring and recruiting staff. HR continually evaluates and seeks improvement for its recruiting processes. For example, HR implemented the use of the “Apply to Teach” website as the basis for recruiting. The website is an employment job board bringing together employers and candidates who are looking for a career within the education sector. It connects over 185 Canadian school boards and 300 private employers.

HR has implemented mentoring and development programs for all new employees, which includes the Ministry-supported New Teacher Induction Program (NTIP).

Management of HR and Payroll Data

The payroll processing function reports to the business and financial services department and has access to personnel records, including compensation and job level information for payroll processing only. The functions of HR information systems and payroll are fully segregated. The two departments maintain appropriate control mechanisms, such as payroll change notice forms, to ensure the integrity of personnel and payroll data.

The HR information system enables management to systematically monitor teacher qualifications and experience data, so that HR records can be updated as new teacher information is received. Teachers are required to provide a copy of their QECO (Qualification Evaluation Council of Ontario) statement of evaluation upon hiring. The HR department maintains a database to track QECO and Additional Qualifications (AQ) ratings to trigger pay adjustments. A dedicated HR officer evaluates documentation provided to support pay adjustments, and submits recommendations for approval by the superintendent of HR. These measures enable management to have greater certainty that the “teacher qualification and experience” that forms a part of the Ministry’s grant determination is accurately reported.

Employee Performance Evaluation Processes

The Board has implemented various stages of performance appraisal systems with different staff groups, as follows:

- Teaching staff – the Board has followed the Ministry’s requirements for experienced teacher performance appraisal effective April 2007;
- Principals and vice principals – implemented a performance evaluation process;
- HR services staff – developed a goal development plan with annual review of accomplishments with supervisor;
- Other professional and administrative support staff – developed a draft goal development plan with annual review of accomplishments with supervisor;
- All other staff – no formal performance appraisal system developed yet.

The Board should produce a plan and timeline for the completion of an employee performance appraisal system for all staff. As part of that process the Board could establish a comprehensive policy and procedures that identify the performance appraisal system to be utilized for each staff group similar to what the Board currently has for its teachers.

The HR department has developed progressive discipline processes for both teaching and non-teaching staff. These processes assist the HR department in evaluating the appropriate disciplinary action to be applied.

Management of the Board’s Benefit Plans

HR has established processes to continually review the performance of its benefit provider, to ensure adherence to the terms and conditions of its plans. Additionally, the department has procedures to ensure its benefit plans are managed at minimize cost to the Board. HR engages a third party consultant to assist with these procedures, including the review of the provider’s administrative processes and analysis of plan usage and trends. They also support the Board in its control of costs and provide an increased ability to secure appropriate changes during the periodic fee negotiations with the carrier.

In addition, HR does periodic comparisons/confirmation of all data among HR benefits, payroll and external carriers, to ensure that all employees who are eligible for benefits are on insurance company records. This is accomplished with assistance and input from the Board’s benefit consultants.

Monitoring Staff Satisfaction

HR evaluates employee satisfaction after PD days or workshops to gauge effectiveness, support improvement, and get input for future PD activities. The Board also uses its in-house developed online survey to periodically poll employees on various issues related to staff satisfaction. The results help

the HR department develop its annual plan and future initiatives. The HR department also conducts exit surveys with employees who resign outside of planned reasons.

Recommendations:

- Management should continue to compile timely attendance data to establish a performance baseline for absenteeism. This will enable the Board to devise strategies to improve attendance management and reduce absenteeism costs.
- Management should continue to expand the current employee appraisal system to all staff. The Board should consider developing a policy governing the appraisal system to complement the procedures that will eventually be developed. A periodic report summarizing the status of the process and the timelines for completion would inform senior administration as HR proceeds.

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	

Leading Practices – School Staffing/Allocation	Evidence of Adoption?
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.	Yes

Planning and Processes for Annual Staffing and Allocation

The HR department is responsible for annual staff planning and allocation as part of the budget process, and consolidates school-by-school staffing projections prepared by principals. HR works closely with the finance department to ensure that the number of staff allocated is within the budgeted staffing envelope determined by finance. The HR department also works closely with school principals to determine the detailed allocation of teaching and support staff at the school level.

The HR department has established detailed procedures that govern the determination of total staff requirements and their allocation. Similar to other district school boards, the allocation of the Board's teaching staff is primarily formula-based and accounts for other factors such as enrolment projections, class size requirements and specific student needs. This is forecasted at a detailed level including breakdowns by school, by grade and by month.

The Board has recognized challenges in the allocation of special education staff, linked to the need to reduce spending for special education in order to comply with available funding. Management has indicated it will continue to look for optimal solutions in balancing the needs of students and the budget implications of the spending beyond the funding provided. Any potential changes would be the subject of consultation with the community and trustees.

For support and custodial staff, the process is guided by factors including collective agreements, staff formulas and specific school-based needs.

Monitoring and Reporting on Staff Allocation

The HR department has established procedures to monitor teacher allocations. During the course of the school year, the HR department conducts periodic comparisons of the original approved staff allocation plan and budgeted versus the actual allocation. In doing so, the HR department also closely monitors compliance with primary class size and prep time. The HR department reported that variances between original approved allocation and actual allocation have been historically minor.

The Board has a process to adjust staff allocations for school-based staff in response to changes in enrolment projections, funding and specific student needs. Impacted departments are asked to find sustainable funding replacements and make staff adjustment proposals to the Board's planning and priorities committee, which reviews and approves all proposed staffing changes.

Benchmarking Costs with Other Boards and Funding

To ensure efficient use of resources, the HR department periodically compares teaching and support staff costs with those of similar boards. Management believes that the results of the comparative analysis demonstrated that the Board's compensation costs are consistent with comparator boards. This information is used to inform budget decisions.

4. Financial Management – Findings and 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 Finance 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;
- Finance department support of the overall goals/priorities and accountability measures established by the Board;
- The efficiency and effectiveness of the departmental structure and support of the roles and responsibilities for the key functions, activities and practices;
- Opportunities to support continual improvement in the effectiveness and efficiency of all processes.

The 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.	Yes
Organization Structure and Accountability	
Publicly available finance department organization charts clearly illustrate roles, responsibilities and accountabilities.	No
Senior finance, treasury and procurement staff has appropriate designations or related experience.	Yes
Monitoring and Communication of Policy	
Management monitors finance department policy compliance.	Yes
Management provides scheduled finance policy awareness, training and education sessions.	Yes

Organizational Structure and Accountability

The financial management function resides within the Board's business and financial services department (the finance department), and has responsibility over accounting, payroll, financial reporting, purchasing, transportation, insurance procedures and internal audit. The finance department is responsible for developing and monitoring the Board's annual budget process, in consultation with the capital planning and HR departments.

As noted in the HR section of this report, the HR and finance departments share a number of joint responsibilities in staff budget development and allocation. At the time of the review, there were discussions between the departments regarding roles and responsibilities involved in the budget development, the actual staff allocation for teachers and school support staff, and the on-going monitoring of the allocation. Given the critical nature of this function, management should review the roles and responsibilities and arrive at a resolution. Finance management indicated that it is in the process of hiring a new financial analyst to serve as a staff budget/allocation liaison with the HR department.

As noted in the governance and school board administration section, the department's organizational charts are not available on the Board's website.

All senior financial management staff have professional designations where appropriate.

Development and Reporting of Annual Goals and Priorities

The Finance department has developed a formal mission statement, which is to ensure that "Business Services' practices and procedures will ensure the realization of economies, efficiencies and effectiveness and the alignment with and support of the system's goal of affording students a quality, inclusive and faith-based education."

The Finance department develops an annual divisional system plan that is aligned with the system priorities identified in the system plan for improved student learning. The divisional system plan contains strategies for implementing the current year priorities, benchmarks, measures, expectations, resources, lead contact person and timelines. The most recent plan has identified financial accountability as the priority for the finance department.

The finance department engages Board staff throughout the development of its annual priorities. The development process includes bi-weekly internal meetings to solicit input from staff and monitor progress during the planning stage. Implementation of the department's priorities is supported by specific measures of success. Achievement of the goals outlined in the system plan is communicated through the Director's annual report, updates from administrative divisions, school newsletters and the Board's website.

Monitoring and Communication of Policy

The Finance department recently reviewed and updated the Board's business and finance manual, which contains detailed operational procedures related to all its functions. The department has also established formal procedures related to the budget process, and these procedures are available on the Board's website. Finance reviews its procedures annually as per the Board's policy and procedure review schedule. Changes and additions to existing procedures are discussed within the department annually, and significant modifications are communicated to principals and staff during regular meetings. Minor changes in finance policies and procedures are usually communicated via email or through school secretaries.

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. In January of each year the finance department initiates the budget planning process by consulting with the senior administration (planning and priorities committee) and reviewing the previous year's budget and revised estimates. Based on the analysis of the prior year's financial information, the planning and priorities committee establishes a formal budget baseline and identifies budget priorities for the upcoming year. These priorities become part of the budget process, and will be considered as part of the development of the final budget to be recommended for consideration by the Board. Finance also determines what new cost pressures will impact the budget, and ensures that the baseline is adjusted for any anticipated cost increases.

Over the next few months, the finance department works with each department to cost their individual priorities and develop a department budget. Departments are required to develop a zero-based budget and schools are required to follow a formal school operating budget procedure which is available on the Board's website. As noted previously, HR currently has the responsibility of coordinating the staffing budget and works closely with the finance department during this time. Management notes that finance will assume the responsibility over the staffing budget with the addition of a new financial analyst role to the department.

The finance department creates a system-wide budget, based on all the inputs from the various areas. Pending confirmation of the Board's revenue with the issue of the GSN, a draft budget is reviewed by the planning and priorities committee. The proposed budget is then submitted to the budget advisory committee to ensure that it is aligned to the strategic direction of the Board, and subsequently approved by the Board of Trustees in June. The annual budget that is presented to trustees is a comprehensive document. It provides adequate information for a thorough understanding of the financial position of the Board and how the budget elements address the system goals. The Board communicates the results of the budget process with the broader community through an open house meeting.

Enrolment Forecasting Linked to Budget Development

Enrolment forecasting is the responsibility of the capital planning department. Annual enrolment projections are prepared early in the budget planning cycle and circulated to superintendents and school principals for review. The final enrolment projection is then provided to finance staff and HR for purposes of projecting all staffing requirements and the preparation of the annual budget and the determination of the Board's grant allocations.

Identification of Risks and Mitigation Strategies

The Board identifies the key risk areas in the budget planning process. The most significant issues are the enrolment forecast and budgeting within the fixed revenue envelope. The department mitigates the risks of spending beyond authorized/budgeted levels by closely monitoring enrolment forecasts versus actual enrolment. It also ensures that the final expenditure budget incorporates all known cost changes, and that it is balanced with the projected board revenues and grant allocation. The use of reserves is also carefully monitored, and clearly explained in the annual budget document.

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	

Leading Practices – Financial Reporting and Analysis	Evidence of Adoption?
Management maintains an independent internal audit function where appropriate.	Yes
Internal and external audit plans are clearly documented. Audit report recommendations are acted upon by management.	Yes

Integrated System for Variance Analysis and Financial Reporting

The Board has recently upgraded its integrated financial information system (Navision) which provides useful, timely and accurate information to management, staff and the Board of Trustees. In addition to the reporting functionality, the integrated system enables expenditure variance analysis.

Management has a number of ongoing initiatives to further enhance the performance of the financial information system. In particular, the finance department is working on further integrating the financial information system with the HR information system (iSYS). Other initiatives related to financial reporting include:

- Develop and implement a capital asset reporting strategy;
- Implement web-based reporting for central departments and schools;
- Review the format of reports with users to assess usefulness, training needs and communication channels;
- Develop a master listing of reports to users;
- Automate reports created for superintendents; and
- Implement exceptions-based reporting on salary, benefits, and school and department budgets.

These initiatives should enable the finance department to improve the efficiency in the financial reporting process. The Operational Review Team encourages management to continue with the implementation of these initiatives as per plan.

Interim Financial Reporting Accountability

The finance department prepares quarterly financial reports for review and approval by senior management and submission to the Board for information in accordance with Board policy. The financial report provides a comparison of the revised estimates for revenues/expenditures (the annual budget) to the actual revenues/expenditures to date, and expresses the variance of the actual revenues/expenditures as a percentage of the revised estimates. The report presents a one page, high-level summary of revenues and

expenditures. However, the report provides only limited explanations of whether the percentage spent to date is above or below what would be expected of the period being reported. Finance staff noted that the information has been prepared in the current format for some time, and that trustees have asked for changes to it. The Budget Advisory Committee is currently working on identifying best practices and changes to the reporting format.

The Operational Review Team notes that the format of monthly or quarterly financial reporting varies significantly among school boards. An informative format would include:

1. A comparative percentage for each major expenditure/revenue category, to reflect expected spending to date, relative to historical averages, prior year's experience or, in the case of salaries and benefits, the number of staff and pays processed to date.
2. Written explanations of any significant variations from the normally expected percentage spent to date. Management would need to 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 that reported in Ministry financial reports, or the format that finance currently uses. The reports would also confirm that the projected fiscal outlook is a balanced position for the year, or provide appropriate explanation for an anticipated variance. This information is currently provided in the quarterly reporting.

The provision of such information would give reviewers a better understanding of the year-to-date results.

At the time of the review, superintendents with budget responsibility are not formally required to sign off on their respective budget variances. If the superintendents with budget responsibility were required to formally sign off on their respective budget reports, this would assure that management is held accountable.

Internal Audit Function

The Board has established a formal internal audit function and has recently hired a dedicated internal auditor reporting to the superintendent of business and financial services. The Board's mandate for the internal audit function is to "examine and review all aspects of internal control, operational efficiency and risk management responsibilities". The Board also indicated that "the strength of the internal audit function will be derived from its independence from other administrative departments and its mandate to apprise management of the adequacy of the internal controls within the Board's operations."

The finance department is in the process of developing and implementing a multi-year audit plan to focus on areas of risk on a board-wide basis. The audit plan is intended to cover the following areas:

- Communicate the formal mandate of the internal audit function;
- Develop and implement a “whistle blower” policy for the Board;
- Review processes related to rental fees, new tenants, customer satisfaction and credit checks for rentals/visa students/continuing education;
- Develop a business plan for rentals/visa students;
- Develop and implement a board-wide cash handling process; and
- Document procedures related to unused facilities.

The finance department should be commended for being proactive in establishing a formal internal audit mandate and multi-year internal audit strategy. The multi-year internal audit strategy, once implemented, should enhance the Board’s internal controls and ensure that the policies approved by the Board of Trustees are being fully complied with by all staff. The internal auditor currently reports directly to the superintendent of business and financial services. As the role of the internal auditor matures, it would be more appropriate for the internal auditor to formally report to the board’s audit committee, as this would ensure complete independence from all administrative departments. The reporting relationship for an internal auditor is traditionally to the audit committee.

Audit Committee

The Board has recognized the need for an audit committee and we understand that the board as a whole acts in the “capacity of an audit committee” for purposes of reviewing the annual financial statements. In fulfilling this role, the board specifically:

- Meets with external auditors before the audit to review the scope of the work.
- Reviews the external auditor’s report and annual audited financial statements.
- Reviews the annual external auditor’s appointment, the annual audit plan and other matters related to the annual audit of the financial statements.

Along with significant changes in accounting in recent years, the complexity of the annual financial statements is increasing. A special committee can, with the assistance of the Board’s senior financial official and other advisors, gain an appreciation of the contents of the statements. They can also appreciate the related complex accounting issues and the new accounting

rules that are to be implemented in the coming year. Audit committee members must understand what constitutes sound internal accounting and operational control processes.

The Board should consider establishing a standalone audit committee. Also, the Board should consider 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:

- Management should consider providing an expanded level of interim financial reporting, as in the format suggested in section 4.3 of this report. This would improve understanding of the year-to-date results.
- As the role of the internal auditor matures, it would be more appropriate for the internal auditor to formally report to the Board's audit committee.
- 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 who would contribute to the committee's accountability.

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.	Yes
Management monitors financial risk related to cash/investment management and has a plan to mitigate associated risks.	No

Cash and Investment Management

Finance staff has demonstrated that there are adequate treasury management procedures in place to minimize idle cash. The finance department uses a consolidated account structure to maximize interest earned by the Board, and has negotiated its main account interest rate to shadow the banker's acceptance rate. As part of its most recent annual plan, finance reviews how other boards manage idle cash, and implement a strategy to optimize cash management. Finance staff also periodically compares the Board's banking terms and conditions with those of similar school boards.

Finance ensures adherence to the procedures through active monitoring of cash activities, such as monthly bank reconciliations performed by dedicated staff. At the time of the review, the Board does not have an approved investment policy. The Board has a form of investment policy related to asset protection, which provides for some aspects of what the Education Act requires. However, it would be more appropriate to have a specific separate investment policy.

The Board has financed its capital program through the issue of long term financing. The funding for the debt service has come primarily from New Pupil Place grants and debt charge grants from the Ministry. In addition to the annual capital grants, the Board forecasts that the balance of its Pupil Accommodation Debt Reserve at August 31, 2008 will be \$7.2 million. Management has developed a capital project financing analysis that projects its existing and proposed (based on the multi-year capital plan) debt obligations to the maturity of the debt. This analysis shows that the forecasted funding will not fully cover all of the Board's annual debt service costs starting around 2014. This assumes that no further capital projects

would be started. The current forecast also assumes that two sinking fund debentures due to mature in 2010 and 2011 (about \$12 million each) will be re-financed to avoid the principal being repaid in those years, which would compound the problem. Management stated that the problem arose primarily due to changes in the new pupil place funding formula.

Management has maintained detailed capital funding forecasts which has enabled them to anticipate the funding shortfall many years in advance. Further, the Board has been prudent by not committing to additional capital projects after the funding shortfall was determined. However, although management has attempted to address the capital funding shortfall since it was first discovered, including approaching the Ministry for consultation, it has so far not found a comprehensive funding solution. The Board is still faced with a funding shortfall in the future.

Management is considering various options to address this matter. Senior Board staff are also in discussions with Ministry staff to assist in arriving at a solution to the debt funding issues.

Recommendations:

- Management should develop an investment policy that complies with the Education Act.
- Senior board staff, especially senior finance staff, should continue to place top priority on a plan to resolve capital debt obligations. The Board should not proceed with any new capital projects until the existing funding support for its debt obligations is resolved.

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 approximately 1% of the

Boards overall budget, or about \$2 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 Revenues

The Board has established policies on the levying of permits, fees and the application of the fee structure, and the related procedures to be followed. The Board adheres to the “Use of School Facilities” policy.

Management has identified continuing education as a significant source of non-grant revenues, and plans to develop a multi-year business plan to support growth in this area.

The Board’s rental customers are all known entities and few in number. For other customers, the Board has a policy of advanced payment for services.

Technology to Support Registration and Collection of Revenue

The continuing education program does not make use of an electronic registration and payments system. This is also true for the issuing and payment for community use permitting. However, management is currently investigating ways to automate the continuing education registration system, as well as integrating the planning tool into the financial information system. These initiatives should enable the Board to more efficiently manage its non-grant revenue collection processes.

Managing the EPO Grants

Finance staff have established adequate procedures for the recording and tracking of 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.

Recommendation:

- The Board should proceed with its plans to identify and conduct a return on investment analysis for an electronic registration and payment system for the continuing education and facilities rental programs. In doing so, management should review existing electronic solutions at several other school boards.

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.	Yes
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 PCard/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.	Yes
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.	Yes

Procurement Policies and Procedures

The Board has an approved procurement policy and administrative procedures which have been clearly communicated to all authorized users of the system. The Board’s purchasing policies are supported by detailed administrative procedures.

In June, 2007 the Board approved policies and/or procedures in accordance with the direction given by the Ministry in the spring of 2007. The following were adopted and posted on the Board's website:

- Use of corporate credit cards
- Reimbursement of expenses
- Advertising
- Advocacy

Purchasing Levels of Authority

The procurement procedures provide for appropriate authorization levels commensurate with job titles and roles. These are monitored for compliance by the respective department officials. The procurement procedures outline that all departments adhere to the following limits for securing supplier quotations:

- Petty cash funds are provided to facilitate purchases up to \$200;
- \$200 to \$10,000 requires a formal Purchase Order (PO);
- \$10,001 to \$50,000 requires three written quotes to be obtained by the Purchasing department;
- Over \$50,001 requires a formal tendering process involving RFP's or similar processes.

Participation in Buying Consortia to Reduce Acquisition Costs

The Board participates in the Cooperative Purchasing Group of Waterloo for purchases of janitorial paper products, electrical supplies and related materials, garbage bags, first aid supplies, photocopy, fine paper and services. The Board is considering expanding the level of consortia purchases to include other supplies such as cellular telephone services, photocopiers, office machines repair and servicing, toner cartridges, envelopes, and cleaning supplies.

For energy purchases, the Board is not involved in any consortia but is currently purchasing its energy (both electric and natural gas) through an energy management firm. Management indicated that this arrangement has resulted in cost savings to the board during the term of the contact.

The Board's vendor selection criteria include elements other than lowest cost, such as total cost of ownership, value, and quality.

Policies and Procedures for Purchase Card/Corporate Card Use

The Board currently has approximately 200 purchase cards (PCards) in circulation. The PCards are used mainly by school principals, clerical staff

and senior custodians. The Board's PCards have a maximum per card credit limit of \$500 and maximum per purchase limit of \$200. There are clearly communicated policies and procedures for PCard use, and appropriate staff are given appropriate training in this area.

Accounting for Completeness of Purchase/Payment Cycle

The Board has a commitment accounting process, where the purchase is encumbered to the general ledger after the purchase order (PO) is issued. Further, if a PO triggers an "over budget" situation, it is flagged and not processed. Finance staff has implemented an automated three-way matching between purchase orders, receipt/invoice and inspection.

Use of Electronic Funds Transfer for Greater Efficiency

The Board is currently implementing the use of Electronic Funds Transfer (EFT) for payments in lieu of other forms of payment. It is anticipated that, over time, the EFT implementation plan will result in significant efficiency improvements in payment processing for the Board.

5. School Operations and Facilities Management – Findings and 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 the 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.	Yes
Organizational Structure and Accountability	
Publicly available organizational charts clearly illustrate roles, responsibilities and accountabilities.	No
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.	Yes
Management provides scheduled policy awareness, training and education sessions.	Yes

Organizational Structure and Accountability

The facility services department reports to the superintendent of human resources and facility services. Its responsibilities include maintenance, custodial services and plant operations. The function of capital planning is separate from facility services and reports directly to the Office of the Director.

There are clear and well-documented roles and responsibilities, including segregation of duties, and these are well understood by departmental staff in general. However, the Board does not make its internal department organization charts accessible to the public.

The Board continually monitors the effectiveness of its departmental organizational structure. The current structure as outlined above is a result of a recent organizational review and subsequent restructuring.

Key department staff have appropriate professional designations and/or related field experience.

Development and Reporting of Annual Goals and Priorities

The facility services department has a formal mission statement: “*support a healthy and safe learning environment for students and staff by planning, constructing and maintaining physical resources of our school system.*”

The operations and facilities management department develops an annual divisional system plan that is aligned with the system priorities identified in the system plan for improved student learning. The divisional system plan contains: strategies for implementing the current year priorities, benchmarks, expectations, budget link, measurement tools, resources, lead contact person, timelines and communication plan. The most recent facility services divisional system plan has identified a number of priorities, including:

- Development of a capital plan for submission to the Ministry
- Finalizing the drawing conversion project (Phase II)
- Conducting a review of the departmental structure for Facility Services
- Preparing an energy management plan
- Conducting an accessibility survey regarding physical barriers,
- Developing a set of construction standards for all new construction and renovations, and
- Developing a plan for custodial professional development

The operations and facilities management department engages Board staff throughout the development of its annual priorities. It should be noted that management used the results of internal audits of the maintenance and facility rentals functions as input into the planning process. This shows that management is proactive in identifying priorities for the department using fact-based findings.

Implementation of the department’s priorities is facilitated with specific and appropriate measures of success, including a formal monitoring process and in-year progress reporting. Communication of the achievement of the goals outlined in the System Plan is done through the Director’s annual report, updates from administrative divisions, school newsletters and the Board’s website.

Monitoring and Communication of Policy

The facility services department maintains a comprehensive set of policies and procedures, which have been posted on the Board’s website. Although management indicated that the department’s policies and procedures are reviewed on a time table, some administrative procedures posted on the Board’s website were last reviewed more than five years ago. Management

is encouraged to routinely review its administrative procedures, and ensure that publicly accessible procedures are identified with appropriate review dates.

Management ensures that any revisions or amendments to existing policies and procedures are communicated to staff. Furthermore, management provides appropriate training for custodial and maintenance staff, addressing policy issues and the need for compliance with the various regulatory requirements. Examples of such training include energy conservation, floor care and the testing of drinking water systems.

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.	No
Management’s custodial/maintenance allocation model optimizes use of staff.	Yes
Development of Annual/Multi-Year Maintenance Plan	

Leading Practices – Custodial and Maintenance Operations	Evidence of Adoption?
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 address ongoing skill development and emerging regulatory issues.	Yes
Standardization of Cleaning and Maintenance Supplies	
An 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 written standards for cleanliness at the school level, and uses them as a basis for evaluating 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. A detailed staffing formula for custodial work considers a number of factors, including the number of teachers and students per school, number of rooms in use, square footage of buildings and school grounds, number of plumbing fixtures, number of water tables, number of lunch classrooms, and number of portables. All of these factors are reviewed and adjusted annually to ensure that the custodial allocation reflects changes during the year. The custodial staffing formula also takes into account any Ministry requirements regarding custodial standards such as the new water testing requirements.

Management frequently meets with custodial staff to ensure clear communication regarding their concerns, suggestions and observations. Management has instituted a formal communication protocol and established regular scheduled staff meetings for custodial, maintenance and administrative support staff.

The Director's annual report indicates that management intends to establish consistent maintenance standards for all facilities within the Board.

Development of Annual and Multi-Year Maintenance Plan

Management develops an annual maintenance plan that addresses its preventative, critical and deferred maintenance, in accordance with the Board's standards. At present the Board does not expand its planning to a multi-year framework. The Board's maintenance and renewal activities are re-assessed annually through individual school assessment, with consultation from custodial, maintenance and school staff. Priorities are then incorporated into the annual plan. This ensures that schools are maintained in the best condition possible to support improved student learning and facilitate employee productivity.

Management uses the ReCAPP database to guide the development of the annual major maintenance and renewal priorities. This has been supported by the Ministry's Good Places to Learn funding, enabling the Board to carry out critical renewal work on its schools. Management believes the current quality of data in the Board's ReCAPP database is adequate, but acknowledges that there are substantial opportunities for improvement in data integrity. Management intends to improve the data quality of the ReCAPP database over the next two to three years.

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 takes a proactive approach to raise awareness of facilities upkeep, maintenance and safety standards among staff and students. The Board has established mandatory reading material for custodial staff (*Basic Custodial Training Reference Guide*) as well as a training program which provides ongoing skills development to maintenance and custodial staff addresses emerging regulatory issues. The Board has established a joint labour/management committee to review the required skills of head custodians and a training database (maintained by the HRIS system) to monitor the training status of each custodial employee. Each custodian is provided with two days of annual in-service training. The Board ensures that new staff is appropriately qualified through the submission of required certification records during the recruiting process.

Standardization of Cleaning and Maintenance Supplies

The Board has a central distribution warehouse to store cleaning and maintenance supplies. The warehouse is maintained by dedicated staff and inventory is updated bi-annually. Individual schools order supplies from the warehouse three times each year to replenish local supplies. As noted in section 4, the Board participates in a purchasing consortium for certain supplies such as garbage bags. For all other consumables not included in the existing consortium purchasing arrangement, the Board has tendered purchasing to obtain the most competitive pricing available. Maintenance staff follow a similar process, particularly for small value maintenance requirements. For larger dollar purchases the procurement approval thresholds apply.

The facility services department has completed an inventory of major equipment used by maintenance and custodial staff. Trades employees have also been working with supervisors to complete an inventory of their individual tools. These measures increase management confidence that staff are accountable for their use of the Board's assets.

Project Management, Monitoring and Supporting Systems

Management has implemented a facility management system to enhance this function in the Board. Among other features, the system enables the Board to automatically generate, track and log work orders, send alerts for maintenance and inspection requirements, and compile historical data for budget planning purposes. The Board uses ReCAPP as a tool to assist in tracking deferred maintenance requirements for its facilities, and continuously improves the integrity of the data within ReCAPP. Management believes the current quality of data in the Board's ReCAPP database is adequate, but acknowledges that there are substantial opportunities for improvement. Management intends to improve the data quality of the ReCAPP database over the next two to three years.

Evaluation of the Board's Service Delivery Model

Maintenance services are delivered primarily through internal Board employees. Management has periodically reviewed internal versus externally provided maintenance services with a cost/benefit analysis and concluded that existing arrangements are cost-effective.

Recommendations:

- Management should complete plans to establish consistent maintenance standards, particularly for major equipment, for all facilities within the Board. Management should ensure that results are measured, monitored and reported on annually.

- Management should consider expanding its annual maintenance and renewal plan to a multi-year format. The plan should include an analysis of the funding available to support the plan. This would provide a clear forecast of the Board's critical needs over the next several years.
- Management should dedicate resources to ensure that the data contained in the Board's ReCAPP database is continuously updated, for more effective maintenance and renewal planning.

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.	No
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.	No
A comprehensive system exists to budget expenditures, track consumption and identify opportunities for further savings.	No

Leading Practices – Energy Management	Evidence of Adoption?
Billing for all board facilities is consolidated from each utility.	No
Centralized technology that automates energy regulation and conservation (e.g. light control, desktop power) is used wherever practical.	Yes

Energy Management Plan

The current facility services annual department plan identifies the preparation of an energy management plan as a priority for the department. The Board has recently established a sustainable development committee to investigate the EcoSchools program and to determine its suitability for the Board. These developments indicate that management recognizes the importance of establishing a formal energy management and conservation plan.

The review noted that management has implemented several conservation initiatives in the past, including:

- Piloting “green” cleaning products for use by custodial and maintenance staff;
- Upgrading to energy efficient lighting systems; and
- Partnering with Toyota Evergreen, a registered national charity to promote awareness of green initiatives and promoting school grounds greening initiatives.

Staff noted that they do not have good data on energy savings. This would be incorporated into the energy management plan. The Board considered hiring a dedicated energy conservation coordinator, but the plan was put on hold due to budget constraints. Given the complexity and demands of the tasks involved in the management of an effective energy plan, management must assess whether a dedicated staff resource should be established.

The Board currently has an arrangement for the purchase of electricity and natural gas through an energy management firm, which has resulted in cost savings and better pricing for the Board's requirements.

Tracking and Reporting Energy Conservation

The Board collects both utility expenditures and consumption data on a school level basis. Detailed expenditure and consumption data is logged for each school by Board staff using spreadsheets. The Board has not

established any expenditure or consumption rate targets/benchmarks for individual facilities, nor has it performed detailed analysis, including trend analysis and comparison analysis, to identify opportunities for further cost savings. As such the Board currently possesses the data, but not the supporting analysis, to quantify any consumption savings associated with its planned energy conservation initiatives. The ability to establish quantifiable baselines and targets is a vital aspect of any energy conservation strategy.

The Board's utilities bills are not currently consolidated. Management has indicated that it plans to investigate means of obtaining utilities data in digital format, to facilitate consolidation and processing of utilities billing data.

The Board maintains centralized technology that automates energy efficient practices. This is shown by the Board's ability to remotely manage and control energy consuming equipment (i.e. heating, air conditioning) for newer schools (in some cases, on a room-by-room level). Management plans to implement this technology in other facilities in the future.

Recommendation:

- Management should proceed with the development of the energy management plan, and consider expanding it to a multi-year plan. The plan would reflect any significant initiatives (including EcoSchools if adopted) and should incorporate performance measures to demonstrate the results of conservation initiatives. Management should assess the need for a dedicated staff resource to manage this important area.

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 ensures compliance with statutory health, safety and security requirements.	Yes
The security code policy includes alert codes that reflect the situation and threat level, and 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’s health and safety portfolio is part of the responsibilities of the superintendent of human resources. The Board has established detailed health and safety procedures which are posted on its website. These procedures have been monitored to ensure that they reflect the Board’s policy directives as well as legislative requirements. For example, the Board has instituted an anaphylactic policy as mandated by Ontario legislation known as Sabrina’s Law.

The Board has developed a detailed emergency procedures binder that includes a system emergency response plan and detailed instructions for school and administrative staff in the event of different types of emergencies.

Each school has established its own health and safety committee. Management has developed detailed school inspection checklists, and school custodians perform health and safety inspections of facilities annually in accordance with the inspection checklists.

The Board maintains detailed records of its security expenditures. These records detail the monthly expenditures on monitoring, testing, programming, fire service, security service, false alarms, mobile patrols and

by-law enforcement. The Board also tracks and monitors the costs of vandalism, primarily the removal of graffiti from school premises, on a school-by-school basis.

The health and safety committee engages the community and other stakeholders through various formal and informal channels, including the publication of updated administrative memos and reports on health and safety matters on the Board's website.

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

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

Leading Practices – Capital Plans, Policies and Procedures	Evidence of Adoption?
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.	No
An accurate and up-to-date assessment of facility conditions is maintained, based on industry standards (using RECAPP methodology).	Yes
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 capital planning function reports directly to the Office of the Director of Education. The senior manager of capital planning works closely with the business and finance department and the facility services department to develop the Board's capital plans.

The Board has developed and submitted its 10-year capital plan to the Ministry through the Ministry's SFIS web site. This plan includes the Board's capital requirements over the next 10 years as well as the facility renewal needs for the same time period. The plan includes projects with identified funding and those where the funding is unknown. This data is required by the Ministry to enable understanding of the potential needs of all school boards over that time period.

Prior to the development of the 10-year capital plan for the Ministry, the Board had developed a multi-year capital plan. Management updates the plan periodically and reports to the Board of Trustees on the status of the plan. A draft version of the most recently updated capital plan was presented to the trustees in October 2007. The updated capital plan was subsequently approved by the Board and communicated to the broader community in January 2008. This plan is available on the Board's website.

Working in conjunction with the finance department, the capital planning department maintains a detailed funding forecast of both committed and proposed capital projects. The capital planning function is responsible for detailing the costs, timing and specifications of committed and proposed capital projects, while the Finance department is responsible for maintaining the funding forecast and developing strategies to finance the Board's capital debt service requirements. The funding analysis is a 25-year outlook on the Board's short and long term capital funding requirements, the

available/known funding to support existing debt service requirements, and remaining excess funding capacity for new capital needs. The analysis details the Board's capital cash flow situation, and provides a link to the Board's available capital reserves. Management has undertaken this analysis prior to the formal development of the Ministry capital funding template.

The most recent capital funding forecast showed that the Board projects a capital funding shortfall in its overall capital reserve balance within the next seven to eight years. The implication of this issue is discussed under Treasury Management in section 4.4 of this report.

The Board has an approved pupil accommodation review process which is available on the Board's website. The Board has also developed a new accommodation review policy in accordance to Ministry guidelines. The policy development included the establishment of an accommodation review committee to develop a generic valuation framework which would be used to evaluate all schools in future reviews.

Ongoing Monitoring and Maintenance of Data to Support Capital Planning

The monitoring and planning of school capacity is reported within the framework of the Student Facilities Inventory System ("SFIS"). The Board maintains accurate and up-to-date inventories of school capacity and utilization.

Facility staff currently use ReCAPP as a tracking tool for facility condition and as input for assessing renewal needs. Staff indicated that they have engaged engineering and facility expertise in the past to assist in updating the ReCAPP database.

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).	Yes
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.	Yes

Cost-Effective Practices in the Design and Construction of Facilities

The Board has not constructed a new school since 2003. Currently, its main construction activity focuses on larger renovations of secondary schools. Over the past few years, the Board completed an average of two major renovation projects each year. The Board ensures that a detailed consultation plan is put in place, and seeks input from stakeholders during the planning for major additions and/or new schools. The input is acquired through the establishment of building advisory committees which involve trustees, principals, teaching staff and members of school councils in surrounding areas.

During the design stage, the Board compares its design and construction costs on a per square footage basis, to ensure that overall construction costs are reasonable.

The Board’s existing inventory of facility drawings is not all up to date, and in some cases there are no drawings available for some facilities. Management plans to implement a digital drawing conversion project to ensure that an accurate digital floor and site plans are available for each facility.

Management minimizes expenditures on construction, renovation and operation costs through the use of cost-effective designs and economical construction practices. The Board secures this expertise by hiring external architects, engineers and designers.

The Board maintains standard policies and procedures for procurement to control school renewal and construction costs. These include the use of pre-qualified general and subcontractors, approved and standardized parts and supplies, and the solicitation of input from other school boards.

Monitoring and Reporting of Progress on Construction Projects

External contractors are hired for construction management for renewal projects and new construction, using board approved procurement policies. During the construction/implementation phase, management conducts frequent site visits to monitor the progress of the project. Change orders follow approved procurement policies, and generally require Board approval.

Each construction project is approved by the Board of Trustees. The Board uses fixed fees and change orders to control costs. These measures help mitigate the risk of cost overruns.

Maintaining Current Approved Professional Service Providers

The Board periodically evaluates and updates its approved list of contractors, architects and related professionals. All contractors are pre-qualified, and contracts are extended only during the duration of each major capital project. Major projects are subject to the Request for Proposal, which normally includes architects as well.

Recommendation:

- The facility services department should complete their planned digital drawing conversion project. This will ensure that the Board has accurate digital floor and site plans for each facility.

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.

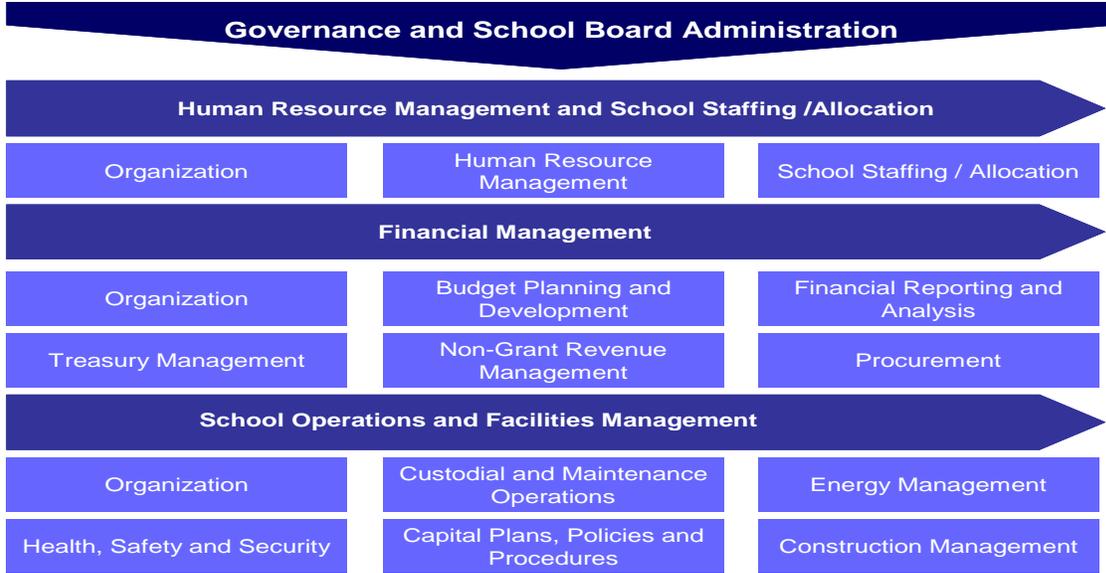
Recognizing the unique characteristics of each DSB, the specific purpose of the Operational Reviews is to:

- 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.

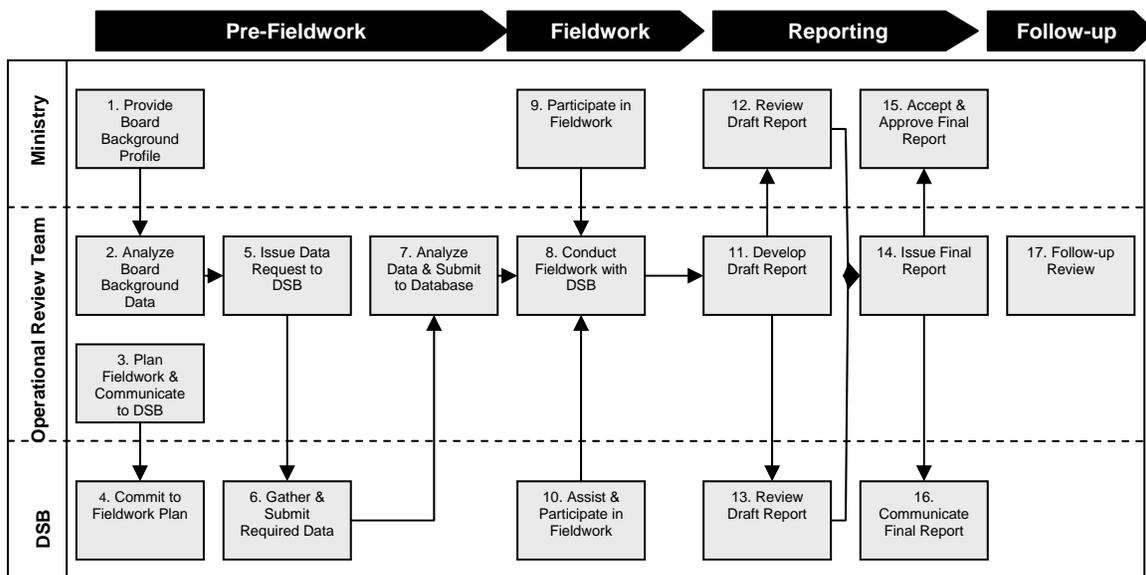
Each of the processes was examined based on its activities and its adoption of sector agreed leading practices, including alignment and support of student achievement strategies.



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.

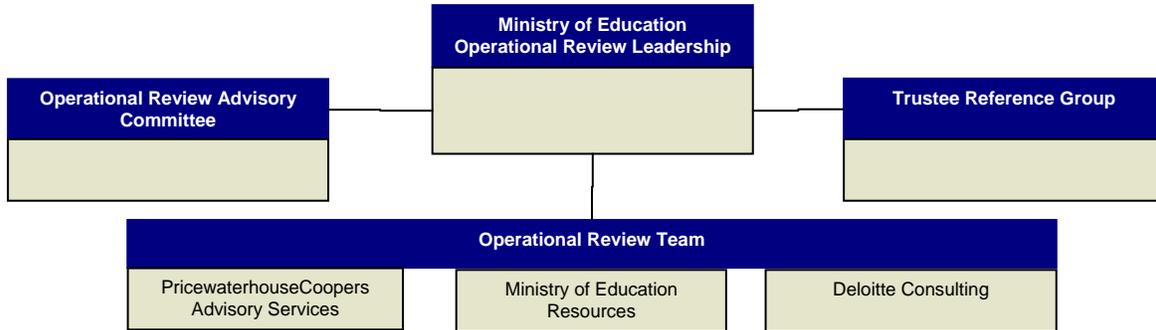
Phase	Key Activity	Description
	Participate in Fieldwork	Ministry staff will support the review team in the performance of fieldwork to ensure continuity and knowledge transfer of Board operations and upfront data support.
	Assist and Participate in Fieldwork	Board staff will assist with and participate 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 Waterloo Catholic 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

No.	Recommendation
Governance and School Board Administration	
1.	The director should proceed with restructuring of responsibilities of the facilities department at the appropriate time.
HR Management and School Staffing/Allocation	
2.	HR should review current roles and responsibilities in concert with the respective departments, to determine who should be responsible for critical functions relating to staff allocation, budgeting and monitoring and other corporate data management functions.
3.	Management should continue to compile timely attendance data to establish a performance baseline for absenteeism. This will enable the Board to devise strategies to improve attendance management and reduce absenteeism costs.
4.	Management should continue to expand the current employee appraisal system to all staff. The Board should consider developing a policy governing the appraisal system to complement the procedures that will eventually be developed. A periodic report summarizing the status of the process and the timelines for completion would inform senior administration as HR proceeds.
Financial Management	
5.	Management should consider providing an expanded level of interim financial reporting, as in the format suggested in section 4.3 of this report. This would improve understanding of the year-to-date results.
6.	As the role of the internal auditor matures, it would be more appropriate for the internal auditor to formally report to the Board's audit committee.
7.	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 who would contribute to the committee's accountability.
8.	Management should develop an investment policy that complies with the Education Act.
9.	Senior board staff, especially senior finance staff, should continue to place top priority on a plan to resolve capital debt obligations. The Board should not proceed with any new capital projects until the existing funding support for its debt obligations is resolved.
10.	The Board should proceed with its plans to identify and conduct a return on investment analysis for an electronic registration and payment system for the continuing education and facilities rental programs. In doing so, management should review existing electronic solutions at several other school boards.

No.	Recommendation
School Operations and Facilities Management	
11.	Management should complete plans to establish consistent maintenance standards, particularly for major equipment, for all facilities within the Board. Management should ensure that results are measured, monitored and reported on annually.
12.	Management should consider expanding its annual maintenance and renewal plan to a multi-year format. The plan should include an analysis of the funding available to support the plan. This would provide a clear forecast of the Board's critical needs over the next several years.
13.	Management should dedicate resources to ensure that the data contained in the Board's ReCAPP database is continuously updated, for more effective maintenance and renewal planning.
14.	Management should proceed with the development of the energy management plan, and consider expanding it to a multi-year plan. The plan would reflect any significant initiatives (including EcoSchools if adopted) and should incorporate performance measures to demonstrate the results of conservation initiatives. Management should assess the need for a dedicated staff resource to manage this important area.
15.	The facility services department should complete their planned digital drawing conversion project. This will ensure that the Board has accurate digital floor and site plans for each facility.