

Ministry of Education

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

August 2009

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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 8 to 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 7 Areas of Opportunity identified in the August 2007 Sector Summary Report?
- 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 second edition of the Operational Review Guide, released to the sector in September 2008. These were not part of the original review process.

2. Status and Implementation Update

Introduction

The Lambton Kent District School Board Operational Review follow-up review took place on June 24th 2009, which was approximately twelve months after the release of the original Operational Review report. The Operational Review team conducted a teleconference with the Superintendent of Business and other senior administrative staff.

Summary of Recommendation Status

The school board has taken a number of positive steps since the completion of its operational review in June 2008. Of particular note is the action taken towards the adoption of a comprehensive attendance management program. The board has completed a detailed needs assessment, and is currently reviewing its options on how to implement a program. There has been improvements to the interim financial report, as well as a more consultative and open process to establish the school board's five year maintenance and renewal plan.

Following receipt of the operational review report, management presented the report to the Board of Trustees. The recommendations from the report were also posted on the website.

There were 11 recommendations made in the original report. The Operational Review Team focused on 8 of the recommendations in the follow-up review. Six of the recommendations relate to the seven areas of opportunity identified in the 2007-08 Summary Report and the remaining two were in the area of strategic planning. The selected recommendations and the corresponding criteria are listed in Appendix A.

Overall, senior administration has either implemented or has made some progress on all of the recommendations chosen for follow-up. There were no recommendations which senior administration has chosen not to accept and implement.

3. Governance and School Board Administration

There are no follow-up recommendations in the area of Governance and School Board Administration.

4. Human Resource Management and School Staffing/Allocations

#1 Development and Reporting of Annual Goals and Priorities

Operational Review Recommendation	Implementation Update
The department should develop an annual plan with the performance measures and targets for its specific goals and priorities, and complete the planned annual reporting on achievements. This will enable staff to focus on the planned targets for each priority throughout the year, and provide support for the reporting on the department's accomplishments.	Implemented

#2 Attendance Management

Operational Review Recommendation	Implementation Update
The department should develop an attendance management strategy with the associated policies and procedures for all staff categories. The Board should also assess available attendance management systems that would provide timely and accurate data for analysis of attendance patterns. This would improve management of this critical area of the Board's operations and reduce absenteeism costs.	In Progress

#1 Development and Reporting of Annual Goals and Priorities

The HR department has developed an annual departmental plan that identifies its key priorities for 2008-09. The plan is concise and succinct, and at the same time it identifies the priorities, resources, strategies, timelines and responsibilities for the year. The plan is being monitored throughout the year, and management reported that it will refresh the plan in the upcoming year. Management reported that some of the targets identified in the plan have already been achieved.

The Operational Review Team believes that the annual plan adopted by the HR department is an excellent first step towards consistent, measurable and meaningful planning at the department level. Further improvements could include additional specificity around metrics and milestone dates, and individual staff for responsibilities.

#2 Attendance Management

The school board requested the services of an outside consultant to conduct a formal needs assessment for attendance management. The needs assessment was completed and the results were reviewed with senior administrative staff on June 9th, 2009. An action plan was approved with a recommendation to investigate the implementation of a formal attendance management program as early as September 2009.

Overall the school board has made significant progress in implementing the recommendation regarding attendance management. Recognizing that full and complete implementation of this recommendation may take some time, the school board is encouraged to continue with this important initiative.

5. Financial Management

#1 Development and Reporting of Annual Goals and Priorities

Operational Review Recommendation	Implementation Update
The department should develop an annual plan that includes the performance measures and targets for its specific annual goals and priorities, and complete the planned annual reporting on achievements. This will enable staff to focus on the planned targets for each priority throughout the year, and provide support for reporting on the department's accomplishments.	Implemented

#2 Interim Financial Reporting

Operational Review Recommendation	Implementation Update
The interim financial reporting to management and the Board is very comprehensive in the detail and analysis provided. An enhancement of the report would be to provide written explanations of variances that are significantly greater or lesser than what the expected level of spending should be for the period reported.	Implemented

#3 Internal Audit

Operational Review Recommendation	Implementation Update
Management and the Board should consider establishing an internal audit function. Management could start by identifying options for its mandate and scope and the estimated annual cost of each option. Management's proactive assessment of need and cost would be a useful first step.	In Progress

#4 Audit Committee

Operational Review Recommendation	Implementation Update
Management and the Board should establish an audit committee. The membership of the audit committee would include at least two external members to act as advisors and contribute to the committee's accountability.	In Progress

#1 Development and Reporting of Annual Goals and Priorities

The Business Office formally created its 2008-09 annual departmental plan with goals and priorities for the three key areas of responsibilities – Finance & Budgeting,

Information Technology and Plant Operations. Input into the plan was provided by each unit Manager.

The draft plan was reviewed at the school board's regular management meetings resulting in the adoption of 26 initiatives for the current school year. Several projects were noted to span multi-years due to the phased in implementation nature of these projects.

Management noted that the benefit of the original recommendation has been the alignment of the Business Office goals with LKDSB Board Growth Plan. In addition, the plan formally documents the department's deliverables so that management can monitor the progress of the department and its activities. The plan also assists staff in meeting planned priorities and reporting on accomplishments.

#2 Interim Financial Reporting

Management indicated that its previous practice has been to review the financial reports at the Board meetings and openly discuss and answer trustee questions on any variances in question. In response to the recommendation in the operational review, management has added another column to the financial report to flag any specific expenditure line where further written explanations of variances are provided.

In the body of the written report to the financial tables, a new table has been introduced that summarizes all flagged items and provides a written explanation. Management indicated that Trustees are able to clarify the contents of the financial report during public board meetings.

This recommendation was implemented beginning with the 2nd board financial report in the 2008-09 school year (Feb 2009).

#3 Internal Audit Function

Management has decided to implement the recommendation to establish an internal audit function.

Staff of the LKDSB business office are registered members of the Ontario Association of School Business Officials (OASBO). They are also members of OASBO's Finance sub-committee. As participants of the OASBO Finance committee, the staff have gained insights regarding the function, roles and responsibilities of a school board internal audit function.

Management anticipates the Ministry will be providing more information and direction on establishment of the internal audit function and has begun to research the scope and current practices of auditing services. For example, the school board's staff has

investigated various related topics including employee fraud, whistle-blowing, sample internal audit administrative procedures and the Ministry's – *Audit Committees and Internal Audit* report.

In addition, through participation at the school board's Provincial OASBO group, the Business Office staff have participated in various internal audit related workshops. Management plans to work with senior administration this fall to approve the LKDSB plan for scope of activities for the internal audit function.

#4 Audit Committee

At the school board's Operational Review Debrief meeting conducted on June 25th, 2008, management discussed alternative options on the structure of the audit committee (local school board versus regional setup). It was noted that further Ministry planning and direction would take place on the structure of the audit committee. Management has decided not to act on the implementation of this recommendation until further information is available from the Ministry.

The school board's Finance staff has been involved with the OASBO Finance committee where they have gained knowledge and kept abreast on updates for implementation of the audit committee.

6. School Operations and Facilities Management

#1 Multi-Year Maintenance and Renewal Plan

Operational Review Recommendation	Implementation Update
Management should consider establishing a multi-year, say 3 to 5 years, maintenance and renewal plan, including the funding available to support the plan. This would provide the senior administration, the Board and its stakeholders with a clear forecast of the Board's critical needs over the next several years.	Implemented

#2 Energy Management Plan

Operational Review Recommendation	Implementation Update
The Board should complete a multi-year, energy management plan. As part of the plan, the Board should identify measurable and quantifiable energy baselines and savings targets to be monitored on an annual basis. Any investments identified in its energy management plan should identify the appropriate the basis of associated funding.	Implemented

#1 Multi-Year Maintenance and Renewal Plan

Building Services conducted a building maintenance site inspection during the fall of 2008. It involved the participation of school principals and custodians for each school. Each area supervisor set up a meeting with the school principal and a walk-around inspection was conducted. The plant manager and/or maintenance supervisor, and the coordinator of sites and designs also participated at some inspections. Typically the team spent three hours for a high school and 1.5 hours for an elementary school.

Building Services issued an "intake form" to all school principals for each school to request additional information. School principals had the opportunity to submit their maintenance requests for consideration in the five-year maintenance plan.

The final five-year maintenance forecast was issued to all schools at the end of February 2009. Management reported that the new process provided a clear and transparent status of the maintenance and renewal projects to all stakeholders. Based on the experience over the past six months, the number of calls from school principals has decreased. This reflects an increase in the level of trust and accountability of the process, and ultimately frees up time to allow management to focus on other pressing issues.

#2 Energy Management

The Board has established a tracking spreadsheet of utility costs and consumption, by school facility, to help set baseline benchmarks of energy consumption.

For the past 10 years and particularly since the introduction of Good Places to Learn funding, several building upgrades have been completed which would have made the schools more energy efficient.

For example, the Board has upgraded almost all of the schools boilers to high efficient newer models requiring less natural gas to operate. Other examples include upgraded school entrance-ways, windows and r-value of insulation to new roofs. Management has also added ventilation and air conditioning to improve the air quality to some of our schools and this would have added energy consumption but improved the overall air quality of our schools. All new building systems are installed with computerized energy management control systems.

7. School Board Adoption of New Leading Practices

The following leading practices were added to the Second Edition of the Operational Review Guide for District School Boards 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 operational 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

New Leading Practice	Adopted?
The school board's governance model clearly delineates the division of duties between the board of trustees and the director of education. The board has established clearly defined duties and responsibilities to support an effective working relationship.	Yes
The board of trustees develops and communicates a multi-year strategic plan that provides a framework for annual planning.	Yes
The board of trustees and management have appropriate processes for the establishment and regular maintenance of policies for the efficient and effective operation of the board. Policies are posted on the board's web site.	Yes
The director has established a formal succession plan to manage retirements and resignations of key managers/ administrators.	No

Management indicated that the school board has already adopted many of these leading practices. For example, it has produced has a multi-year strategic plan, a copy of which was provided during the original operational review. Management has also established policies and procedures for all functions, including a process to ensure that these policies are up-to-date and relevant.

One area of focus is around succession planning for senior administrative staff. The school board does not currently have a formal staff succession plan. Management indicated that they would appreciate support from the sector to help them improve in this regard.

HR Management and School Staffing/Allocation

New Leading Practice	Adopted?
Management periodically reports on the effectiveness of the attendance management process/ programs to senior management and the board.	In progress

New Leading Practice	Adopted?
Management has established policies and procedures for staff/professional development and monitors staff take-up, budget, and outcomes.	Yes
Systems are in place and accessible by both HR and Finance staff to establish and track an approved level of staff.	Yes

As mentioned earlier in the report, the school board has completed a formal needs assessment to implement an attendance management program. An outside advisor has been contracted to further implement the attendance management program this fall.

As originally reported in the operational review, the school board has appropriate systems in place to track an approved level of staff by HR and Finance.

Financial Management

New Leading Practice	Adopted?
Management completes and files all financial reports in accordance with established timelines.	Yes
The board has an audit committee with external members as advisors.	No
The external auditor's planning and annual reports are presented to the board's audit committee, and any recommendations are acted upon by management.	Yes
Management performs regular cash/funding forecasting to ensure the board's debt service can be met to maturity.	Yes
Management ensures adequate controls are in place to safeguard non-school board funds and coordinate the annual reporting of revenues and expenditures from schools and school councils.	Yes
Purchasing Managers monitor and ensure compliance with the board's procurement policies and procedures.	Yes

The school board reported that it has already adopted many of these leading practices. The school board has accepted the recommendation to consider inviting external members as advisors to serve on the audit committee.

Operations and Facilities Management

New Leading Practice	Adopted?
Process exists to monitor new legislation and regulations and implement necessary changes.	Yes
Operations management follows Ministry guidelines, policy and legislation on healthy schools.	Yes

The school board reported that it has already adopted these leading practices.

Appendix A – Selection of Recommendations

- **SP** - Strategic Planning
- **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
- **SAO** - Seven Areas of Opportunity from 2008 sector report
- **NLP** – New leading practices introduced in Wave 3 through the Second Edition of the Operational Review Guide.

Governance and School Board Administration

Ref.	Recommendation	Follow-up Yes/No	Criteria
	None		

HR Management and School Staffing/Allocation

Ref.	Recommendation	Follow-up Yes/No	Criteria
1.	The department should develop an annual plan with the performance measures and targets for its specific goals and priorities, and complete the planned annual reporting on achievements. This will enable staff to focus on the planned targets for each priority throughout the year, and provide support for the reporting on the department’s accomplishments.	Y	SP
2.	The department should develop an attendance management strategy with the associated policies and procedures for all staff categories. The Board should also assess available attendance management systems that would provide timely and accurate data for analysis of	Y	SAO

Ref.	Recommendation	Follow-up Yes/No	Criteria
	attendance patterns. This would improve management of this critical area of the Board's operations and reduce absenteeism costs.		
3.	The department should consider conducting periodic staff satisfaction surveys across all staff groups. This information, together with input obtained from exit interviews, would highlight potential professional development opportunities and contribute to HR policy development.	N	

Financial Management

Ref.	Recommendation	Follow-up Yes/No	Criteria
4.	The department should develop an annual plan that includes the performance measures and targets for its specific annual goals and priorities, and complete the planned annual reporting on achievements. This will enable staff to focus on the planned targets for each priority throughout the year, and provide support for reporting on the department's accomplishments.	Y	SP
5.	The interim financial reporting to management and the Board is very comprehensive in the detail and analysis provided. An enhancement of the report would be to provide written explanations of variances that are significantly greater or lesser than what the expected level of spending should be for the period reported	Y	SAO
6.	Management and the Board should consider establishing an internal audit function. Management could start by identifying options for its mandate and scope and the estimated annual cost of each option. Management's proactive assessment of need and cost would be a useful first step.	Y	SAO
7.	Management and the Board should establish an audit committee. The membership of the audit committee would include at least two external members to act as advisors and contribute to the committee's accountability.	Y	SAO
8.	Management should consider mandatory posting of tenders and RFPs on the electronic advertising bulletin boards. This practice would ensure the widest circulation of its tenders.	N	
9.	Finance staff should implement EFT payments for the majority of its suppliers, to gain greater efficiency and minimize the risk of payments being altered prior to clearing the bank.	N	

School Operations and Facilities Management

Ref.	Recommendation	Follow-up Yes/No	Criteria
10.	Management should consider establishing a multi-year, say 3 to 5 years, maintenance and renewal plan, including the funding available to support the plan. This would provide the senior administration, the Board and its stakeholders with a clear forecast of the Board's critical needs over the next several years.	Y	SAO
11.	The Board should complete a multi-year, energy management plan. As part of the plan, the Board should identify measurable and quantifiable energy baselines and savings targets to be monitored on an annual basis. Any investments identified in its energy management plan should identify the appropriate the basis of associated funding.	Y	SAO