

Ministry of Education

**Algoma District School Board
Follow-up Report to the Operational
Review**

July 2010

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1. Introduction

The Ministry is in the process of conducting Operational Reviews of the 72 district school boards across the province. 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.

In accordance with the stated objectives of the Operational Reviews, the Ministry has also engaged school boards to participate in a status and implementation update as part of the Operational Review cycle. Occurring approximately 12 months after the issuance of the final operational review report, the purpose of the update is to discuss with each school board the progress made in implementing the recommendations contained in the final report. It will also provide school boards with an opportunity to communicate to the Ministry their thoughts on the process, benefits that have been derived, and areas where some adjustments to the process would be beneficial.

As the recommendations vary between school boards, both in terms of quantity and scope, the following criteria were developed to help focus the review team, and the school board, on specific recommendations:

- Is the recommendation linked to the 12 Areas of Opportunity identified in the 2008 Sector Summary Report (seven) and the 2009 Sector Summary Report (five)?
- Does the recommendation represent a move toward more Strategic Planning on the part of Boards?
 - The departments that are responsible for the business functions perform significant activities in support of Student Success. The update should profile whether or not the school board is establishing links between the academic and non-academic functions through its strategic goals and priorities.
- Does the recommendation represent an area of potential risk to the board?
 - As an example, financial systems that are antiquated and require staff with very specialized knowledge could potentially disrupt the operations of the school board should those business skills be lost.
- Is the recommendation deemed to have positive Return on Investment?

- For example, implementation of an attendance management system may have greater potential for savings to the school board than introducing an electronic funds transfer system.
- Does the recommendation reflect updates to the Leading Practices?

For each of the selected recommendations, the school board was asked to provide the following information to the Operational Review team:

- Description of action(s) taken/not taken by the board to address recommendation(s).
- Supporting documentation
- If implemented, describe benefits derived, if possible, and date of implementation.

Details of the prioritization of the recommendations can be found in Appendix A of this report.

The scope of the follow up review also includes high-level consideration of whether the school board demonstrates adoption of those leading practices that were added to the third edition of the Operational Review Guide, released to the sector in September 2009. These were not part of the original review process.

2. Status and Implementation Update

Introduction

The Algoma District School Board Operational Review follow-up review took place on February 26, 2010, approximately 14 months after the release of the initial Operational Review report. The Deloitte Operational Review team conducted a teleconference with the Superintendent of Business Services, the Manager of Plant Services, the Manager of Human Resources and the Director of Education.

Summary of Recommendation Status

The school board has made significant progress in implementing the recommendations since the completion of its review in October 2008. Of particular note are the steps taken to move towards comprehensive attendance management and performance management programs.

Following the operational review, management discussed the report with the board of trustees and posted the report on its website.

There were 20 recommendations made in the original report. The Operational Review team focused on 13 of the recommendations in the follow-up review. Four of the opportunities were in the area of strategic planning, five opportunities were from the 12 areas of opportunity identified in the sector reports and the balance were specific risks to the Algoma DSB. The selected recommendations and the corresponding criteria are listed in Appendix A.

Overall, senior administration has either fully implemented or has made some progress most of the recommendations chosen for follow-up.

3. Governance and School Board Administration

#1 Annual Operating Plan

Operational Review Recommendation	Implementation Update
The school board should consider consolidating its plans for operational functions (such as HR, finance and facilities) within the board improvement plan. This will enable the departments to track and report progress of their defined priorities and goals throughout the year.	Completed

#1 Annual Operating Plan

Management reported that the process for developing a consolidated operating plan for the board has been completed. The Board Improvement Plan (BIP) which included the business areas was completed in August 2009 and includes goals for Human Resources, Finance and Operations departments. The document was developed with inputs with managers of the three departments and is aligned with the K-12 school effectiveness framework. The BIP was developed with a focus on improved student learning through literacy, numeracy and pathways. The board has recently added a fourth pathway, assessment.

As part of the BIP, individual goals for Plant, Finance, HR, and IT are indicated. Across all four operations areas, the development of a communications plan is highlighted as a priority. The document does provide a snapshot of the 2008-2009 period giving background to some of the current goals. More detailed information on the goals is provided in the individual departments operational plans.

The BIP is revisited two to three times a year and is open to public input during an annual meeting in August. This meeting is often focused on public education regarding the plan and is open to all including trustees so that they might receive direct feedback. The Board is updated on the BIP at the Committee of the Whole (COTW) as well as other Board meetings.

4. Human Resource Management and School Staffing/Allocations

#1 Annual Department Plan

Operational Review Recommendation	Implementation Update
The HR department should consider developing an annual departmental plan aligned with the overall strategic plan. This will enable the department to track and report the progress of its defined priorities and goals throughout the year.	Completed

#2 Attendance Management

Operational Review Recommendation	Implementation Update
The department should develop a comprehensive attendance management program, including policies and procedures to address specific categories of absenteeism. This will provide management with a consistent and structured approach to improve attendance, including positive reinforcement for employees and standardized practices across all employee groups.	In Progress

#3 Performance Management

Operational Review Recommendation	Implementation Update
The school board should develop a performance management program and processes for its non-academic staff, including clerical, maintenance and administrative staff. This is a critical component to ensure consistency, integration and transparency of appraisal processes for non-teaching staff. Implementing an effective program with achievable targets requires a methodical and staged approach over the medium-term time horizon.	In Progress

#1 Annual Departmental Plan

Management reported that the process for developing annual department plans has become an annual process. The first updated plan was implemented in September 2009.

The annual planning process been updated to align with the other departments as well as the board-wide strategic and operational planning processes. All goals and activities in the plan include due dates, accountable staff and measures of success. Each project or activity is aligned to the board strategic plan (i.e. school effectiveness framework). Each commitment is profiled in greater detail in a project scoping document.

#2 Attendance Management

Management reported progress in implementing a formal attendance management program. Adopted November 17, 2009 with the aim to be fully implemented August 31, 2010, the program includes a broad policy statement, standards and memos to management on proper usage of leaves and professional development. A staged implementation plan has been adopted due to budget constraints.

Labour engagement has been an important part of the process as management has worked to increase awareness within employee groups. A broad attendance policy was first developed, after which an information memo regarding leave of absence policy was communicated to all staff. Next steps in the implementation plan called for particular staff groups to be targeted because of higher than average absenteeism rates. Within these groups, when deemed appropriate according to the new policy, memos are sent indicating management's awareness of excessive absenteeism. These memos were designed to communicate information more so than to communicate a reprimand.

The program aims to separate innocent from culpable absenteeism and aims to decrease over all absenteeism by 5%. Data is examined monthly for trends and triggers to identify corrective action. Management indicated that the increased awareness of attendance rates and attendance tracking within the staff has improved the overall attendance rates resulting in \$250,000 savings.

#3 Performance Management

Management has reported that a performance management process has now been extended to include custodial and maintenance staff, in addition to teaching staff. The program includes a policy and sample staff evaluation templates. Guidelines laid out in the policy indicate that at minimum, one-third of all staff in all work places must be evaluated annually, using the system of cooperative employee/supervisor processes. Both employees and direct supervisors are required to complete evaluations of the employee's work. These results are discussed and signed off. Once completed, the form is submitted to HR for filing. In the case where corrective action is required, the direct supervisor works with the employee to address training or other needs.

5. Financial Management

#1 Annual Departmental Plan

Operational Review Recommendation	Implementation Update
The finance department plan should prepare a more formalized annual plan that demonstrates alignment to the Board's strategic plan and board improvement plan. A more specific plan will provide greater clarity to departmental and other Board staff on the annual priorities. This will enable the department to track and report progress of its defined priorities and goals throughout the year.	Completed

#2 Interim Financial Reporting

Operational Review Recommendation	Implementation Update
Finance staff should consider providing an expanded level of interim reporting, as in the format suggested in section 4.3 of the Operational Review report. This would simplify communication and sharpen focus on key issues during the financial reporting of the year-to-date results.	Completed

#3 Internal Audit

Operational Review Recommendation	Implementation Update
Management should consider formalizing an internal audit function. This would include a broader audit of financial and management controls and adherence to board policies as described in section 4.3 of the Operational Review report. Management could start by identifying options for its mandate and scope and the estimated cost for each option.	In progress

#4 Audit Committee

Operational Review Recommendation	Implementation Update
Management and the board of trustees should consider including external advisors to contribute to the finance audit committee's effectiveness.	In progress

#5 Procurement Authorization

Operational Review Recommendation	Implementation Update
The department should review its purchasing policy to ensure that approval limit thresholds are commensurate with job title/role. This would ensure alignment with the needs of the school board and consistency with other school boards.	Completed

#6 Credit Card Usage

Operational Review Recommendation	Implementation Update
The school board should review its current policy and procedure for the use and distribution of corporate credit cards.	Completed

#7 PCard Program

Operational Review Recommendation	Implementation Update
Management should evaluate the use of PCards for small dollar purchases, to reduce the volume of supplier invoices processed by accounting. It should perform a transaction/spend analysis of purchase orders (including standing purchase orders) to identify optimum threshold limits that will maintain budgetary control while managing the volume of invoices.	Not implemented

#8 Procurement Process

Operational Review Recommendation	Implementation Update
Management should perform a detailed review of the school board's purchase-to-payment cycle, to validate the process's efficiency and effectiveness opportunities identified in section 4.6 of the Operational Review report.	In progress

#1 Annual Departmental Plan

Management has acknowledged this recommendation and has made significant progress to implement the recommendation. Management has developed, approved and implemented a departmental plan outlining goals and priorities. The plan was developed with input from supervisors of financial services and payroll and crafted to align with the Board's strategic plan and Board Improvement Plan (BIP).

The goals set forward in the new departmental plan have been reviewed by the administrative council and will be reviewed annually to report on progress and communicate successes to staff. The plan provides for clarity to both departmental and other staff regarding the department's priorities and direction. All goals and activities in the plan include due dates, accountable staff and measures of success.

#2 Interim Financial Reporting

Management has acknowledged this recommendation and has made progress to successfully implement the recommendation. The roll out of the new financial reporting system took place in November 2009. Management uses the new system to develop monthly reports comparing monthly budget estimates to actual. These updates allow the Finance team to monitor and ensure the school board's budget estimates are on track. Summaries of monthly reports are presented to the Board. The new format of the report includes calendarization of budgets, year-over-year comparisons, notations and highlights risk areas.

#3 Internal Audit

Management has yet to implement the recommendation to revise its current internal audit function capacities.

Management indicated that it is closely monitoring the Ministry's direction regarding the provision of internal audit services on a regional shared services basis in conjunction with several other district school boards. Once the implications of the regional model become clear, management intends to modify the internal audit mandate of the school board. There is currently a service level agreement with other regional school boards regarding the provision of audit services, though it has yet to be formalized.

#4 Audit Committee

Similar to the internal audit function, management indicated that it is closely monitoring the Ministry's direction regarding the mandated audit committee, which is expected later this year.

In line with the recommended procedures, the school board does have a standing Audit Committee (called the Finance Audit Committee) with five members. This committee does not include external members. The Board notes that the external auditor attends roughly half these committee meetings and contributes an external perspective to the discussions.

#5 Procurement Authorization

Management has indicated the completion of the purchasing policy review and that new authorization thresholds have been established. The school board established new thresholds by examining best practices from school boards across Ontario. The school board also considered information from the Ontario Public Buyers Association (OPBA) when developing the new policy.

The alignment with other school boards' standards and the Ministry's Supply Chain Guideline 1.0, provides the Board consistency with provincial standards in its policies. The new thresholds were considered and approved by the Audit Committee.

#6 Credit Card Usage

Management has completed a review of the credit card policies and procedures for the use and distribution of credit cards. Presently, the school board maintains only two corporate credit cards for management, and they are controlled by tight review restrictions. Credit cards are used principally for travel and IT expenses.

The school board encourages the use of corporate cards because of a 1 per cent reimbursement on all transactions. In order to maintain oversight of credit card purchasing, all expenses are first reviewed by the Manager of Finance after which each expense is attached to an event, trip or expenditure item. After the initial screen, the SBO reviews the expense before a final approval by the Director of Education.

#7 PCard Program

Management has acknowledged the recommendation to move forward with a review of Pcard opportunities. A review of purchases below \$50 was completed evaluating purchases that might be appropriate for Pcards. It was indicated that this was the most recent of several reviews completed over the past five to seven years. The review indicated potential transaction efficiencies from implementing a PCard program but also suggested that increased security concerns, tracking concerns and change management issues would be complicating factors.

It was indicated by senior management that there is not a comfort level within the administration to promote the use of PCards. Management indicated that a change in the culture within the school board is needed for a PCard policy and program to be implemented effectively.

#8 Procurement Process

Management indicated that it has made significant progress in implementing automated three-way matching of invoices by the end of the current school year. The

implementation of the FIS has greatly enhanced the school board's ability to maintain a more efficient procurement process.

The school board's financial system already has a purchase order (PO) feature. To enable the automated three-way matching functionality, the school board needs to implement the invoicing and receipting features of its finance system. The finance department is currently working with the IT department to enable the electronic-receiving module within the school board's financial information system.

6. School Operations and Facilities Management

#1 Annual Departmental Plan

Operational Review Recommendation	Implementation Update
The plant department plan should prepare a more formalized annual plan that demonstrates alignment to the school board's strategic plan and board improvement plan. A more specific plan will provide greater clarity to departmental and other Board staff on the annual priorities. This will enable the department to track and report progress of its defined priorities and goals throughout the year.	Completed

#1 Annual Departmental Plan

Management reported that the process for developing annual department plans has become an annual process. The first updated plan was implemented in September 2009 as the department, working closely with HR, reviewed issues from the previous year. An annual September meeting permits management to set priorities for the coming year, after which the plan is reviewed and referenced at monthly meetings.

The annual planning process been updated to align with the other departments as well as the board-wide strategic and operational planning processes. All goals and activities in the plan include due dates, accountable staff and measures of success. Each project or activity is aligned to the board strategic plan (i.e. school effectiveness framework).

7. School Board Adoption of New Leading Practices

The following leading practices were added to the Second Edition of the Operational Review Guide that was released to the sector in September 2008. Some of these leading practices are a result of the observations and learning's during Wave 1 & 2 reviews.

School boards that were reviewed prior to September 2008 were not assessed against the new leading practices identified below. During this follow-up review process, the Operational Review team asked those school boards to comment on the extent to which they demonstrate adoption of these practices.

Governance and School Board Administration

There were no additions to leading practices under this section.

HR Management and School Staffing/Allocation

New Leading Practice	Adopted?
The school board maintains appropriate process and systems to monitor staff attendance on a timely basis	Yes

The staff attendance monitoring process remains the same as it was during the time of the original operational review. Teachers and other staff who are unexpectedly absent are required to call into the payroll department to report the absence. Absence data is manually entered into the HRIS by payroll staff. Attendance management reports are compiled and reported using the same system.

Senior administration indicated that they were evaluating the merit of a web-based application that would limit the need to call into the payroll department and would also support real-time attendance management reporting.

Financial Management

New Leading Practice	Adopted?
Management ensures adequate controls are in place to safeguard non-grant revenue and coordinate the annual reporting of revenues and expenditures from all sources.	Yes
Approved procurement policies clearly outline circumstances under which the board will use competitive versus non- competitive procurement methods.	Yes

The process for reporting on non-grant revenue remains the same as it was during the time of the original operational review. Reports on non-grant revenue and offsetting expenditures are produced monthly for the administrative council as well as the appropriate superintendent responsible for the account. The finance department also performs year-end reconciliation for all of the EPO accounts.

Due to another recommendation from the operational review, the procurement policy was recently reviewed and revised. As part of the revision, the board was able to clarify the additional steps and processes that need to be undertaken for non-competitive bids. Section eight of the *ADSB Purchasing Policy* clearly indicates the number of bids required for each dollar threshold while section 8.1 lists exemptions for competitive bidding. The need for competitive quotes was also communicated to all principals and management in a January 2010 memo that detailed the purchasers' responsibility with respect to competitive tendering.

Operations and Facilities Management

New Leading Practice	Adopted?
The school board has implemented a formal green clean program as part of its overarching Education Environmental Policy.	No
Develop, implement and monitor an occupational health and safety strategy and/or plan that reflects the board's occupational health and safety policies and administrative procedures and ensures the school board is in compliance with associated occupational health and safety statutory requirements.	Yes
Develop, implement and monitor a security strategy and/or plan that reflects the board's security and student safety policies and administrative procedures and ensures the board is in compliance with statutory/policy security requirements.	Yes
Develop, implement and monitor a health strategy and/or plan that reflects the board's health policies and procedures and ensures the school board is in compliance with statutory health requirements.	Yes
In constructing, acquiring, operating and managing school facilities, the school board is guided by the principles outlined in the <i>Ontario Green Energy Act, 2009</i>	Yes
Management gives full consideration to the use of available school space in their local communities before proceeding to build, purchase or lease other spaces.	Yes

While it has recycling programs in every school and uses environmentally friendly cleaners in its schools, the school board has not formalized a green clean program or overarching environmental policy. Instead at both the elementary and secondary levels, student environmental clubs and groups have been organized and work towards the provincial **Acting Today, Shaping Tomorrow** framework. These groups take on a

number of activities including community clean up and internal environmental challenges for both students and staff. One school has implemented a program where students are able to enroll in environmentally focused course to work towards an “Environment Specialist High Skills Major” program.

With respect to the occupational health and safety (OHS) plan and the security plan, the school board had already developed these at the time of the original review. Central and local OHS committees meet several times a year and local OHS policies and procedures are in place at each school. Additionally, safe school teams are in place at each school along with the emergency booklet detailing procedures and threat codes for the principal. These are refreshed every year.

The school board indicated healthy schools are the responsibility of all staff. At the school level, the board has developed a toolkit for teachers to help embrace healthy lifestyle choices. The toolkit was developed in conjunction with the Algoma Public Health Unit. The school board has also helped implement the provincial Nutrition for Schools program and focused efforts on healthy eating within schools. Healthy goals are selected each year by each school and the school as a whole engages in activities that are reflective of the goal.

Management is aware of the *Ontario Green Energy Act* and its implications. In its newest schools, plant management have incorporated LEED features into the design of schools to limit energy consumption where practical.

The school board has evaluated other available space prior to initiating new school builds. Where space is unsuitable or cost prohibitive to retrofit, it has also considered consolidating existing facilities or in order to ensure that communities have access to adequate facilities. In one case, the board has undertaken to develop a single K-Grade 12 school to replace aging, unsuitable facilities.

Appendix A – Selection of Recommendations

- **SP** - Strategic Planning (SP)
- **AR** - Areas of Risk Categories
 - AR 1 - Undue reliance on specific human and / or non-human resources
 - AR 2 - Reputational risk in the community from not acting on the recommendation
 - AR 3 - Financial risk impacting school board’s financial position
- **ROI** - Potential for material Return on Investment
- **TAO** - Twelve Areas of Opportunity from 2008 sector report (seven) and the 2009 sector report (five)
- **NLP** – New leading practices introduced in Wave 4 through the Third Edition of the Operational Review Guide.

Governance and School Board Administration

Ref.	Recommendation	Follow-up Yes/No	Criteria
1.	The Board should consider establishing a formal refresh policy to ensure periodic review of policies across all functional areas. This could include forming a policy committee to consider policies for review or development.	No	
2.	The school board should consider consolidating its plans for operational functions (such as HR, finance and facilities) within the board improvement plan. This will enable the departments to track and report progress of their defined priorities and goals throughout the year.	Yes	SP / TAO

HR Management and School Staffing/Allocation

Ref.	Recommendation	Follow-up Yes/No	Criteria
3.	The HR department should consider developing an annual departmental plan aligned with the overall strategic plan. This will	Yes	SP

Ref.	Recommendation	Follow-up Yes/No	Criteria
	enable the department to track and report the progress of its defined priorities and goals throughout the year.		
4.	The department should develop a comprehensive attendance management program, including policies and procedures to address specific categories of absenteeism. This will provide management with a consistent and structured approach to improve attendance, including positive reinforcement for employees and standardized practices across all employee groups.	Yes	TAO
5.	The school board should develop a performance management program and processes for its non-academic staff, including clerical, maintenance and administrative staff. This is a critical component to ensure consistency, integration and transparency of appraisal processes for non-teaching staff. Implementing an effective program with achievable targets requires a methodical and staged approach over the medium-term time horizon.	Yes	TAO
6.	Management should document its practice of progressive disciplinary action, to ensure clear communication to all employees.	No	
7.	Management should develop a formal plan for conducting periodic staff surveys. This will improve communication with staff and provide input for professional development plans and HR policy. The frequency and audience of survey distribution should be selected by management to maximize input while minimizing the potential for 'survey burnout'.	No	
8.	Management should develop a formal plan for conducting exit interviews. Like staff surveys, these interviews will provide input for HR policy and process and program improvement.	No	

Financial Management

Ref.	Recommendation	Follow-up Yes/No	Criteria
9.	The finance department plan should prepare a more formalized annual plan that demonstrates alignment to the Board’s strategic plan and board improvement plan. A more specific plan will provide greater clarity to departmental and other Board staff on the annual priorities. This will enable the department to track and report progress of its defined priorities and goals throughout the year.	Yes	SP
10.	Finance staff should consider providing an expanded level of interim reporting, as in the format suggested in section 4.3 of this report. This would simplify communication and sharpen focus on key issues during the financial reporting of the year-to-date results.	Yes	TAO

Ref.	Recommendation	Follow-up Yes/No	Criteria
11.	Management should consider formalizing an internal audit function. This would include a broader audit of financial and management controls and adherence to board policies as described in section 4.3 of this report. Management could start by identifying options for its mandate and scope and the estimated cost for each option.	Yes	TAO
12.	Management and the board of trustees should consider including external advisors to contribute to the finance audit committee's effectiveness.	Yes	TAO
13.	Management should periodically review the Board's banking relationship, and consider tendering these services to ensure competitive rates and key financial terms.	No	
14.	The department should review its purchasing policy to ensure that approval limit thresholds are commensurate with job title/role. This would ensure alignment with the needs of the school board and consistency with other school boards.	Yes	TAO / AR3
15.	The school board should review its current policy and procedure for the use and distribution of corporate credit cards.	Yes	AR2 / AR3
16.	Management should evaluate the use of PCards for small dollar purchases, to reduce the volume of supplier invoices processed by accounting. It should perform a transaction/spend analysis of purchase orders (including standing purchase orders) to identify optimum threshold limits that will maintain budgetary control while managing the volume of invoices.	Yes	TAO
17.	Management should perform a detailed review of the school board's purchase-to-payment cycle, to validate the process's efficiency and effectiveness opportunities identified in section 4.6 of the report	Yes	AR3
18.	Finance staff should implement EFT payments to all appropriate suppliers, to gain greater efficiency and minimize the risk of payments being altered prior to clearing the bank. Management may want to consider EFT capability when tendering banking services in the near future.	No	

School Operations and Facilities Management

Ref.	Recommendation	Follow-up Yes/No	Criteria
19.	The plant department plan should prepare a more formalized annual plan that demonstrates alignment to the school board's strategic plan and board improvement plan. A more specific plan	Yes	SP

Ref.	Recommendation	Follow-up Yes/No	Criteria
	will provide greater clarity to departmental and other Board staff on the annual priorities. This will enable the department to track and report progress of its defined priorities and goals throughout the year.		
20.	The department should review its current purchasing policy; to ensure that energy efficient goods and services are purchased system-wide, either directly or through subcontractors.	No	