

**Ministry of Education**

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

**December 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 fourth edition of the Operational Review Guide, released to the sector in September 2010. These were not part of the original review process.

## **2. Status and Implementation Update**

### **Introduction**

The Waterloo Region District School Board Operational Review follow-up review took place on October 25, 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 Review Services and the Enrolment Manager. In advance of the teleconference, the Deloitte team selected several key recommendations from the Operation Review Report and asked the board to provide an implementation status along with any related supporting material.

### **Summary of Recommendation Status**

The school board has made significant progress in implementing the recommendations since the completion of its review in May 2009. Of particular note are the steps taken to provide full interim financial reporting to the board of trustees (the Board) as well as the consolidation of energy billing and the monitoring and reporting of energy consumption.

Following the Operational Review, management reported to the Board regarding the findings of the Operational Review report and have also since posted the report on its website.

There were 18 recommendations made in the original report. The Operational Review team focused on nine of the recommendations in the follow-up review. The opportunities presented a cross section of strategic planning initiatives, some from 12 areas of opportunity identified in the sector reports as well as those that were of specific risks to the Waterloo Region 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 on most of the recommendations chosen for follow-up.

### 3. Governance and School Board Administration

#### #1 Succession Planning

Operational Review Recommendation	Implementation Update
The school board should establish a formal succession plan to manage retirement and resignations of key managers and administrations, with a particular focus on the nonacademic operations of the school board.	Completed

#### #1 Succession Planning

Management recognizes the need for succession planning as many key administrative positions throughout the school board are staffed by single individuals, presenting a potential risk to the board’s essential services. As such, significant steps have been taken in developing succession plans and leadership development programs to support the plans. Internally developed leadership initiatives are now in place for all school board staff and include a newly developed Superintendent Leadership Academy, which is opened to assistant superintendents, Principals/Vice-Principals, Co-ordinators, Managers, CIO and Controllers. Some school board staff are also currently enrolled in a School Board Administration diploma program.

The board indicated that there is a significant amount of staff development that takes place through both formal and informal professional training and learning opportunities. In this regard, the school board is promoting leadership and soft skill development by encouraging administrative staff to become more active in both internal and external committees of the school board. The school board is also facilitating informal job shadowing positions to encourage leadership growth in certain areas.

## 4. Human Resource Management and School Staffing/Allocations

### #1 Attendance Management

Operational Review Recommendation	Implementation Update
The school board should ensure that its attendance management program is utilized by all its functional areas.	In progress

### #2 Attendance Management

Operational Review Recommendation	Implementation Update
Management should periodically report to Board and senior management on the effectiveness of its attendance support program.	Completed

### #1 Attendance Support

Management reported progress in implementing a formal attendance support program. Over the last year, a significant amount of administrative effort has been invested in refining attendance support processes and systems, as well as engaging key stakeholders in preparation for a program implementation. The roll-out of the program will be led by the HR Department and will officially begin in 2011 with the aim to be fully implemented across all functions by the 2012–13 school year.

Since the time of the Operational Review, the school board has worked to reorganize and streamline parts of its existing attendance support practices to ensure consistent application following the roll out of the full attendance support program to all functions. In preparation for this roll-out, the school board has hired a return to work officer who is assigned to lead the attendance support program as well as manage return-to-work programs that may be associated with occupational or non-occupational staff absences. The school board presently uses a combination of software programs to help collect daily attendance data and is in the process of upgrading one of its information systems that identify employees for the attendance support program, based on pre-defined patterns of absence.

Management predicts a reduction in absences and related costs across all functions as the roll-out of the program is expected to achieve greater and consistent adoption through comprehensive stakeholder engagement and the addition of a dedicated resource to manage the program. Currently, the school board has also experienced improvements in staff attendance as a result of ongoing staff information sessions conducted by the board's employee assistance program provider.

Staff engagement has been an important part of the attendance support process as management has worked to increase awareness of attendance support issues and support processes with employee labour groups. A key to the engagement process was building awareness and clarifying to staff and stakeholders that the program was not a form of discipline but aimed to support employees. In this regard, the school board will continue to work collaboratively with unions and other stakeholders as the attendance support program is refined and rolled out across the school board.

## **#2 Attendance Management**

Since 2009, management has periodically reported to Board and senior management on the progress of its attendance support program by presenting attendance trends and statistics by employee group. The school board should continue this process to show the effectiveness and cost savings of the program.

## 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.	In progress

### #2 Interim Financial Reporting

Operational Review Recommendation	Implementation Update
The department should develop calendarized reporting that uses historical expenditures as a benchmark for comparison. This will provide more accurate information on whether variances are in line with historical spending trends.	Complete

### #3 Audit

Operational Review Recommendation	Implementation Update
Management and the Board should include at least two external members on the Board's audit committee to advise and contribute to the committee's overall effectiveness.	In progress

### #4 Accounting for Completeness of Purchase/Payment Cycle

Operational Review Recommendation	Implementation Update
Management should perform a review of the Board's purchase- to-payment cycle, to validate the process's efficiency and effectiveness opportunities.	In progress

### #1 Annual Departmental Plan

The school board intends on refreshing its annual planning process, tools and templates, although management currently maintains the same annual planning document that was used during its Operational Review. The integration and streamlining of departmental plans is part of the school board's overarching strategic

plan. As part of this refinement initiative, the Finance and Plant departments are working closely together to ensure that the capital planning process is more closely linked to the Finance Department planning cycle in order to promote collaboration and improve finance visibility. Departmental priorities are reassessed regularly as projects are re-evaluated, added or changed. As it continues to move forward, the Finance Department is encouraged to ensure that goals included in the departmental plan are reviewed by senior administration and that the management of the department report on progress of the plan and communicate successes to departmental staff. The plan should ensure that all goals and activities identified include target dates, staff accountability and measures of success.

## **#2 Interim Financial Reporting**

Management has adopted the recommendation regarding interim financial reporting in full. The department now provides quarterly interim financial reporting to the Board which are officially signed off on by the Director. Interim reports present the financials for the period as well as forecast the school board's year-end financial position for the Board.

The interim financial reports include a written summary of the report along with detailed financial, attendance, capital, and staffing reports. Each of the individual reports include explanations of any material differences as well as pressures impacting financial results. The format of the report includes year-to-date budget comparisons, as well as notations and highlights where there are variances or risks.

## **#3 Audit**

The Audit Committee Regulation came into full effect in September 2010 and requires the establishment of audit committees in school boards by January 31, 2011, following the Fall trustee elections. As the school board is the host board for the regional audit team, they are in the process of aligning themselves with the following major aspects set out in the regulation:

- appointment process for members
- requirement for external member participation
- term of appointment
- duties and powers of the committee
- reporting requirements
- deadline for the first audit committee meeting (March 31, 2011)

The school board has begun to staff the regional audit team and will be completing the recruitment of two junior auditors in November 2010. The school board's audit manager has developed tools and templates and is in the process of testing them internally before the team undertakes any external audits. The school board should continue to become familiar with the new Audit Committee Regulation and the Ministry's internal audit initiative including the establishment of the Regional Internal Audit Teams and the development of a risk assessment to establish priority areas for internal audit activities.

## **#5 Accounting for Completeness of Purchase/Payment Cycle**

Since the time of their Operational Review, management has completed a cost and risk analysis of implementing a confirmation of receipt process for all purchase orders. The school board has considered issues regarding resistance to change, staff capacity to perform on-line receiving and the cost of implementing new processes over the benefits related to risk management and cost avoidance. As a result, the board has decided to implement an on-line receiving procedure only for those purchase orders that exceed \$10,000. The school board has also developed a segregation of duties and signing authorization procedure that references the new \$10,000 threshold. Although the school board has certainly shown progress in adopting the leading practice of three-way matching through a specific threshold value approach, the recommendation cannot be considered as being adopted in full. In this regard, the board is encouraged to monitor the effectiveness of the new process and consider a point in time where implementing three-way matching might be re-evaluated.

## 6. School Operations and Facilities Management

### #1 Annual Departmental Plan

Operational Review Recommendation	Implementation Update
The facilities services department should develop an annual departmental plan that aligns with the objectives in the system success plan. The department plan should set targets, timelines and assigned responsibilities for key activities. This would enable management to track and report progress of its defined priorities and goals throughout the year.	In progress

### #2 Tracking and Reporting Energy Conservation

Operational Review Recommendation	Implementation Update
Management should ask utility companies to provide consolidated billing in an electronic format.	Completed

### #1 Annual Departmental Plan

The Plant Department goals are aligned with the school board's priority areas as they were at the time of their Operational Review, and the department continues to maintain detailed accounts of its capital projects. The department maintains many key elements of a departmental plan, however management have not developed a formal departmental plan that identifies strategies/actions, responsibilities, resources required, timelines and indicators of success. The school board is encouraged to continue to consider developing such a plan which would align with the school board's strategic and operating plan as well as set targets, timelines and assigned responsibilities for key activities. This would enable management to track and report progress of its defined priorities and goals throughout the year.

### #2 Tracking and Reporting Energy Conservation

Billing for all school board facilities is now consolidated from each facility and received electronically where possible. This data is tracked internally by the school board with a summary of costs presented as part of a required report to the Board on energy efficient schools funding. This level of tracking has allowed management to quickly identify energy consumption anomalies on a facility by facility basis. In turn, this has helped the Plant Department identify and resolve facility-related issues and has allowed the Finance Department to identify errors in meter reading and/or utility billing.

## 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 2009 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 has remained the same as it was during the school board's Operational Review. However, the school board has indicated that these processes may change with the update of the school board's electronic attendance support system. As referenced in the body of the follow-up report, the school board has identified attendance support as a focus and priority of the school and updates to the attendance support processes and system will continue to improve the effectiveness, efficiency and timeliness of the monitoring of staff attendance.

### 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.	In progress

The school board maintains a handbook clearly delineating responsibility and processes for and related to the management of non-grant revenues. Using the hand book, management has focused on strengthening processes in the management of cash at

the school level. There are very few significant non-grant revenues streams, the largest of which is fundraising. The school board admits 24 foreign students whose funds are collected and reported through regularized processes. The school board collects little or no money from user fees such as photocopying. To best manage reporting of non-grant revenues, management is encouraging schools to use the school board’s financial reporting systems.

The school board is in the final stages of approving procurement policies that clearly outline circumstances under which the board will use competitive versus non-competitive procurement methods. A final draft of the policy and associated procedures has been submitted to the Board. The school board is encouraged to fully adopt the policy and procedures once they have been reviewed and approved by the Board.

## 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.	In progress
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.	In progress
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.	In progress
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.	In progress
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>	In progress
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

The school board has implemented a policy with an associated framework that outlines green clean processes used in all school board facilities. Language relating to green clean products has been included in procurement documentation encouraging their use. The use of green clean products contributes positively to the school board’s energy management and environmental plans. The school board should review and use the

Ministry’s Green Clean Program Resource Guide to help develop a formal green clean program as part of its overarching Education Environmental Policy.

Within the past year, the school board has taken many steps to improve and promote occupational health and safety within the board. Staff have been added to the Safety, Wellness and Security Department including a safety and training officer, and a return-to-work officer. System-wide training matrices have been developed to address health and safety training for all staff groups. These include violence and harassment in the workplace, focused training for facility staff and behaviour management systems training to name a few. Much of this training is facilitated by online modules developed with the school board's IT Services Department. Multiple safety policies and procedures are in place at the school board. These include photo identification badges, security software, security card systems, and digital video recorders to name a few. The department uses principal safety audits to monitor the safety of facilities. Principals that identify security issues in their schools will seek approval of their superintendent and request assistance and guidance from the department to rectify the identified issue.

The Safety, Wellness and Security Department work collaboratively with other departments to help increase awareness and provide training across staff groups. The Department is encouraged to continue to develop and build on its detail safety and security procedures in order to create its security strategy and plan that outlines all safety and security measures in place at the school board.

The Safety, Wellness and Security Department is structured to provide health support to staff across the school board. The school board maintains an employee assistance program, which includes opportunities to staff for nutritional counseling and health and wellness sessions. These sessions are offered and supported by organizations such as the Dietitians of Canada. The department is encouraged to include this program in a full school board-wide health strategy.

A good schools committee has been created is exploring the details of the Green Energy Act. No policies have been formalized to date, but green building practices have been included in some aspects of new school construction. As part of greening its facilities, the Plant Department has refreshed its list of prequalified architects and have asked awarded proponents to consider the new green building requirements in design and construction. These include standards for lighting, heat pumps, and considering possibilities for solar energy use. All greening activities are being carefully vetted, considering business cases to prove the validity of projects and their long term benefit to the school board and its student.

The school board evaluates other available spaces prior to initiating new school construction or renovations. Where space is unsuitable or cost prohibitive to retrofit, the school board has also considered consolidating existing facilities in order to ensure that communities have access to adequate facilities and spaces.

## 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 School board should expand the scope of the system success plan to cover all aspects of school board operations, including human resource, financial management and facilities management. Furthermore, the format of system success plan should be updated to demonstrate its alignment to the Board’s multi-year strategic plan.	No	
2.	The school board should consider establishing a formal refresh policy to ensure periodic review of terms of reference across all committees to ensure they are meeting the needs of the board. This could include forming a committee to consider terms of reference for review or development.	No	
3.	The school board should establish a formal succession plan to manage retirement and resignations of key managers and administrations, with a particular focus on the nonacademic operations of the school board.	Yes	SP / TAO

## HR Management and School Staffing/Allocation

Ref.	Recommendation	Follow-up Yes/No	Criteria
4.	The HR department should consider developing an annual departmental plan that aligns with the System Success Plan, subsequently feeding up into the strategic plan. This will enable the department to track and report the progress of its defined priorities and goals throughout the year.	No	
5.	Management should develop recruitment policies and procedures and ensure they are reviewed annually to align staff planning with student achievement.	No	
6.	The school board should ensure that its attendance management program is utilized by all its functional areas.	Yes	ROI / TAO
7.	Management should periodically report the Board and senior management on the effectiveness of its attendance management program, once it is in place.	Yes	AR 2
8.	Management should consider developing a formal plan for conducting exit interviews. These interviews would provide input for HR policy as well as 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 / TAO
10.	The school board should formally add a step in the planning process to ensure alignment between specific budget goals and the school board's annual district goals and the objectives outlined in the Board's multi-year strategic plan.	No	
11.	Management and the Board should include at least two external members on the Board's audit committee to advise and contribute to the committee's overall effectiveness.	Yes	TAO
12.	The department should develop calendarized reporting that uses historical expenditures as a benchmark for comparison. This will provide more accurate information on whether variances are in line with historical spending trends.	Yes	TAO

Ref.	Recommendation	Follow-up Yes/No	Criteria
13.	Management should perform a review of the Board's purchase-to-payment cycle, to validate the process's efficiency and effectiveness opportunities.	Yes	AR3 / ROI
14.	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 capabilities when tendering banking services in the near future.	No	

### School Operations and Facilities Management

Ref.	Recommendation	Follow-up Yes/No	Criteria
15.	The facilities services department should develop an annual departmental plan that aligns with the objectives in the system success plan. The department plan should set targets, timelines and assigned responsibilities for key activities. This would enable management to track and report progress of its defined priorities and goals throughout the year.	Yes	SP
16.	The board should consider expanding the use of the work order system to track effort and costs associated with work orders. This will allow for comparison with benchmarks from previous years and support project estimates and evaluations to ensure the most effective use of resources.	No	
17.	Management should establish a multi-year energy management plan that incorporates measures to be implemented and the tools to monitor and manage the plan.	No	
18.	Management should ask utility companies to provide consolidated billing in an electronic format.	Yes	ROI