The road ahead

A report on continuous improvement in school board operations

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1 executive summary

The Ontario Ministry of Education (the Ministry) performed Operational Reviews of the 72 district school boards across the province over several years, beginning in 2007.

The Operational Reviews were focused on the review of a school board's operations in four functional areas: governance and school board administration; human resource management and school staffing/allocation; financial management; school operations and facilities management. The purpose of the Operational Reviews was to assess the extent to which school boards have implemented the leading practices set out in the *Operational Review Guide for Ontario District School Boards*. The reviews also provide, where appropriate, recommendations on opportunities for improvement.

The Ministry's goal in conducting Operational Reviews 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, the reviews assure the public that school boards are administratively and operationally aligned to support the Ministry's highest priority: **student achievement**. The Operational Review initiative has also directly contributed to increasing confidence and support for public education.

key review findings

The first and most important finding of the Operational Reviews is that the sector as a whole is already functioning at acceptable standards of operational performance. Ontario's 72 school boards, in general, benefit from a complement of highly skilled administrators who have a passion for being good stewards of public resources. The Operational Reviews confirm what the Ministry has observed anecdotally.

Second, the sector has been supportive of the Operational Reviews, and contributed significantly to the development of the methodology and the process of the reviews. From the beginning, the sector collaborated with the Ministry by defining the framework of the review, participating in pilot reviews, providing insights for the leading practice guide, and ongoing feedback and contributions through the Operational Review Advisory Committee and Trustee Reference Group. This support reinforced the Ministry's belief that school boards are generous in sharing their time and best practices with their sector colleagues.

Finally, the sector has affirmed the value of conducting independent reviews of school board operations. School boards have indicated that the recommendations provided by the review teams were well-received and provided an impetus for school boards to implement improvement opportunities. There is also a desire to see the Operational Reviews evolve to include other areas of scope, such as information technology and communications services, as well as the academic side of school boards.

governance

For Governance, there were six key findings. First, during the course of the Operational Reviews, the sector as a whole has started the modernization of school board governance through greater delineation of roles and responsibilities, and by establishing formal descriptions of the school boards' governance model. Second, school boards strengthened and streamlined decision-making processes by better defining the decision-making domain of trustees versus school board administrative staff. Third, school boards have improved their strategic and annual planning processes by engaging a broader base of stakeholders. Fourth, a variety of organizational structure designs helped ensure performance and accountability of school board administration. Fifth, succession planning and talent development was identified as an improvement area. Finally, there was evidence of strong and meaningful engagement in sector-wide issues from all levels of administration, through participation in various sector councils, committees and working groups.

human resources

Within the Human Resources function of school boards, the Operational Reviews identified three key findings. First, HR departments strived to align their organizational structures and staffing with the size of the school board and the volume of transactions flowing through the department. Second, over the course of the review, more and more HR departments were developing annual departmental plans linked to both the school board's strategic objectives and its annual operating plan. In addition, HR staff often report to senior administration on the progress made on annual plans.

Strategic recruitment and hiring practices varied across the sector. The sector is being encouraged to formalize and standardize recruitment and hiring to maximize results. This would include aligning hiring practices with Bill 177, to ensure that Trustees are only involved in evaluating and hiring the Director of Education. Finally, HR departments are beginning to take a long-term strategic approach to succession planning. In this regard, school boards, through their HR departments, are increasing their commitment to leadership development, with an aim to increase the size and quality of internal candidate pools used to fill vacant positions.

financial management

Current economic conditions and the continued decline in enrolment have combined to intensify the focus on financial management of school boards recently. The Operational Reviews identified five key findings within this key area of school board operations.

Through the course of the reviews, finance departments adopted a more introspective view of Finance and a more formal approach to planning. School boards in Waves IV and V demonstrated the most significant improvement in annual planning, resulting in finance departmental plans that were clearly linked to the board's strategic objectives and annual operating plans.

Second, almost all school boards had taken significant measures to communicate and manage system-wide Finance policy and procedure compliance. This included the effective communication of new or revised finance policies and procedures to staff for things like petty cash, banking requirements, purchasing and tendering, and the disposition of surplus equipment.

Third, for almost all school boards, the annual budget development process was found to be transparent, involving stakeholders, and accounting for all sources of revenues and expenses. However, there is still an area of opportunity for many school boards to ensure their budget development processes are formally documented.

Fourth, since the release of the IFRC (Interim Financial Reporting Committee) report in September 2009, the Operational Review team noted an improvement in consistency and the level of detail in the commentary for interim financial reports presented to the Board of Trustees.

Fifth, there were sufficient practices and policies in place to manage and provide adequate oversight of non-grant revenues. This rigor was in place across the sector, despite the fact that for many smaller boards, minimal revenue was generated through international students, facility rentals and non-credit Continuing Education (Con Ed), etc.

school operations and facilities management

Within School Operations and Facilities Management, the Operational Reviews identified five key findings. First, many school boards started adopting a more systematic approach to annual planning. Second, the Operational Reviews found that there is a broad range of organizational models for facilities departments, depending on the size of the board, geography covered and the general state of buildings and facilities within the school board. Third, facility departments have begun to take on a more proactive approach to setting and monitoring policy beyond those driven purely by regulatory and compliance requirements. Fourth, many school boards have also started to extend their maintenance planning horizons out three to five years to enhance transparency and accountability. Finally, the establishment of formal, multi-year capital plans also became prevalent during the Operational Reviews.

next steps

Throughout the course of the Operational Reviews, school boards acknowledged the need to continually improve, and identified this review method as an effective model for future reviews.

The question remains as to what leading practices within the area of operations should be considered for further examination and endorsement by the sector. Direct feedback from school boards and trends emerging from other jurisdictions offer several areas of opportunity. The final section of this report outlines these opportunities and the potential approach for closer examination.

The first key area to be considered for future evaluation is shared services. At the time of this report, the notion of shared services (with the exception of French-language boards) remains limited to group buying and student transportation. However, given the economic conditions and pressure to do more with less, the sector should consider using feasibility studies or business cases to help identify shared services opportunities to build capacity and deliver hard savings from the back-office. A review of leading practices for the design and implementation of shared service models can provide the

sector with the insights necessary for the transformation to more efficient and effective back-office services.

Defining the role of Information Technology (IT) in school boards is another emerging area of opportunity across the sector. School boards have invested heavily in technology, but until recently, many have maintained the traditional view that the role of IT is a purely support function. This is now being challenged, as the latest generation of parents and administrators increasingly view technology as a driving force for innovation in the classroom. Parents and students see the need for greater access to information and technology, while administrators see the need for IT staff to play a more prominent role as strategic advisors as well as suppliers of transactional support services.

The concept of a mobile maintenance workforce is another potential area for future development and assessment across the sector. This concept involves the deployment and management of maintenance crews using mobile technology, real-time information updates, and a rolling warehouse model to decrease bench time and increase wrench time. Work order systems receive maintenance requests electronically and automatically dispatch the orders (pending approval) to maintenance crews in the field or off-site. In addition to shared services and other more efficient means of delivering operational services, mobile workforce should be considered an effective option for improving service delivery and board-wide capacity.

Another key observation from the Operational Reviews is the lack of formal or consistent performance management, in both the academic and back-office aspects of the school administration. This comes despite the general consensus that given accurate and reliable data, educators can measure performance more effectively, and thus can continuously improve from a given baseline. In this regard the sector could benefit from the development and adoption of leading practices aimed at improving the capacity, skill-set and culture necessary for putting formalized performance management in place. A better performance management system would help school boards to refine strategy, mark progress, and strengthen accountability.

The idea of using schools as community hubs builds on the Community Use of Schools concept, recognizing that schools serve as a gathering place in many communities. The sector may consider working proactively with other public sector entities (including other ministries and government agencies, local municipalities and surrounding communities) to offer bundled services to the public. As this practice begins to emerge within the sector, future Operational Reviews should share any lessons learned or leading practices across the sector.

Finally, future Operational Reviews may want to assess collaboration among school boards in the delivery of services.

2 introduction

structure of the report

The report comprises four main sections that represent each of the major functions covered by the Operational Reviews:

• Governance

• Human Resources management

• Financial management

• School operations and facilities management

Each section has a summary of the key processes covered, and a brief highlight of some observations. The next sub-section emphasizes key findings, and acknowledges sector-wide progress since the inception of the Operational Reviews.

The third subsection identifies key opportunities or practices that warrant further focus and attention, and provides practical information on how school boards can implement proven approaches.

Call-outs or brief case studies have also been used in some sections of the report, to highlight how a specific school board has successfully adopted a leading practice.

operational review scope

As noted in the Executive Summary, the Operational Reviews were designed 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 could then be better aligned to support the government's highest priority: student achievement.

The Operational Review Team has 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 the reviews is to assess the extent to which the Board has implemented the leading practices set out in the *Operational Review Guide for Ontario District School Boards*. The review also provides, where appropriate, recommendations on opportunities for improvement.

Governance and School Board Administration		
Human Resources Management & School Board Staffing / Allocation		
Organization	Human Resources Management	School Staffing / Allocation
Financial Management		
Organization	Budget Planning & Development	Financial Reporting & Analysis
Treasury Management	School-based Funds & Non-grant Revenue Management	Supply Chain / Procurement
School Operations and Facilities Management		
Organization	Custodial & Maintenance Operations	Energy Management
Health, Safety & Security	Capital Plans, Policies & Procedures	Construction Management

It is important to note that while IT may be mentioned in Operational Review reports, the formal scope of the reviews did not include the review of IT as a stand-alone function. It is also important to note that although the role of schools in supporting school board operations was examined indirectly, schools were not part of the Operational Review scope. Finally, although a correlation may be drawn between well-managed school board operations and student achievement, academic components of school boards were not part of the operational review scope.

operational review methodology
tools and teams

In preparation for school board Operational Reviews, the Ministry of Education hired two professional services firms (Deloitte Inc. and PricewaterhouseCoopers) through an open competitive process. The firms were responsible for identifying leading practices, developing the board evaluation tools, and conducting the field work and report writing (in both English and French) over a four-year period.

The Ministry also assembled an internal Operational Review Team that was responsible for contributing to the development of leading practices and tools. Ministry staff also accompanied consultant teams in the field to help manage the review process and to ensure that it met the standards of quality set by the Ministry. The Ministry team was responsible for reviewing all reports and consultant deliverables. Finally, the Ministry assembled an Operational Review Advisory Committee of Directors of Education and School Business Officials, and a Trustee Reference Group from a representative sample of school boards from across Ontario. Both groups were engaged at the beginning of the project to advise the team in the development of the Operational Review Guide, the consultant tool kit, and the overall process. The Advisory Committee was re-engaged every summer during the Operational Reviews to reevaluate leading practices and approve the addition of new leading practices. The members of the Operational Review Advisory Committee are:

CODE:
- Bill Bryce, Thames Valley DSB
- Roger Lawler, Waterloo CDSB
- Lise Bourgeois, CSDC Centre-Est

COSBO:
- Fran Fournier, Conseil scolaire Viamonde
- John Lawrence, DSB of Niagara
- Steven Parfeniuk, Halton DSB
- Roger Richard, Limestone DSB
- John Sabo, York CDSB
- Laura Mills, Rainy River DSB

A Reference Group with representatives from all four trustee associations (both staff and elected representation) reviewed the draft *Operational Review Guide for Ontario District School Boards*, and consulted on the roll-out of the process. The participating trustee associations were Association des conseils scolaires des écoles publiques de l'Ontario, Association franco-ontarienne des conseils scolaires catholiques, the Ontario Catholic School Trustees Association, and the Ontario Public School Boards' Association.

pilot operational reviews

Once the initial sector guide and the consultant toolkit was complete, the consultants and ministry teams visited four selected boards to field test the leading practices, the review process, and the tools. The tools and processes were then refined in time for the next school year.

Every summer, the consultant and ministry Operational Review Teams and the Advisory Committee would work together to refresh the evaluation tools and practices to ensure that leading practices were relevant and would be the most beneficial to school boards.

site visits and board reports

School boards were required to provide specific materials and data to the Operational Review Team before the site visit. This ensured greater efficiency in the field, since lines of inquiry were more focused. It also helped to ensure that the Operational Review Team made the best use of limited school board staff time.

Each site review took anywhere from between four to five days, depending on the size of the school board. The onsite work was limited to interviews (from which notes were collected) and draft report writing.

follow-ups

In accordance with the Ministry's objectives for the Operational Reviews, school boards participated in status and implementation updates as part of the Operational Review cycle. Occurring approximately 12 months after the issuance of the final Operational Review report, the updates examined the progress each school board made in implementing the recommendations in the final report. The updates also provided 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.

For a comprehensive view of the Operational Review Methodology, see Appendix B.

annual sector reports

The Operational Review Teams generated two Annual Sector Reports. The purpose was to identify sector themes across the functional areas. In particular, the reports identified common improvement opportunities for more complete adoption of leading practices, and highlighted examples of leading practice adoption which could be shared across the sector.

in-depth operational reviews

As part of the Operational Reviews, the Ministry also hired both firms (under the same contract) to conduct more in-depth reviews of school boards. While the scope and focus of the in-depth reviews varied, the aim was to provide school boards with detailed analysis and recommendations for improving operational effectiveness and efficiency, thereby increasing capacity.

school boards participating in the operational reviews

The Operational Reviews were conducted over five waves from September 2008 to June 2011. Each board has received an individual report that details the findings and recommendations from the Operational Reviews. For a detailed list of participating school boards (by wave) see Appendix A.

about the sector examples found in this report

The review teams saw many exemplary practices across the sector and across all functions. However, this report is limited to highlighting only a few randomly selected examples. It should also be noted that this report, individual reports and board examples only represent a "snap-shot in time", and that the sector is constantly improving. For more information or details on the examples provided, please contact the school board directly.

3

governance:
setting the strategic direction

3.1. general sector-wide observations

the role of governance in school board operations

The subject of governance was not originally considered to be part of the scope of the reviews during the pilot stage of the Operational Reviews in 2007. The reviews were intended to focus on the operational functions of Human Resources (HR), Finance and Facilities only.

The pilot wave of Operational Reviews quickly revealed that governance models and administrative organizational frameworks have a significant impact on the overall success of the school boards. Effective governance models were identified, to provide the critical direction for the Boards of Trustees and Directors of Education. This knowledge cascaded through the organization to senior administration and staff levels. By the end of the pilot stage, a set of leading governance practices was established. This has since been enhanced with a growing body of leading practices and requirements.

In subsequent waves of the Operational Reviews, governance has been identified as one of the most influential driving factors for school board success. School boards report that adoption of effective governance practices is a crucial factor for the achievement of key provincial priorities such as enhancing student achievement, closing the achievement gap and boosting overall confidence in public education.

By contrast, when the governance model or the relationship between the Board of Trustees and the Director of Education is not effective, school boards reported that the resulting governance-related issues can be significant detractors for operational effectiveness. School boards have found that stakeholder confidence in the system is influenced greatly by the effectiveness of the governance model. This is particularly the case now that school boards are faced with increasing demands for transparency and accountability from parents, students, the public and stakeholders looking for more involvement in school board operations and decision-making.

While balancing local and sector-wide contexts, school boards must also consider how to best implement and execute broad policy directions in detailed operational processes and procedures.

Until recently, there has been inconsistent interpretation of how to best meet priorities set by the Board of Trustees, while balancing the need for individual trustees to demonstrate accountability as elected officials.

In this respect, the Operational Reviews identified wide-spread circumstances of individual trustees becoming directly involved in the day-to-day operations of the school board.

This observation (across multiple waves of Operational Reviews) further validated the need for additional Ministry efforts to delineate and clarify the roles of trustees and board administration.

clear delineation of roles and responsibilities between the Board of Trustees and the Director of Education

During the first two waves of the Operational Reviews, the government established a Governance Review Committee (GRC) to examine how well the current governance structure was serving Ontario's education system. The Ministry of Education released the Report of the Governance Review Committee in April 2009, which recommended that the government clarify the mandate and duties of school boards. To address many of the recommendations made by the GRC, the government introduced amendments to the *Education Act*. Bill 177, the *Student Achievement and School Board Governance Act*, received Royal Assent in December 2009.

The amendments focused on setting out the relationship between the Board of Trustees and the Director of Education, and the role of the members of the Board of Trustees (the Board) with respect to students and parents. Bill 177 also stipulated that the Director of Education is the sole employee of the school board, and that board operational matters will flow through this governance framework to allow trustees to focus on policy.

The amendment is further supported by a mandatory code of conduct for trustees, and the requirement for each school board to develop a multi-year strategic plan. The Operational Review Sector Guide was updated to reflect the provisions of Bill 177, and all 11 school boards in the final wave were assessed against the amended leading practices in the Governance section. Specifically, school boards were assessed on the basis of how the roles and responsibilities of the Board of Trustees are clearly delineated from the Director of Education, and how the Board of Trustees fulfils its mandate of developing effective multi-year strategic plans for the school board.

Despite the introduction of Bill 177 and the requirement for school boards to fully adopt it both in policy and in practice, the final wave of the Operational Reviews (about one year after the introduction of Bill 177 and around the time of trustee elections in December 2010) showed that many school boards still have work to do to achieve full compliance with the bill. It was clear that in many school boards, some legacy governance practices remained firmly in place, even though their formal policy documents had been refreshed to reflect the legislation. School boards that were found to have better adoption and compliance in policy and practice often attributed their relative success to the timely implementation of a formal information or "on-boarding" session for new or re-elected trustees. These sessions were typically provided either by internal staff or a

law firm. They helped trustees and school board officials to interpret Bill 177, especially where the delineation of roles and responsibilities was concerned.

Both the Ministry and the sector in general acknowledged that trustees and Directors of Education need ongoing support to establish core priorities and provide the operational environment necessary to meet strategic objectives. The Ministry partnered with the trustee associations on training and development initiatives to support implementation of Bill 177 in November 2010 and January 2011. The trustee associations also provided additional support, through a reference document entitled *Good Governance: A Guide for Trustees, School Boards, Director of Education and Communities*.

mandate to develop multi-year strategic plan

Bill 177 also included a mandatory element requiring the Board of Trustees to develop a multi-year strategic plan. Strategic planning and operational planning were part of the original scope of the Operational Reviews. In this context, the Operational Review leading practices related to multi-year strategic planning and operational planning are fully aligned with Bill 177. As successive waves of Operational Reviews were conducted, more school boards had adopted the leading practice to create multi-year strategic plans and annual operating plans.

However, the Operational Review team noted that there is still room for improvement in this regard. Specifically, operations that include finance, human resources and facilities need to be more fully integrated into the school boards' multi-year strategic and annual operating plans, alongside other academic functions of the school board. School boards also have the opportunity to better differentiate their multi-year strategic plan and annual operating plans, which are often blended into one document and therefore lack focus for either component. By being more integrated with the school board's strategic and operational planning, operational departments would be better positioned to identify ways to contribute to the strategic goals of school boards. The Operational Review teams found, however, that regardless of the type, format or quality of plan that was created, all Directors of Education periodically reported to the Board of Trustees on the status and outcomes of the board's main objectives.

In the winter of 2011-12, the Ministry worked with school board chairs and directors of education to identify roles and responsibilities for school board strategic multi-year plans. On January 19, 2012, the Ministry provided school boards with research on effective practices in strategic planning, as well as *The Strategic Planner's Guidebook: A Resource for Ontario School Boards*.

Throughout the course of the Operational Reviews, many examples of leading practices within the governance section were identified, along with evidence of continuous improvement across the sector. The section that follows summarizes those findings, along with areas of improvement that were found to be common in many school boards. The subsequent section provides a more focused look at the governance practices which generally require the most significant improvement across the sector, providing the greatest benefit to school boards.

3.2. key findings & progress
modernizing the governance model to better support student achievement

School board governance has played an increasingly important and central role in the Operational Reviews since their inception. As mentioned in the previous section, governance is an area that underwent tremendous change during the time of the reviews, particularly with the introduction of Bill 177.

Throughout the review process, most school boards had adopted a governance model designed to delineate the roles and responsibilities of the Board from the Director of Education. In some cases, the model was described by school boards as a variation of the policy governance model (The Carver Model) created by Dr. John Carver, which was designed to enable boards of directors to focus on larger issues, delegate with clarity, and evaluate the accomplishments of the organization. In the school board context, this model was adapted to empower the Board of Trustees to focus on the larger strategic issues, delegate to the Director of Education, and oversee management obligations without being directly involved. In all boards, there was a clear understanding and obligation for setting long-term strategic directions and developing and maintaining policy. This model has not seen major variation from board to board.

Although the concept of policy governance is generally well understood, the Operational Reviews found considerable variations in actual implementation of the governance model. A detailed report by the Governance Review Committee (GRC) highlighted what the Operational Reviews were finding, namely that there was no single prescriptive governance model under which all school boards were operating. The GRC report noted that the governance structures of some school boards were held and protected in Board policies and by-laws, while others were much less formal and open to change and interpretation. The GRC's report underlined the importance of clarity in the shared understanding of roles and responsibilities as well as the reporting structure of both the Board and management.

Bill 177, which came into force on December 15, 2009, clarifies the roles and responsibilities of school boards, trustees, Board chairs and Directors of Education. Since the passage of the Bill, many school boards have updated policies and procedures to comply with the new legislation.

In the final wave of the Operational Reviews, many school boards were found to have the essential elements of Bill 177 in place in governance policies and procedures, while others continued to work towards reaching full compliance. In many instances across the sector, third party firms were retained to provide training for trustees and senior staff regarding the implications of Bill 177. In many cases, this training occurred after the October 2010 trustee elections.

Given the long-standing practices of some school boards and their trustees, it is anticipated that certain aspects of Bill 177 may take some time to be fully adopted across the province. In some school boards, the Operational Review teams found that there are instances where there is direct trustee involvement in operational activities. Examples of deviations from what Bill 177 refers to as "day-to-day" involvement include trustees sitting on hiring panels for staff positions other than the Director of Education, trustees directly participating in labour negotiations, and trustees approving staff attendance, pay or dismissal information.

In accordance with Bill 177, the Board of Trustees is responsible for the recruitment, selection and performance appraisal of the Director of Education. The Director of Education is responsible for the recruitment of the rest of the school board's staff. The Operational Reviews found that many school boards have implemented formal performance appraisal procedures for the Director of Education.

strengthening and streamlining the decision-making processes

Decision-making processes in the sector remained relatively constant during the first two waves of the reviews. Board decision-making policies and processes which were once considered routine and rarely reviewed, have since been updated, as recent legislative changes and changes in trustee membership acted as catalysts for changes to decision-making. School boards are now beginning to better discern what needs to be brought before the Board of Trustees for a decision, what constitutes an information item, and what should remain in the domain of the administrative departments. This shift in thinking and in practice has been contentious in some cases, as it has removed or replaced long-standing agenda items that some trustees felt were in their purview or area of expertise. This was especially true for those school boards where trustees had played a much broader and active role in the decision-making process that stretched beyond setting policy. This could include participation in hiring key staff, direct participation in labour relations, regularly reviewing the school board's cheque register, and reports on staff changes.

effective strategy:
simplify and standardize

Hastings and Prince Edward DSB found that levels of details in annual plans and project reporting formats varied significantly across administrative departments. This was causing inefficiencies in communicating project status updates to senior staff and key stakeholders. Furthermore, it was unclear as to how operational projects were supporting the Board's long-term strategic objectives.

To clarify project status and ensure alignment with long-term strategic objectives, the school board implemented a standardized planning and reporting template across all departments. The template design uses a SMART goal approach (goals which are specific, measurable, attainable, realistic and timely) for identifying project owners, milestones and outputs. It also links each project to the relevant system-wide strategic goal.

In many cases, however, the changes required by Bill 177 have been viewed more favorably. School boards can now focus their meeting agendas on strategic items and have shorter meetings. Board by-laws often outline long-standing procedures for Board meeting agenda setting. While most school boards provided evidence of a formal policy and procedure to support the development of Board meeting agendas, in practice many of the Boards were still struggling with extended meeting hours to address critical agenda items, or deferring these items to subsequent meetings. The delineation of roles and responsibilities between the Board of Trustees and the Director of Education has also made it more effective for the administration to implement policy set by the Board.

Throughout the reviews, it was clear that most Boards of Trustees and Directors have appropriate processes for the establishment and regular maintenance of policies and administrative procedures. Many school boards have dedicated policy review committees. Timelines for policy review varied greatly across the sector, with no clear best practice emerging. Models ranged from one major review every four years (in line with the trustee election cycle) to rolling review cycles, where policies were reviewed individually. Some school boards have systems in place to track policies under review and accommodate Ministry policy changes and directives. The majority of school boards post their policies on their websites.

boards are now including non-academic functions in strategic and annual planning

Early on in the Operational Review process, the development of strategic and operating plans was identified as a key opportunity of improvement for school boards across the province. In subsequent waves and in the follow-up interviews (conducted approximately one year after the initial Operational Reviews) many boards reported improvements in all aspects of operational management. This was seen by school boards as a direct result of implementing recommendations for adopting a more formal multi-year planning process and developing strategic plans that included both academic and operational priorities. This approach and format was reported as providing a more robust framework for annual planning. In most cases it resulted in the adoption of planning practices by the other departments within school board operations.

The sector quickly responded to the early findings of the Operational Review with the adoption of those best practices related to strategic and operational planning. These have since remained consistent throughout the reviews.

For most school boards, extensive consultation with both internal and external stakeholders was a key component of successful strategic planning. Across the sector, strategic plans included a variety of components. In general, as seen through the review process, it was expected that complete plans would include a combination of most, if not all, of the following components: strategic goals/projects/initiatives, timelines, designated responsibilities, and measurements of success.

Later in the Operational Review process, it was clear that school boards were introducing strategic planning practices to align with the requirements of Bill 177. This was achieved by including the following high-level government goals in the school board's strategic plans:
- the promotion of student achievement and well-being
- effective stewardship of the school board's resources
- effective delivery of appropriate education programs to students.

The early Operational Reviews revealed significant opportunities for school boards to improve the process of developing annual operating plans. One of the challenges faced by many school boards was the disentanglement of strategic planning and operational planning documents. Some school boards combined the two documents into one. The importance of having a stand-alone operating plan was to provide a board-wide plan that individual departments (finance, human resources and facilities and school operations) could use as a framework to develop their own departmental plans. Using standardized departmental planning templates that rolled up into the overall operating plan (and up again into the strategic plan), many school boards were able to ensure alignment and support for key priorities and goals across all three levels of planning.

A key distinction between the strategic and operating plans and an important factor in the push for disentanglement of these documents is their review and refresh cycles. Best practices clearly state that strategic plans should only be materially revisited between every two to four years, while operating plans should be driven by strategic plans but reviewed and updated annually. Both documents should include both academic and non-academic components. Throughout the review process, it became clear that this distinction was taking hold in the planning process of school boards. Many boards have already made their strategic plans and operating plans available electronically. Some school boards have taken an extra step by implementing online tracking against plans to enhance accountability and transparency.

organizational structure design ensures performance and accountability

Overall, the organizational structure of the executive level was found to be primarily a function of the size of the school board. It was also related to the skill set or experience of supervisory officers (SOs) and other senior staff. This was especially true in terms of the IT function and whether it would report to an academic supervisory officer, a Senior Business Official (SBO) or in some cases, directly to the Director of Education. In all cases, the Director of Education should be responsible for creating and maintaining an appropriate organizational structure to meet the school board's operational needs.

While almost all school boards reviewed had executive level organizational structures that were clearly defined in terms of roles and lines of reporting, not all had sufficiently documented the responsibilities and job descriptions of each role. This was seen by school boards as an administrative gap that had slowly increased as the needs of the school board evolved and the roles of staff adapted to new circumstances. Despite this gap, most school boards reported that detailed responsibilities were being formally refreshed through the process of succession planning, where HR would be required to build a profile for vacant roles which need to be advertised and filled. The pay equity process was also cited as one of the driving forces behind the review of job descriptions to ensure that all responsibilities were clearly documented and understood by staff.

It was also noted that each school board had an organizational chart that showed the executive level reporting structure. While not all school boards had posted their organizational charts on the school board website, many made the contact information for key staff available on their public websites. Almost all boards had organizational charts and contact information posted on the school board's internal site.

expanding succession and talent development to support staff

School board leadership and ensuring continuous improvement are two factors which contribute to student achievement. A formal succession and talent development plan is a key element of a school board's leadership capacity development. This is particularly important given the demographic changes in Ontario such as the anticipated increase in retirements over the next several years and declining enrolment and the resulting impact on the education system.

The Ministry of Education has introduced several policy initiatives, including a 2008 study on Succession Planning for Ontario Schools and School Boards, commissioned by Ontario's Institute for Education Leadership (IEL), and the Ontario Leadership Strategy (OLS), which developed gradually. During the first year of the OLS's initial three-year plan of action, school boards were required to initiate mentoring for newly appointed school leaders (i.e. principals and vice-

succession planning: not just "wait-and-see"

People are the most important resource in any school board. Kawartha Pine Ridge District School Board has taken a pragmatic approach to managing employee succession as part of an overall talent management strategy.

The school board reports that formalized forecasting and the continuous monitoring of potential employee departures provides sufficient lead time to trigger recruitment campaigns. The development of internal talent pools in both the teaching and non-academic groups has been critical to the success of recruitment. Staff who are interested in a new position are encouraged to complete internal courses, which are custom designed to build the relevant skill-sets and improve their candidacy.

principals). A succession and talent development (SPTD) plan for school leaders was introduced in year two of the strategy. School boards were provided with a continuum to guide the development of a succession and talent development plan. In 2010-11, the third year of the strategy, succession planning and talent development were aligned as components of a broader initiative – the Board Leadership Development Strategy (BLDS). The primary purpose of the BLDS was to establish a systematic approach to fostering high-quality leadership throughout the system. The BLDS targets school leaders (principals/vice-principals), system leaders (supervisory officers/directors of education), and those who aspire to leadership roles, whether academic (e.g. principals, school superintendent) or non-academic (e.g. business superintendent, manager) roles.

The Operational Review process evolved over time to align with the OLS policy direction. For example, school boards that had their Operational Reviews conducted after September 2009 were expected to have succession and talent development plans in place in 2009-10. School boards that had their Operational Reviews conducted prior to this were asked about their ability to implement and develop succession and talent development plans as part of the follow-up review process.

In addition to being a priority for the Ministry, the sector too recognizes that successful succession planning is crucial for ensuring business continuity and further development of an improvement and achievement-driven education culture.

Succession and talent development became a focus of school boards from wave III onwards. Since then, school boards have implemented a range of initiatives to assist in the management of their academic operations. Many school boards have implemented leadership development programs for their staff and in particular, for principals and vice-principals. There are also examples of organizational structures which have been designed to support succession planning, for example, by having individuals act in the position of superintendent or job shadow a superintendent. In school boards where succession and talent development plans had been developed, they tend to be focused on teachers, school principals and vice-principals. This is partly due to the OLS, as school boards moved through the seven sections of the SPTD continuum.

While succession planning has been widely implemented for the academic positions of most school boards, the expansion of these programs into non-academic and administrative functions is just beginning. The Operational Review teams found that, in general, school boards have not yet implemented robust succession planning for non-academic positions.

Nevertheless, some school boards have taken the initiative to expand their succession and talent development programs to their non-academic staff, in particular training managers to take on future SBO and other senior leadership roles. For example, some school boards have increased their commitment to leadership development to increase the size and quality of internal candidate pools.

moving towards more meaningful engagement

All school boards were found to have adopted the series of leading practices related to stakeholder engagement. Examples include proactively engaging stakeholders through a variety of communication vehicles, and having senior staff participate in various sector committees.

The Operational Review team found that in addition to the traditional methods of communication such as town halls and letters, many school boards use their websites to communicate with their stakeholders. A minority of school boards are also leveraging social media tools to communicate specific messages to stakeholders, such as closures of schools in bad weather.

Board communications are managed differently by each school board. For the majority of boards, the Director's office employs a part or full-time school board employee to manage communications with stakeholders. Other larger boards have dedicated communications departments led by a director or manager of communications and stakeholder engagement. In many cases, the communications director or manager is a member of the senior management team of the school board.

The Operational Review team found that members of school board's senior administrative team and the Board of Trustees were actively involved in various provincial forums, and school boards encouraged staff at all levels to engage in sector committees to foster knowledge sharing and learning. Examples of organizations include the Ontario Association of School Business Officials (OASBO), Council of Senior Business Officials (COSBO), and the Council of Directors of Education (CODE), among many others.

The road ahead

3.3. key improvement opportunities

In addition to the broader areas of improvement identified in the previous section of the report, the Operational Reviews have revealed opportunities in specific governance practices that warrant further focus and attention. This section of the report provides proven approaches for school boards to successfully clarify roles and responsibilities of the Board of Trustees and school board administration.

clear policy statement to address governance framework

While the government has already taken an important step in passing Bill 177, there are additional measures that school boards could implement to further strengthen the delineation of roles and responsibilities between school board trustees and administrative staff. Exemplary school board practices in this area include statements that explicitly describe the roles of individual trustees, the Chair of the Board, and the Director of Education. School boards also use Executive Limitation policies to address operational topics such as budgeting, financial planning, hiring, asset protection and negotiation frameworks. Finally, if the school board follows any particular style or philosophical framework of governance, the Board of Trustees should formally document it to remove any ambiguities.

periodic training to bolster existing governance practices

School boards should also periodically review their adherence to formal policy statements around the governance framework. It is recommended that school boards conduct a formal review of their governance framework at least once every two to three years, and certainly no longer than a school trustee term of four years. During this review, the school board should assess its compliance with its own documented policy statements around governance. Ideally, the review should be conducted by an independent party.

The Operational Reviews found that many school boards conduct an initial trustee orientation, but do not follow up with regular self-assessments. It is recommended that trustees conduct self-assessments more frequently to monitor progress informally and continuously. The recommendations that arise from such reviews should form the basis of training exercises designed to address the gaps identified through the review. In this way, the school board can ensure that broad policy statements around governance are being put in practice.

develop indicators for successful governance practices

A successfully implemented governance model should have clear and observable performance indicators. Indicators provide an objective way to assess and quantify the performance of a governance model. Governance indicators may include metrics such as attendance records of trustees, voting records, start and end times for meetings, the ability of the board to achieve quorum, and board governance evaluation surveys.

Although the practice of measuring governance performance is still in its early stages, even in the private sector, the Ontario education sector should start to reflect on how to develop such indicators. Without them, stakeholders have no reliable, consistent and objective way to measure the performance of a Board's governance model. Ideally, indicators for successful governance practices should be readily available and easily measured. Relevant trustee associations and other sector committees could work together to identify relevant indicators in the near future.

4

human resources management:

empowering people to excel

4.1. the role of HR in strategic planning & service delivery

As the Ontario education sector strives to do more with less in a climate of declining enrolment and tighter budgets, HR departments of school boards are often involved in initiatives to improve operational effectiveness and efficiency. The role of HR departments in supporting the academic and non-academic staff of school boards contributes to student achievement results. At the same time, many HR departments are faced with common challenges related to the functional limitations of their HR Information Systems (HRIS), decreasing resources, complex labour relations, and the traditional focus on transactional activities rather than on strategic human resources management.

Two general sector-wide observations regarding the HR management function have emerged. First, throughout the Operational Review process, it became apparent that despite these and other challenges, virtually all HR departments demonstrated a commitment to continuously improve their operations. In many cases they have implemented process improvements and new IT systems. However, currently, options for operational improvements of HR generally do not include service delivery restructuring, or consideration for alternative models that would promote greater sharing of resources and standardization of systems infrastructure with other school boards.

The findings and observations from the Operational Review process suggest that school boards should aggressively examine service delivery options and models within the broader public sector to better understand what options are working well and identify how different methods may best serve their needs. While most school boards have procured identical HR systems to support similar business processes for managing employee records, attendance and payroll, only a few have explored the potential for sharing systems or related services with other school boards.

Through evaluations and the assessment of their operating models and processes, HR departments might also identify improvement opportunities in using IT systems that could offer efficiencies across many functional areas, including down-stream functional areas such as Finance.

As an example, many school boards have updated their HR/Payroll systems in recent years. However, there still remains an opportunity for HR departments to reduce their volume of manually processed low-value transactions. Many of these transaction types are not fully supported by what has now become the sector standard or "delivered" HRIS system functionality. As a result, school boards report a recent growth in the volume of low-value transactions, driven primarily by the number of "splits" being applied to employee time entries. This gap in HR system automation impacts HR staff, and also has a downstream effect on Finance staff, who in some cases must perform manual corrective journal entries.

Many HR departments maintain that transitioning to a more strategic role within the board is very challenging, until there is a simplification, standardization and automation of transactional processes.

To move from a transaction-processing focus to a strategic focus, HR departments must have a more recognized role in the school board's multi-year strategic and annual operating plans, alongside other academic and business functions of the school board. When they are more integrated with the school boards' strategic and operational planning, HR departments will be better positioned to identify ways to achieve their individual departmental goals and to contribute to the strategic goals of the school board.

Throughout the course of the Operational Reviews, many examples of leading practices within the HR function were identified, along with evidence of continuous improvement across the sector. The section that follows summarizes those findings, along with areas of improvement common in many school boards. The subsequent section provides a closer look at those HR practices which generally produce the most significant improvements across the sector.

4.2. key findings & progress
diverse organizational structures provide services and support to staff

The picture of HR departments that emerged during the Operational Reviews is one of diversity in terms of size, organizational structures, operational maturity, and reporting relationships. Generally, the size of HR departments varies according to the size of the school board. Some small northern boards have HR departments composed of one or two full-time staff, while medium and large school boards have multi-functional HR units with a clear distinction between transactional functions and strategic functions (e.g. organizational development, employee relations) or between functions providing services to different employee groups.

The reporting relationships within the senior administration are also varied, with the leaders of HR departments either reporting directly to the Director of Education or through the Superintendent of Business. In many cases, the line of reporting is determined by whether the department is led by a Superintendent of HR, Director of HR or HR Manager. As part of the effort to improve operational effectiveness and efficiency, many school boards continue to re-examine the organizational structure of their HR departments through internal or external organization and process reviews.

In many school boards, the HR function has traditionally been closely related to the academic areas of school board operations. The majority of senior managers of HR departments have academic experience, gained from serving as school principals or superintendents of education. It is generally accepted that in-depth knowledge of the academic field and the teaching profession are essential for school boards HR leadership roles. The possession of formal, professional HR designations, such as Certified Human Resources Professional (CHRP), is not common among senior HR managers across the sector. At the same time, a greater proportion of non-management staff in HR departments hold or are working towards a professional designation. The Operational Reviews suggest that school boards may benefit from placing a greater emphasis on hiring HR managers and staff who hold or are working towards professional HR designations to complement relevant professional experience. Boards should also consider a candidate's experience in using HRIS systems, as well as an understanding of basic finance and budgeting. This combination of staff credentials and experience would help ensure that HR departments of school boards operate consistently within generally accepted HR knowledge areas, management practices and standards.

Across the sector, most HR processes such as recruitment, hiring and performance appraisal are centrally managed by HR departments. This approach ensures board-wide compliance with relevant policies and procedures. However, it emerged in some reviews that school boards use decentralized hiring processes, where teachers are hired at the school level, with limited direct involvement of HR staff. While these school boards have introduced some controls in the process to ensure consistency, equity and budget accountability, their HR departments should re-examine their role in managing HR-related processes. They could then identify the processes that need to be fully centralized to better monitor policy compliance.

The Operational Reviews found that HR departments are often responsible for the monitoring and communication of HR policies and procedures. Typical policies cover areas such as recruiting, staff allocation, performance appraisals, health and safety and harassment. It was found that while policy orientation is typically provided upon hiring, there is an opportunity to increase policy awareness through periodic, stand-alone education and training sessions, or by incorporating this training into professional development sessions run by other departments. During the reviews, school boards acknowledged that achieving this level of staff engagement requires professional development that is coordinated through a formal planning process.

departmental planning becomes more strategic and formalized

Originally, the Operational Reviews found that HR departments were quite often guided by a mission statement rather than the school board's strategic plan or annual operating plan. HR departmental priorities were established annually, through a monthly calendar of transactional events. This was especially true with smaller boards who felt that they had limited capacity to move beyond maintaining the transactional services of providing general HR/Pay functions to do more long-term planning.

In the early phases of the review and for smaller boards, it was common for review teams to recommend that the school board develop an annual departmental plan aligned with the school board's overall strategic plan and annual operating plan, and incorporate timelines and accountabilities. However, in the later phases of the review, more and more HR departments were developing annual departmental plans linked to the board's strategic objectives and annual plans. In addition, HR staff often report to senior administration on the progress made on annual plans and, in some cases, to the Board on a regular basis.

strategic recruiting and hiring practices vary across the sector

In the context of declining enrolment, many school boards have had limited staff recruitment activity over the past several years. In many cases they have limited the use of recruitment methods to participation in university job fairs. With the significant competition for teaching jobs, school boards are generally able to maintain pools of highly-qualified candidates.

The Operational Reviews also found that a number of school boards (small rural boards in particular) have informal recruitment practices and a general awareness of the availability of local teaching candidates. School boards continue to experience difficulties in recruiting for French language, technology and science teaching positions. To meet the recruitment needs in these specialized areas, school boards must identify current and potential challenges over the long term, and establish appropriate recruitment strategies.

The Operational Reviews also suggest that school boards would benefit from establishing formal, standardized recruitment and hiring plans and strategies which are supported by sound procedures, reviewed periodically, and communicated to principals, managers and supervisors. Policies and processes should be designed to help identify and remove potential discriminatory biases and systemic barriers in staff recruitment, selection, hiring, mentoring, promotion and succession planning. In this regard, school boards can also benefit from a broader diversity in their board staff complement.

The final wave of the Operational Reviews revealed that in some school boards, trustees were directly involved in key HR activities that are considered part of the "day-to-day" management of the school board and therefore not in line with Bill 177, such as hiring panels for any other staff. Directors of Education should review the composition of interview panels and develop formal hiring policies and procedures to clarify the roles of trustees and school board staff. Trustees should provide strategic policies to govern staffing and recruitment, but should not sit on hiring panels, with the exception of the hiring the Director.

expertise and capacity supports positive labour relations

While most school boards have established positive working relationships with the unions, there are instances where maintaining effective labour relations puts additional demands on the limited resources of HR departments. During the collective bargaining process, HR departments, particularly in smaller school boards, may be fully dedicated to negotiations for long periods of time.

With the introduction of the *Student Achievement and School Board Governance Act*, Bill 177, the role of trustees was also discussed with some school boards in relation to the collective bargaining process. In some school boards, trustees participate in negotiations. Trustees, however, should only provide the school board with a policy and priority framework for bargaining, and not directly participate in negotiations. The Board of Trustees should identify a committee or contact (usually the Chair) to provide ongoing direction and support to the Director throughout the negotiation process. The Director seeks a mandate from the Board of Trustees and negotiates the tentative collective agreements. The Director seeks further direction when necessary from the Board of Trustees or designated Board representatives. The Director tables the tentative agreement for ratification by the Board of Trustees. The Board of Trustees reviews the tentative agreements to ensure compliance with the mandate, before ratifying the agreement.

succession planning through leadership development

Despite the overall limited focus on strategic planning, HR departments are beginning to take a longer-term view when it comes to succession planning. In this regard school boards, through their HR departments, are increasing their commitment to leadership development with an aim to increase the quality of internal candidate pools used to fill vacant positions. In addition to leadership development, HR departments have started implementing service standards and a customer-oriented approach to operations. A number of school boards conduct regular staff satisfaction surveys and exit interviews to inform their HR policies, strategies and initiatives. HR departments would also benefit from conducting periodic employee surveys to gauge levels of satisfaction with services provided by the department. Such surveys would provide HR

performance evaluation for all employee groups:
a culture of performance improvement

The Dufferin-Peel Catholic District School Board has recognized the value of employee performance evaluations and implemented formal performance appraisal processes for all employee groups. The school board took a phased approach and developed formal performance appraisal processes for different employee groups gradually over several years. The school board engaged key stakeholders to ensure organization-wide support. Committees involving the employee relations department, the human resources department, superintendents, and union/association representatives were established to guide the development of relevant policies and procedures.

Formal performance evaluation processes are supported by the HR department in tracking evaluations to ensure timely completion. As part of this central role, the HR department also tracks teachers' performance appraisals.

departments with data to measure performance, provide input into professional development and guide future HR policies and procedures.

While succession planning has been widely implemented in the academic positions of most boards, the expansion of these programs to non-academic and administrative functions is just beginning.

integration of HR and payroll data management represents a key challenge across the sector

Most school boards were found to have adopted the series of leading practices related to HR and Payroll Data Management, such as establishing adequate segregation of duties between HR and Payroll functions. However, almost all school boards acknowledged that they are struggling to meet the manual payroll processing demands related to a recent increase in teacher professional development (PD). This payroll adjustment requires an increased number of pay splits and financial account reallocation to support mandatory reporting. Many school boards are revisiting Human Resource Information System (HRIS) capabilities to determine whether customizations or enhancements can be made to better synchronize HRIS, payroll and financial accounting data, automate payroll changes and better leverage and utilize HR staff capacity. Few school boards have formally examined the potential for HRIS software and system infrastructure to be shared at a provincial, association, regional or consortium level, where it could deliver even greater savings and efficiencies. This would be especially beneficial to those smaller school boards where HR functions are struggling to find the capacity required to focus on more strategic initiatives.

performance management across all staff groups

An effective employee performance management system contains processes and tools to help align the activities of all employee groups with the organization's vision and strategic direction. A school board's employee performance management process should be guided by requirements set out in the *Education Act*, and by formal Board policies that distinguish among all employee groups (i.e. academic, non-academic, administrative and support staff). In rare circumstances, performance management also provides a fair and transparent basis upon which progressive disciplinary measures can be applied. In either case, performance management is a critical element in the support for succession planning and talent and leadership development across the school board system.

The Operational Reviews found that school boards were following the Teacher Performance Appraisal System (TPA) for both long-standing teaching staff and those who were part of the New Teacher Induction Program (NTIP). There were a few instances where school boards had extended this performance

management process to non-academic staff. This area of opportunity was identified based on the findings of 2008-09 Operational Reviews and was subsequently reflected in the 2008-09 Summary Report of Operational Reviews. It continues to be an improvement opportunity for the sector.

Ontario school boards are encouraged to refine and expand their existing academic staff performance processes and tools to include all key non-academic positions, to ensure consistent performance, continuous improvement, and effective options for staff succession. Performance management tools should include the definition of roles and responsibilities, principles covering the evaluation process, detailed descriptions of the evaluation process (including frequency of evaluation) and supporting templates.

staff allocation – reaching the balance between system goals and annual budgets

The annual staff allocation process is a key function of many HR departments in which they collaborate closely with other departments of the school board, including finance, planning and academic departments. Each year, the staff allocation process involves a significant effort to balance the school board's financial resources with staffing needs that support strategic and operational priorities.

shared accountability – the role of HR and finance in staff allocation

In some school boards, the HR department leads the staff allocation process, In others, HR provides input into the staff allocation process, or may be responsible for the actual assignment of existing staff or hiring of new employees. Generally, the role of finance departments is to ensure that the staff allocation model is established in line with funding. The HR department oversees the compliance of the staffing model with various mandated parameters, including provisions of collective agreements and Ministry requirements such as primary class size.

The role of HR departments in the staff allocation process is closely linked with the hiring function. HR departments need to ensure that any hiring within the school board is consistent with the established allocation model. To this end, many school boards have implemented formal controls in their processes.

There is a shared accountability of HR and finance departments to monitor staff allocation, and periodically report to senior management and the Board of Trustees on staff allocation and in-year variances between the original allocation and actual staff numbers. The interim financial reporting guidelines developed by the Interim Financial Reporting Committee in 2009 recommend that management provide such formal reporting as part of periodic financial reports. School boards should consider adopting the recommended approach to report on staffing to ensure transparency and accountability in the staff allocation process.

staff allocation models need to be standardized and formalized

The Operational Reviews also found that school boards generally use standard practices within the annual staff allocation process. However, not all school boards have established and communicated formal guidelines, procedures or protocols for staff allocation. Since staff allocation is a complex process involving many stakeholders, school boards would benefit from documenting the staff allocation process (including timelines, roles and responsibilities, and key parameters of the allocation model) for various staff groups. The formal guidelines, procedures or protocols should be reviewed annually and communicated to school board staff, in particular those who are directly involved in the staff allocation process. This would allow the school board to maintain the transparency of the staff allocation process, and help build understanding of the process among new managers and principals into the system.

4.3. key improvement opportunities

This section of the report provides proven approaches for implementing solutions in the key areas of attendance support and benefit carrier audit. The identification of these areas has led to focused initiatives (supported by the Ministry) to assist school boards in closing gaps. This section of the report references those specific programs, reports and tools which have been made available to school boards.

increased focus on attendance support processes/programs contain costs of absenteeism and promote staff well-being

In addition to promoting the well-being of staff, attendance support programs are intended to increase management capacity, reduce unnecessary costs related to absenteeism, and support student achievement with a healthy work culture and consistent staff attendance.

The need for improvement in attendance support processes and programs across the sector was one of the early findings from the Operational Reviews, and was highlighted in both sector reports. An effective attendance support system combines up-to-date policies and procedures, information systems to record and analyze trends, and dedicated resources to develop and implement strategies to improve staff attendance. These elements, combined with employee wellness programs and return-to-work initiatives, reinforce each other to develop a comprehensive attendance support program.

initial operational review findings

A significant variation in the level of commitment to attendance support (and the range of dedicated resources and support systems) across school boards was observed early on in the review process. The team found that some school boards had already recognized the need for a planned and coordinated

improving employee attendance: consistency is key

Using the findings and recommendations of the OASBO Report on Attendance Support in Ontario School Boards as a guideline, Durham District School Board hired a dedicated specialist to help design, implement and manage their Attendance Support Program. The result after the first year was an increase in staff attendance due to the support of the specialist and improvements in coding staff absences across employee groups.

The school board reported that training for managers was a critical element in ensuring a consistent approach to support employees. Once the program was in place, the school board continued to work closely with unions in order to incorporate feedback necessary for refining and improving the program for the following year.

approach to staff attendance, while others were doing little other than capturing staff attendance data. In some cases, this data was not available for analysis by the HR function until well after the initial absence, limiting HR's opportunity to adequately support employees.

Many school boards had implemented policies and procedures to manage staff attendance, but only a limited number had started to develop comprehensive attendance support programs. School boards that were beginning this journey acknowledged that improving staff attendance is a long-term process requiring dedicated focus to support what is, in many cases, a cultural change.

While examining leading practices in attendance support, the Operational Review team found instances of a lack of clarity of roles between HR departments and managers / principals. For example, once an absence or a trend of absenteeism was identified, neither the escalation protocols nor the respective roles of each group were clear.

A common challenge was the timely and accurate capture of absence data. Some school boards had already made investments in technology to track absenteeism on a real-time basis, and established centralized processes to provide proactive supports to front-line principals. Other school boards were still using manual processes to track attendance, resulting in significant delays in reporting. Some school boards that were tracking absenteeism on a real-time basis did not report to the Board on the results on a periodic basis. Another common issue was accuracy of reporting, because some school boards had difficulty in accurately coding absences (e.g. sickness versus professional development) which hindered accurate interpretation of results.

Other common practices identified included:
• Use professional third party consultants to perform analysis and provide recommendations for improvement
• Internal analysis of Return to Work Programs and Wellness Programs with a focus on identifying barriers to attendance and employee well-being
• Standardization of forms related to doctor notes and assessments
• Leveraging community-based employee support services.

supports provided to the sector
sector report on attendance support
During the first year of the Operational Reviews, the Ministry of Education funded an Effectiveness & Efficiency (E&E) Committee of COSBO (the Council of School Business Officials) to undertake a third party review of leading practices in managing attendance. The scope of this review required the assessment of existing attendance support systems and policies and their impact on absenteeism in Ontario school boards. The review included the research, analysis and development

of recommendations and options as they pertain to effective practices. The purpose of the review was to provide leading practices that would help:
• Increase management capacity
• Reduce unnecessary costs related to absenteeism
• Support student achievement through the development of a healthy work culture and consistent staff attendance.

The timing of this initiative was aligned with the annual findings and recommendations arising from the first wave of Operational Reviews, which highlighted attendance support as an area of opportunity. The result of the review was the *Report on Leading Practices in Attendance Support for Ontario School Boards*. The report can be found in English and French on the Ministry of Education School Business Support Branch website: **https://sbsb.edu.gov.on.ca/COSBO/EEProjects.aspx**

a framework for attendance support
An important aspect of this project was the development of a set of tools that could be used across the sector to assess and develop further attendance support capabilities. Based on a sample of 12 school boards, other external organizations and leading practices from other sectors, the Attendance Support Framework defined leading practices across all required elements for a robust Attendance Support program.
The framework was based on a three phase life-cycle of Attendance Support:
• Planning
• Monitoring
• Evaluating

Leading practices were identified in five key process areas that span the three phases. The five process areas are:
• Policy
• Roles & responsibilities
• Culture & environment
• Wellness & benefits
• Data analysis & reporting

The following diagram illustrates the five process areas that span the three phases of the Attendance Support Framework.
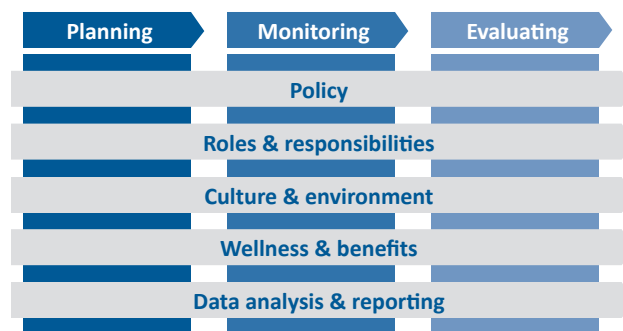
A model was developed to demonstrate the continuum of leading practices across all elements of the framework. Going forward, other school boards can use this model as a benchmark and develop a targeted plan to build their capacity.

important features of an effective attendance support program

school board self-assessment & program development
The development of attendance support programs should begin with a detailed trend analysis of data on absenteeism, benefits claims (including WSIB and Return-to-Work) and wellness programs across all staff groups. The next step is to establish a strategic plan that details all relevant issues. This establishes the framework for the development, implementation and monitoring of an attendance support policy and program. The timelines for implementing the first steps of attendance support programs must realistically take into account both the history and the current relationship between management and the various employee groups, as well as collective agreements.

implementation planning
The next step is to identify various initiatives aimed at reducing absenteeism.

It should provide management with a consistent and structured approach to improve attendance, by engaging in positive enforcement to employees and adopting standardized policies and practices across all employee groups. School boards should establish appropriate performance measures and expected outcomes in attendance support plans that can be monitored and reported on periodically.

communication, communication, communication
A communication plan is an essential element of any program, to ensure that all staff are fully informed of the processes and communication protocols. A significant part of the planning process in implementing attendance support programs is the early engagement of the school board's various employee groups that will be affected by the program(s). Without their "buy in", such plans have little chance of success.

front line supervisor support is critical
It is also important that HR provides managers/principals with the tools to support attendance more effectively and consistently. This includes timely attendance reporting and trend analysis, as well as support and guidance on escalation protocols. Similarly, it is important that managers/principals provide HR with feedback on the effectiveness of attendance support strategies, to promote learning and continuous improvement.

dedicated resources with visibility on related programs
Employee attendance covers a continuum of inter-related subjects including sick days, staff benefits, workplace injuries and wellness and return-to-work programs. Dedicated resources can be critical for the success in the development and

implementation of attendance support programs. In most cases, school boards reported that the cost of the attendance support program was offset by the resulting savings.

ensuring carrier compliance with benefit plans to help control costs

containing costs through independent audits
Ontario's school boards have increasingly looked for ways to manage and, where possible, lower the cost of employee health benefit plans. Under most insurance arrangements, school boards either self-insure benefit plans (self-insurance arrangement) or contract an insurance provider to assume the risk of insurance and underwrite the plan completely (full or premium insurance arrangement). In both cases, the key issue for school boards is how to ensure that they are only paying for claims within the terms and conditions of the benefits agreement.

benefit funding models vary across the sector
The pricing of the insurance premium is usually determined either through usage or fixed on a per FTE basis. In the case of usage arrangements, the insurer typically reviews claims data regularly (monthly or quarterly) to reflect the cost of the plan. In the case of fixed fee arrangements, the cost is determined more infrequently (annually, or at the beginning of a collective bargaining cycle).

The majority of Ontario school boards have a self-insured benefits plan. Funds are set aside using historical employee claims data and actuarial assumptions, so that the amount set aside (the insurance premium equivalent) is enough to cover the uncertain future loss. School boards with self-insured arrangements commonly choose to outsource the administration of the plan to a third-party administrator or "TPA" (commonly known as "Administrative Services Only" or "ASO"). Under this arrangement, the TPA typically covers administrative services such as member enrolment, profile changes, terminations, etc.

A small number of school boards with self-insured plans have negotiated the transfer of health benefit plan administration to employee union groups. In these situations, the board negotiates a fixed premium on a per FTE basis, and transfers funds (known as the premium equivalent) directly to the union to pay for the benefit plan.

setting aside the proper amount for future claims presents a risk
There is little opportunity for school boards to achieve efficiencies related to statutory benefits or pension contributions. Extended health, life insurance, disability plans and other benefits often address both active and non-active employees. School boards should consider the estimated future liability of their benefit plans. Actuarial estimates project the new obligations earned in the year and cash payments toward current and past obligations. These estimates change over time

auditing benefit plans:
a prudent practice

Upper Grand District School Board recognizes that with multiple collective agreements and complex benefit plans for many staff groups, it is prudent to periodically audit the existing benefit plans. The school board conducts an annual compliance audit to ensure that the contracts with the carrier reflect any changes in benefits coverage.

During each audit, the school board verifies the accuracy of claims and keeps track of the historical results. The value of the audits is enhanced as the school board is able to use the historical data for analysis, enabling staff to identify trends and to flag any anomalies. The results are brought to the Board of Trustees during the budget development process and also when collective agreements are ratified. The school board has found that the annual audits consistently provide assurance that there are sufficient controls in the claims process. More importantly, the school board is able to obtain valuable insight into the actual usage patterns of the plans based on historical data.

based on cost assumptions and demographics. Over the past several years, most actuarial estimates for the change in liability have been underestimated, representing a significant unfunded liability for many school boards.

In terms of meeting current benefit commitments, a key area of risk for school boards is the lack of access to historical claims data to ensure that the board can properly assess the amount of funds required to set aside for future payments. There is also the related risk of school boards not being able to process claims accurately, resulting in overpayment of claims, or payment for claims not covered by the plan, or paid for members who are no longer eligible for such coverage. Given this and the many factors contributing to escalating employee health plan costs today, it is now more important than ever to assure benefit compliance. School boards with self-insured plans need the assurance that plan administrators are consistently paying medical claims accurately and appropriately.

potential savings and common findings
The number of school boards that had conducted (or had concrete plans to undertake) independent compliance audits increased as the Operational Reviews progressed.

Of the few school boards that had conducted compliance audits before the Operational Reviews, all reported that the audits provided useful information for management on their plans. It was noted that it is possible to identify savings of 1 to 5 per cent through these audits, primarily through minimizing non-compliant claims payments.

Compliance audits revealed some common findings:
- Duplicate payments being issued or duplicate charges being paid, due to incorrect coding, keying incorrect service dates, paying charges under the incorrect patients, and paying the incorrect provider
- Paying charges for services that are not covered
- Lack of a coordination of benefits or incorrectly coordinating benefits with the primary carrier
- Incorrectly overriding eligibility
- Not applying per diem stop-loss benefits
- Releasing payment for surgery charges before case management negotiated a discount
- Using incorrect per diem rates
- Paying for unbundled surgery or maternity charges
- Setting-up benefits incorrectly on the system, for items such as co-insurance percentages, benefit maximums, deductibles, and nervous, mental or emotional breakdown, substance abuse, and chiropractic limits.

other advantages of compliance audits

Some school boards also reported there are other non-monetary values in conducting benefits compliance audits. In one case, the school board discovered that employees were consistently making claims under the allowable benefit limit. This led the school board to better communicate the details of the benefit plan to employees and resulted in improved understanding of the plan. Other school boards indicated that employees perceive benefit compliance audits positively, and attribute a certain level of goodwill to management on this basis.

benefits in conducting audits for employee-administrated plans

There are a small number of boards that have "locked-in" their benefit payments through collective bargaining, paying only a fixed, per-FTE benefit cost to the employee group. In such arrangements, management may not have the ability to conduct compliance audits, if the collective bargaining agreement does not include the appropriate language to allow for audits.

In these cases, which are uncommon across the province, school boards are advised to ensure that management performs appropriate due diligence in claims costs before determining a new fixed per-FTE expense, and provides consideration to the introduction of compliance audits process.

important features of an independent benefits compliance audit

The Operational Reviews concluded that there is an opportunity for school boards to conduct periodic, independent audits of claims data by a third-party other than the TPA, the board itself, or in the case of full insurance arrangements, the insurance company. It was also highlighted in the previous Operational Review sector summary reports that school boards should conduct independent compliance audits to ensure adherence to the benefit plans' terms and conditions.

The primary objectives of conducting a health plan compliance audit should include:
- Reduction of the cost of employee health plan expenses, identifying overpayments, claims errors, other-party liability and medical management issues, and discovering opportunities for improvement based on benchmarking against industry best practices.
- Assurance of the accountability of TPAs and other benefit plan administrators according to the ASO agreement.

scope of a benefits compliance audit

The scope of the compliance audit should cover the plan set-up on the ASOs systems, eligibility procedures, and individual claims reimbursement amounts on selected claims, chosen on a random basis. The number of claims to be audited should depend on the number of benefit plan members, and should typically range between three to six percent of all claims.

Depending on the specific arrangements, some school boards have chosen to include other services in the compliance audit, such as identifying control weaknesses and their costs, suggesting process enhancements, benchmarking against other sectors/boards, and assisting in recovering overpayments.

As school boards continue to seek ways to reduce HR operating costs, it is expected that the trend to self-insured plans managed by TPAs will continue. It is therefore important for the sector to conduct benefit compliance audits on a more regular and frequent basis, to ensure that benefit management costs stay low and reasonable.
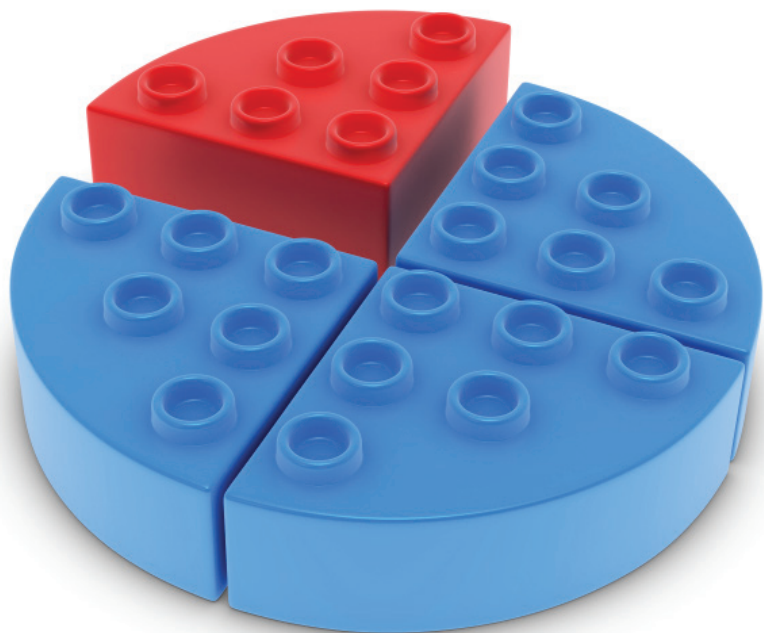
5

financial
management:
focusing on the stewardship of resources

5.1. strengthening the finance function

In a climate of system reform, declining enrolment, and recent economic uncertainty, the responsibility of school boards to do more with less has intensified the spotlight on their financial management. School boards are now operating in a business environment with increased scrutiny on all finance-related functions and the expectation that they are maximizing value for money.

While the sector transforms academic programs and learning environments, school board finance departments must keep pace by ensuring the effective use of funds. In order for an entire school board's system to reach its full potential, finance must be allowed to assume a more strategic role. This means aligning the annual budget priorities with student achievement, while producing a balanced budget plan in an environment of competing priorities from various departments. It also means building the department staff skill set and the capacity necessary for refining business processes. In addition, controls must be designed and put in place to ensure strong stewardship of board resources, through practices such as risk management and functions such as procurement.

Despite this need for transformation of the role of finance, school boards were generally found to be well-managed and adequately supported by their finance functions. In this regard, many examples of leading practices within financial management were identified, along with evidence of continuous improvement across the sector. The section that follows summarizes those findings along with challenges commonly faced by many school board finance departments. The subsequent section provides a more focused look at the finance practices which generally require the most significant improvement across the sector, and will ultimately provide the greatest benefit.

5.2. key findings & progress

finance departments take a more introspective view on annual planning

Annual departmental planning is an essential part of school board system-wide planning, since it offers "bottom-up" input that can be aligned to support the "top-down" direction from the long-term strategic plan. Although the Operational Reviews found that finance departments (in most cases through the budget development process) were actively involved in supporting other departments in their annual planning, the level of detail and formality in finance department planning varied greatly.

At the start of the Operational Review process, annual departmental plans in finance were a relatively new concept for school boards. This is due to the fact that school boards had not developed formal annual Finance Departmental plans that identified specific, measurable, realistic, and timely goals. In cases where key initiatives were identified, they were often without any associated timelines, accountabilities, outcomes or targets clearly linked to long-term strategic goals.

By the completion of waves II and III, some improvement in this area was noted across the sector. However, less than half the finance departments reviewed had developed a formal annual departmental plan that would adequately satisfy the leading practice as defined. In these waves, the reviews found that the majority of finance department planning was focused on meeting budgeting and reporting cycles. New departmental initiatives were being driven primarily by Ministry directives such as aligning school board procurement policies and procedures with the Ministry of Finance's Supply Chain Guideline, or evaluating the financial impact of investments in capital projects through the Ministry's Capital Liquidity Template.

By contrast, the sector demonstrated the most significant improvement in annual planning during waves IV and V. Through the course of these reviews, finance departments appeared to be taking a more introspective view of finance, and a more formal approach to planning. The result was finance department plans that used specific, measurable, realistic, and timely goals, each of which were clearly linked to the board's strategic objectives. These plans now included departmental goals aimed at driving efficiencies in finance and across the entire organization. They used process improvement or system automation to support a variety of functions from school-generated funds to community use of schools.

To take annual planning to the next level, there is an opportunity for improvement for finance departments (and the school board as a whole) to formalize and standardize the method by which initiatives are prioritized and, by extension, how the budget is allocated. In a few boards, the review team identified a formal scoring system. It was based on a number of elements, including the degree of alignment of the proposed initiative with the goals identified in the board's strategic plan, direct links to student achievement, and benefits related to health and safety. These scoring systems streamlined the prioritization process, making it more consistent and transparent.

factors affecting organizational structure and accountability in finance

The Operational Review team found that while not all school boards had posted finance department organizational charts on their websites, almost all did post organizational charts on their internal site. School boards also had clearly documented and delineated roles and responsibilities for finance department staff. In addition, senior staff held appropriate finance designations, while other staff had experience commensurate with their assigned role.

Overall, the major factors affecting the organizational structure of finance departments include of the size of the board, the number of managers required to direct and oversee the work of staff, and the number of staff required to process the volume of transactions. Furthermore, the number of programs with significant revenue and financial reporting requirements, such as non-credit Continuing Education, also influenced the size and structure of the finance department. Additionally, the need for construction either through facility improvements, school consolidation, or new construction, typically required additional capital finance staff resources. The smallest number of finance staff were usually found at small school boards with low transaction volumes, little or no construction activity, and few non-credit Continuing Education or other non-grant programs.

In many school boards, there are certain finance-related skill sets that reside outside of the finance department. For example, the function of capital planning, which involves financial planning and reporting for capital projects, often resides completely outside the finance department. Similarly, apart from International Language (elementary), literacy and numeracy grade 7 to 12, and adult Native Languages, Continuing Education non-credit programs with significant revenue streams are often set up independently from the core finance department, with separate staff responsible for financial planning and reporting (e.g. the Literacy and Basic Skills and non-credit ESL/FSL and LINC). In such cases, the level of financial knowledge and expertise is sometimes found to be inconsistent with that of the core finance department. During the reviews, most boards were in the process of closing this gap through mandatory professional development sessions for all finance functions, including those staff who were fulfilling a finance function within other departments.

In some cases, the IT function was part of the finance department. The reporting structure for IT, whether it be to finance or an academic function, or in some cases Facilities, was usually dependent upon the level of IT experience at the superintendent level. There is currently no standard or industry leading practice to suggest the most effective IT reporting structure. Some Finance departments whose IT staff reported to a function other than Finance felt that their system support needs were not consistently or adequately addressed. In some cases where the school board had acknowledged

this gap, measures were being put in place to develop a closer and more formal relationship between IT and Finance. This was happening either through the dedication of an IT support resource assigned as primary support and tasked with developing a better understanding of Finance processes and needs. Alternatively, some boards altered the reporting relationship to have IT report to Finance.

Most boards that reported that they were seeking to improve Finance department efficiency, improve service delivery, or strengthen oversight also recognized the need for a close examination of long-standing finance organizational structures. In some cases, senior school board staff who reviewed their finance organizational structure acknowledged that the growing complexity of finance functions (and the software knowledge required for efficient financial management and reporting) had significantly expanded beyond the skill sets of some finance staff.

School boards noted that this skill set gap limited productivity in finance and also reduced opportunities for restructuring and transformation within the department. In cases where significant skill set limitations or skill redundancy were thought to be the root cause of stagnation, most school boards used attrition to eventually re-design and re-staff these positions. This approach is favoured by school boards where the level of retraining is not feasible, and where management wishes to avoid disrupting the finance department. This attrition approach is also favoured by school boards reluctant to engage with unions in reclassifying positions, or replacing existing staff with those who have more appropriate skills. In those finance departments that had not implemented any type of employee development or performance management framework, there was no relevant information available to measure employee effectiveness. In this case, the potential for the department to replace staff through means other than attrition was even less likely.

Similarly, in finance departments which had delegated transactional tasks to clerk-level staff to allow management to focus on strategic tasks, staff availability and their skill sets played a critical role. Where clerk-level staff were already fully utilized in processing manual transactions, a full examination (and implementation) of process automation was required before management could consider delegating additional transactional tasks.

The Operational Reviews found that, in almost all cases, there was adequate accountability and segregation of duties within finance, and between HR and Payroll functions. This was further supported by the Finance IT system access profiles that confined users to view, edit, approve or process only those transactions in their job description or role. In many cases, the segregation of duties within the finance department was included as part of the external audit, and incorporated in the letter to management. In some very small school boards with a limited number of staff, the Senior Business Official (SBO) provided final oversight and approval as a compensating control.

monitoring and communication of finance policies

All school boards had taken significant measures to communicate and manage system-wide finance policy and procedure compliance. All school boards were found to effectively communicate new or revised finance policies and procedures for things like petty cash, banking requirements, purchasing and tendering, and the disposition of surplus equipment. The primary communication channels were through e-mail or postings on the school boards' intranets.

Compliance is typically monitored by the finance department, and depending on the type of transaction, in part by managers and supervisors from other departments. This is done through various means, such as auditing the use of school-generated funds, reviewing and approving purchase orders, and expense claims review and approval.

Although the related policies and procedures are in place and compliance is monitored by finance, the protection of funds remains a board-wide responsibility. Supporting this notion, most school boards have been proactive in strengthening policy compliance through mandatory training for new staff and staff showing gaps in compliance. Policy and procedure compliance gaps and subsequent training needs are typically assessed on an ongoing basis. Professional development agendas for various departments or school-based administrative staff can then incorporate training for new staff or "refresher" training for existing staff. Most finance departments provided an opportunity to review policies and procedures through annual training sessions with staff. Those that required training were typically staff who were involved in the procurement process, budget management and the management of school-based funds, namely secretaries or other administrative support staff.

Some school boards supported training opportunities with a more in-depth review, similar to an internal audit function. Dedicated finance staff conduct a cycle of on-site "desk audits" at the school level to ensure processes are being followed and are in line with school board policy and procedure. The finance team then provides feedback on effective practices and ongoing support tailored to the individual needs of school secretaries and administrative staff. These school boards also conducted mandatory budget management workshops for principals and vice-principals at the school board office (for more information on school-generated funds see the section of this report: "Finance support in the management of school-generated funds pays off").

budget development:
a transparent and collaborative process

Thames Valley District School Board has implemented a budget process that is transparent and involves all key stakeholders. The school board's dedicated budget website provides timely information on the budget development process, and serves as a channel for public input. The Board has established the Budget Advisory Committee that makes recommendations to the Board on budget assumptions for each fiscal year, and assists in the development of the annual budget.

The Committee also participates in the development and implementation of a communications plan to provide budget information to the community and receive input from parents, students, staff and other stakeholders on key budget issues. To ensure public support of the proposed budget, the school board conducts budget input meetings in early June when the preliminary budget is posted on the school board's website.

finance departments establish standardized and formalized annual budget development processes

For almost all school boards, the annual budget development process accounted for all sources of revenues and expenses, and was found to be transparent and inclusive of stakeholders. For example, Finance staff collect revenue and expense data from various departments, develop forecasts, and are usually responsible for developing a schedule to help budget holders meet specific budget deadlines.

Across all school boards, budgets are driven primarily by forecasting enrolment, salary and benefits costs, utilities costs, and student achievement needs. School boards also reported that Ministry grants played a significant role in shaping the annual budget, and required Finance staff to reconcile how the grants were used to support the immediate or long–term strategic objectives and annual goals of the school board. Some school boards reported that significant work was required from Finance to tailor the wording or elements of programs or goals to satisfy the conditions and terms and conditions of the grant.

Despite having a high-level schedule for budget development deadlines, some finance departments had room to improve their documentation of the budget development process, as well as roles and responsibilities. In many cases, this information existed, but was either outdated, or spread out among various board documents. In some cases, it was not documented.

Many school boards have an established budget development schedule that provides stakeholders with a common understanding of the budget development process. However, some finance departments had a further refined documented process that outlined the roles and responsibilities of those involved. In school boards that did not have this enhanced process documented, the information was often available, but was either outdated or spread out among various board documents.

In a few school boards, principals and department staff seeking budget funds to implement new initiatives or improvements were required to complete a standard business case and submit it to senior administration for review, prioritization and approval. Finance departments that have adopted this method for addressing "net" new budget pressures confirm that this process offers several advantages. It has created proposals for more initiatives that are directly connected to the school board's strategic goals, reduced the number of low-value initiatives and, as a result, has streamlined the budget prioritization process.

With a sound budget development process in place, many of the school boards reported that trustees were in a position to formally approve budgets with little debate. This was partly done through the Board's committees, where trustees could

get involved in the budget development process through the finance and budget committees. Moreover, this was found to be a direct result of the finance department proactively leading significant planning and consultation efforts. Through this process and others, the department engaged senior administration, budget committees and other groups of stakeholders to facilitate the resolution of issues and priorities well in advance of the final presentation to the Board of Trustees for formal approval. Some boards reported, however, that it is sometimes challenging to get the broader, general public to attend budget meetings.

An emerging opportunity for the sector in developing their annual budget is ensuring that annual planning is appropriately synchronized. In some cases, the Operational Reviews found that school boards were conducting annual planning sessions (either system-wide or within respective departments) well after the annual budget had been approved in June. The ideal circumstance would be that school boards would initiate planning for the next school year just as the new calendar year begins. This will ensure that all plans and objectives can be addressed through the budgeting process, and that estimates preparation is done in the spring.

Appendix C of this report includes a description of leading practices related to budget planning and development.

most back-office functions are standardized across the sector – but where are the shared services?

Most school boards have moved to a web-based financial management system that can be integrated with Human Resource Information Systems (HRIS) and, where applicable, payroll. While the minimum integrated finance system functionality includes General Ledger, Accounts Payables and Procurement, some school boards are now beginning to implement Capital Asset Management modules, to meet recent Ministry reporting requirements. Travel and Expense modules are also now being considered, to support growth across the sector in staff professional development and subsequent travel to workshops, conferences and work-related events.

All school boards have moved to the Public Sector Accounting Board (PSAB) standard. Many have implemented commitment accounting functionality to encumber budgets the moment a purchase order is approved. This has improved understanding of the budget position, especially as the fiscal year draws to an end.

Financial systems generally provided essential reporting capability through "delivered" functionality, or as a result of system configuration during and after implementation. However, the Operational Reviews found that in many cases, additional reports for day-to-day management were being developed by finance staff through system downloads and data manipulation. This work was done outside of the system, in generic spreadsheet programs.

For most school boards, this was not necessarily a limitation of the financial management system. Rather, it was a response to system support constraints and the need to modify or develop new reports.

Despite the current technical challenges related to financial reporting, the sector has managed to self-standardize on two or three financial management software options. Working groups to support these implementations have been established through the Educational Computing Network of Ontario (ECNO). An Ontario-based non-profit information technology cooperative, ECNO promotes best practices and provides cost-effective IT solutions to its members through group buying arrangements.

However, despite the fact that most school boards have identical systems, software, and reporting needs, and similar business processes, there are no shared services for financial management models in place, other than what most of the French-language school boards have implemented.

The French-language school boards have developed a systems and software joint arrangement for the purchase, use, and integration of their integrated financial system (SAP). Almost all the French-language school boards (11 out of 12) use SAP to record, track and report financial data. It is supported by the SAP Centre of Excellence in Ottawa. These school boards have now incorporated many of their individual schools into a central SAP Financial system. In the past, school-generated funds and cash management was managed at the school level on different systems, offering limited visibility to the central Finance department.

Although a shared services model presents a significant long-term opportunity for the sector and the taxpayers of Ontario (as emphasized in the Report on Declining Enrolment) some otherwise interested boards cite technical challenges. This is predominantly due to the lack of wide area network infrastructure and bandwidth that would support a shared services model and the funding required closing the gap. These gaps were identified in the OASBO Ontario School Boards K-12 Educational Network Connectivity Study and Costing / Technical Analysis.

Despite this general hesitancy across the sector, a few school boards have managed to develop elements of IT infrastructure that can be shared among coterminous boards, delivering efficiencies and savings to all parties. These school boards believe that they are on their way to achieving a balanced collaborative model that is cost efficient and preserves individual board cultures, values, independence, business processes, and staff.

interim and annual financial reporting

Throughout waves I, II and III, the Operational Reviews continued to identify significant inconsistency in school board interim financial reporting. Issues were primarily related to insufficient cycles of reporting, or limited reporting to the Board of Trustees or finance-related committees. The level of detail varied significantly from board to board, and there was a lack of adequate written commentary to explain any significant budget to actual variances.

Following the Operational Review team's identification of these issues, the Operational Review Advisory Committee recommended that the Council of Senior Business Officials (COSBO) and the Council of Directors of Education (CODE) establish a workgroup to examine the content and form of interim financial reports across the sector.

The Interim Financial Reporting Committee (IFRC) immediately initiated a sector-wide consultation process, identified issues and leading practices, and developed key recommendations and templates for school board finance departments. The committee comprised broad representation from across the sector, as well as Ministry staff from the School Business Support Branch and the Financial Analysis and Accountability Branch.

The IFRC's report recommendations and templates are available on the School Business Support Branch website at:
https://sbsb.edu.gov.on.ca

Since the release of the IFRC report in September 2009, the Operational Review team found that there was improvement, with greater consistency in the level of detail and commentary in interim financial reports presented to the Board of Trustees. However, separate from the direction provided by the IFRC, many interim financial reports were still missing approval procedures and formal sign-off from senior management to ensure their integrity. In some cases, the interim financial reports did not reflect year-to-date variances, as is required.

ministry introduces regional-based internal audit model for school boards

The Operational Reviews addressed two aspects of a school board's audit function: internal audit and the audit committee.

Until November 2009, when the Ministry announced the roll-out of a regional-based internal audit services model for school boards, only a few school boards had an internal audit function. On average, these school boards reported that the function consisted of one full-time equivalent (FTE) staff resource. For these school boards, a key area of opportunity was maintaining the independent nature of the internal audit function. Throughout the Operational Reviews, school boards were encouraged to have the audit function report to the Board of Trustees through a standing audit committee, as opposed to having a direct line of reporting to the SBO.

School boards with internal audit functions in place at the time of the reviews reported that having this function was cost beneficial, especially in cases where the staff member had a skill set that extended beyond the evaluation of financial controls. In some cases, internal audit staff conducted business process analysis and redesign, provided added benefit to the school board by increasing capacity through process efficiencies, and strengthened policy and procedure compliance.

In the first Operational Review sector summary report in 2007-08, most school boards did not have an internal audit function in place to review and provide advice and recommendations on financial matters and risk management activities. The report further identified that most school boards did not have an audit committee in place to provide clear oversight for the policies and administrative/financial controls of the school board. To address these challenges, the Ministry announced funding (as part of the 2009-10 GSN) to establish audit committees and internal audit functions. Since the initial announcement of this funding, the Ministry has developed a number of audit function supports, including:

• Audit Committee Regulation
• Audit Committee Training
• Audit function support website
• Governance & Audit Support Team

The Audit Committee Regulation, effective as of September 23, 2010, sets out key elements such as the process for the appointment of members, external member participation, reporting requirements, the duties and powers of the committee, and term of appointment for members. The external training program was offered to all members of audit committees, Directors of Education, Senior Business Officials, and other interested staff from school boards. The two-day training program was designed to help audit committee members understand their roles and responsibilities. In addition, the Ministry's Financial Analysis and Accountability Branch provided school boards with pertinent information relating to the audit committee and internal audit initiatives, as well as tools and templates.

Finally, the Ministry worked with school boards across the system to develop Regional Internal Audit Teams (RIATs). In this model, eight host school boards were selected to administer the internal audit function for each of their respective regions. The host board SBOs have been instrumental in ensuring the success of this initiative.

The administration's role includes the recruitment of school board employed regional internal audit managers and their team members and the ongoing evaluation of the teams. RIATs are then responsible for carrying out a board-by-board risk assessment, using a provincially developed tool. This process establishes the priority areas for internal audit activities in each of the 72 district school boards. The risk assessment as well as the annual and multi-year internal audit plan is then reviewed by the Audit Committee and school boards work with RIATs, to coordinate internal audit activities at their boards.

In wave IV and the beginning of wave V, school boards were encouraged to continue familiarizing themselves with the new Audit Committee Regulation, and to complete the requested risk assessment tool to establish priority areas for internal audit activities.

formal management and reporting is still required, regardless of cash or investment levels

Throughout all waves of the Operational Reviews, many school boards were maintaining larger cash balances in general interest bearing accounts than in previous years. This was a deliberate strategy for avoiding investment in most short-term low risk investment vehicles such as Guaranteed Investment Certificates (GICs). At the time, the flexibility and the favourable interest rates negotiated by school boards for their savings accounts far outweighed the effort required to manage other types of investments with equal or lesser rates of return.

Although the reason for managing school board cash in this way was commonly understood among most finance staff at all school boards, most school boards did not have an investment policy in place. *The Education Act* (Ontario Regulation 41/10, s. 13) requires school boards to not invest in a security unless they have adopted a statement of the school board's investment policies and goals. At the time of the review, almost all school boards that did not have any investment beyond an interest bearing savings account did not fully explain their rationale for risk avoidance, and why they were not investing to their Senior Administration or the Board of Trustees either through the Director of Education or Finance Committee. In such cases where there was no investment activity reported during the reviews, school boards were encouraged to develop an investment policy. This would outline the circumstances under which the school board would invest, and if the school board chose not to invest, it would report the reasons for not investing to the Board of Trustees.

finance support in the management of school-generated funds pays off

In an effort to maximize accountability, school board finance departments have intensified their efforts to ensure adequate controls to safeguard school-generated funds. These funds typically include student activity fees or funds raised for charitable organizations or for special events. The Operational

Reviews found that many school boards had implemented both policies and procedures to support the effective management and reporting of school-generated funds. Almost all of those school boards have adopted the OASBO Finance Committee's Guidelines for School Generated Funds (in whole or in part) as the basis for refining their existing policies and procedures, and in some cases for training staff at the school level.

Some school boards conducted school-based reviews or audits to ensure that effective processes were in place to safeguard school-generated funds. Whether these audits were being conducted by an external or an internal audit function, the finance department contributed to the development of the audit plan to review a select number of schools and their fund management practices. In most school boards, secondary schools were seen to present the greatest material financial risk to the school board, and required closer oversight.

A small number of school boards have moved all of their school-generated financial management, which was once on a separate or "stand-alone" system, over to the school board's centralized financial system and general ledger. While this practice was rare, school boards that had implemented this centralized system reported that it increased efficiency and the finance department's oversight.

Although few school boards have been able to encourage their schools to move to the school board's financial management system and general ledger, many have added a level of efficiency and oversight to monitor cash at the school level, using centralized electronic cash management systems. This has resulted in a decreased workload for school secretaries, and has allowed finance staff to monitor all transactions and perform bank reconciliations. School boards using these centralized systems have reported them as beneficial for both the schools as well as the finance department, which now has increased oversight. In turn, schools receive better financial reporting and more proactive remote support from central finance department staff. Tax rebates provided another advantage for schools to join the school board's centralized system. School boards reported that schools accelerated their adoption of the central system for the management of school-generated funds, whenever the opportunity for the tax advantage was clearly explained. This applies to instances when a school purchases anything through the school board's financial system; they get the tax rebate from the school board deposited directly into the school account. If schools purchase goods or services on their own, they lose the tax rebate, unless they submit receipts to the school board directly for processing.

treasury and cash management:
pooling funds pays off

Lambton Kent District School Board has a long-standing, pooled banking arrangement with a group of publicly funded entities in the region. The school board formed a consortium to manage the treasury and banking arrangements of member entities. Through this arrangement, the school board was able to consistently achieve higher yielding accounts and minimize the cost of borrowing for over a decade.

In this arrangement, each member entity maintains its own separate account. In the event that a member requires funds, they pull the funds from the pooled banking arrangement. The rate received is calculated dynamically and is based on a series of agreed rates together with the amount of pooled cash. Management noted that there has been no need to project operating cash flow in a detailed manner due to the increased flexibility in cash management afforded by the consortium arrangement. In addition, the Finance department conducts monthly bank reconciliations to ensure accuracy and accountability.

the current focus on non-grant revenue management varies depending on materiality

Although most schools had relatively non-material revenues through international students, facility rentals and non-credit Continuing Education (Con Ed), there were sufficient practices and policies in place to manage and provide adequate oversight.

For some school boards, Con Ed is an emerging area of significant programming and revenue. In this case, finance departments were found to invest significant effort to ensure that there are adequate revenue streams to off-set costs related to delivering Con Ed programs. During the annual budget development process, most finance departments conducted a cost-benefit analysis for Con Ed and all non-essential programs to determine program viability. Early pre-registration thresholds and other measures were sometimes put in place to gauge community interest before space and staffing commitments were made. Most school boards were proactive in coordinating with their coterminous boards, municipalities, and local universities and community colleges to eliminate duplication of program or course offerings, and maximize student attendance and benefits to the board.

All school boards reported adoption of the Ministry's Community Use of Schools Program. All school boards have hired a dedicated Community Use of Schools Coordinator, and many have moved to an online booking system. However, only a few school boards have implemented online payment functionality that includes e-commerce transaction validation through a third party vendor. This eliminates the need for accounts receivable and reduces collections risk to the school board.

Depending on the size of a school board's First Nations population, tuition agreements can represent a significant portion of school board revenue. Under section 188 of the *Education Act*, district school boards may enter into agreements with Canada or a Band to provide educational services to First Nation students who reside on reserve. When First Nation students who reside in a First Nation community attend publicly funded schools, a formal agreement must be developed between the First Nation and the Board. An education services (tuition) agreement is a legal and binding agreement. These tuition agreements are necessary because education funding for First Nation students who reside in a First Nation community is provided by the federal government, rather than the province. However, in most cases, the federal or provincial governments participate in the negotiation process or the management of the tuition agreements.

During the initial waves of the Operational Reviews, some school boards were struggling with the management of tuition agreements and the collection of tuition arrears. However, through the course of follow-up reviews, most of those initial school boards reported that the tuition arrears from First

Nations had improved. This was achieved by Board engagement of the Aboriginal Advisory Councils, support from the First Nation Trustees, and school board staff dedicated to engaging First Nations and school boards on an ongoing basis.

boards increasingly participate in group purchasing initiatives

Formal buying consortia and group purchasing initiatives are effective ways for school boards to create efficiencies and economies of scale, by combining their purchasing needs with those of other organizations in a single procurement or joint arrangement.

Most of the sector has increased group buying activity significantly in the last number of years. In the first two waves of the Operational Reviews, many of the school boards were involved in occasional "piggy back" contracts (buying through an existing open contract established by another entity), usually with their coterminous board when purchasing "one-time" items. Participating in group purchasing initiatives was identified as an area of opportunity in the *2007-08 Summary Report of School Board Operational Reviews*. Results in later waves indicated broad adoption of the leading practices in this area, as school boards routinely collaborated with other school boards and MUSH (municipalities, universities, schools and hospitals) sector organizations in group purchasing opportunities. Additionally, a significant number of those school boards belonging to the Educational Computing Network of Ontario purchased their enterprise software through an open member's contract. As is the case now, many school boards purchase electricity and natural gas through local or regional buying consortia.

It was also found that Ontario Public Sector (OPS) Vendors of Record arrangements were seldom used by school boards, which can be attributed to the limited categories made available for school board use. The OPS has made it a priority to make school boards aware of these categories, and to expand the number of contracts available to them.

Over the last several years, there has been an increased focus on supply chain. As a result, school board group buying activity has increased and expanded in terms of methods, spend categories, and memberships in purchasing groups to include organizations such as municipalities. Some of this activity has been attributed by school boards to the recent existence of the Ontario Education Collaborative Marketplace (OECM), which is available and open to school boards participation. This non-profit organization has undertaken a significant tendering process, resulting in contracts through regional suppliers for an expanding category of items that includes paper, copiers and printers, custodial supplies, furniture, AV/educational equipment, desktop technology products and services, and natural gas.

levels of authority for purchasing are being established through policy refresh

At the beginning of the Operational Reviews, most school boards reported that they had already defined dollar thresholds of approval in their procurement policies. However as the new Supply Chain Secretariat's Guidelines (SCG 1.0) came into effect, many school boards also established clearly defined and specific thresholds of spend authority, by role. Almost all school boards visited in waves IV and V have reflected these specific thresholds or workflow in the purchasing module of their financial systems as well as their procurement policies and procedures. It should be noted that as the last couple of Operational Reviews were being finalized, Management Board of Cabinet issued the BPS Procurement Directive that required all school boards in Ontario to develop and implement a spend approval authority schedule for goods and non-consulting services and one for consulting services. The approval authority schedule has to be approved by the Board of Trustees through a purchasing policy update. While the sector has been given time to formalize a policy, there are requirements that a set threshold of spend which trigger open and competitive procurement processes must be put into practice by April 1, 2011. Because of the timing of the BPS Procurement Directive, the adoption of this latter requirement was not assessed as part of the Operational Reviews.

low dollar spend matters – so why are some boards still not sold on PCards?

Throughout the course of the Operational Reviews, a clear distinction was made when evaluating the use of PCards versus corporate credit cards. A purchasing or procurement card (PCard) has been defined as a corporate credit card that allows low-dollar and low-risk goods and services to be procured without using the traditional purchase order process. However, PCards are different from the typical corporate credit card, in that they provide more enhanced online controls for card maximums, vendor and commodity categories (e.g. alcohol). They can replace several types of cards (such as fuel cards) and usually have more advanced billing and reporting mechanisms beneficial to school boards.

Some school boards have been reaping the benefits of PCards for more than 10 years. Throughout the course of the review, benefits reported by those boards that have implemented PCards include enhanced corporate control as well as an increased promotion of self-service flexibility for front-line purchasers to buy low cost necessities without incurring the delays and overhead of creating and processing a purchase order through the school board financial system. In addition to convenience and reducing the number of POs, PCards reduce the need to set up smaller one time vendors, reduce staff out-of-pocket expenses, and typically provide an annual rebate from the card company. Additional advantages include paper reduction as well as more efficient and effective spend analysis by using free online tools provided by PCard issuers.

PCards:
efficiency that pays

The Peel District School Board implemented the use of PCards across all departments and schools to provide the requester flexibility and back office efficiency in processing low-dollar spend. The school board has expanded P-Card usage as a method of payment for several vendor-managed online catalogues. Managing this method of purchasing requires a considerable effort on the part of Finance staff to educate cardholders as well and tracking and monitoring policy compliance.

However, the school board found that PCards have created significant capacity in Finance through the reduction of low dollar PO processing and the reduction in school staff receiving effort. Further, this change has generated considerable revenue in the form of rebates from the credit card companies.

Some school boards have further maximized the benefits of PCards through the implementation of "PCard ghosting". This method requires the school board to provide a single PCard to one of its high-volume vendors, who in-turn provides a password-protected online catalogue to multiple users across the school board (usually school secretaries). All transactions are supported by the single PCard stored on the vendor system. Online reporting is then provided to the board from the vendor on a user-by-user basis. It can be uploaded into the school board's financial system for reconciliation.

What is common across all school boards using PCards is the need for limiting their distribution to ensure corporate control. Most school boards reported that, beyond operations staff, the provision of cards was generally limited to school principals and vice-principals.

Despite these benefits, some school boards remain hesitant in the implementation of a PCard program. The Operational Reviews identified that much of this concern was related to whether the effort for Accounts Payable (AP) clerks to maintain and manage PCards was more significant than any capacity benefits realized within purchasing. Finance departments were also concerned about the potential effort required to monitor staff that may use PCards and may attempt to bypass purchasing policies and purchasing limits.

Where PCard implementation was successful, there was an acknowledgement that an initial three to four week purchasing and accounts payable effort was required to implement them. An ongoing management effort by accounts payable was also required. However, most school boards that have implemented a PCard program report that the long-term net benefits have far outweighed the initial set-up period and management efforts. The success of PCard programs has also been attributed to the effective and timely implementation of PCard policies and procedures and training before cards were issued, including control over access and use. This also means formalizing staff commitments for policy compliance by ensuring that all new cards are sent directly to the school board office for cardholder pickup where cardholders are then required to read and sign their PCard user agreements.

In those cases where school boards continue to be indecisive regarding a PCard program, the Operational Review team recommended that the school board should first conduct a low-dollar purchase order (PO) spend analysis. This will provide a clear understanding of the volume and materiality of spend that must be processed by purchasing staff. The school board can then use the spend analysis data to develop a baseline against which the finance department can measure the success of their PCard program.

three-way matching is a two-way street

Although the practice of three-way matching is controlled centrally by finance departments, it requires adoption by front-line receiving staff to be implemented effectively.

The term "three-way match" is a common method used by organizations for making valid vendor payments. Through this method, an accounts payable clerk or automated system compares a vendor invoice to an approved packing slip and an approved PO. While match variance tolerance may vary from organization to organization, based on risk versus cost to manage, most organizations have made this financial practice mandatory, to reduce the potential for vendor over-payment and to help safeguard funds.

The adoption of this leading practice varied across the province, with the most common practice called "reverse or negative confirmation". This is where the accounts payables function performs a two-way match between the PO and the vendor invoice. A successful match will trigger an immediate payment to the vendor, unless the receiver indicates unsatisfactory or incomplete delivery, in which case payment is delayed. By this method, the missing evidence in the three-way matching process is the receiving confirmation (typically from the school level), either online or through a manual / paper process. The key barrier for the adoption of online receiving identified by most finance departments was the additional workload for school secretaries. This issue has been identified, despite the availability of online receiving functionality for almost all school boards visited.

Many school boards that have implemented a three-way matching model that includes online receiving have limited the application of this leading practice only to those purchases or POs that exceed what is considered material to the board (i.e. $2,000 to $3,000). However, a few school boards were successful in implementing online, three-way matching that includes online receiving at the school level, for all POs of any dollar value.

In this regard, all boards across the sector, who have not fully implemented three-way matching for all purchase orders (regardless of value) are being encouraged to explore options to support full implementation.

mandating the use of EFT with vendors helps maximize efficiency

Electronic Funds Transfer (EFT) has been available to school boards since the widespread implementation of web-enabled financial management systems. Through this transfer method, school boards can make fund transfers through their accounts payable system from the school board's bank account to an automated clearing house and to another bank account (typically an employee or a vendor). The purpose of implementing EFT is cost savings and convenience for school board staff, as well as speed, security and convenience for the employee or vendor.

The Operational Reviews identified that EFT was used mostly by boards in payroll deposits, and was commonly used by all boards to pay some of their vendors. However, in most cases, EFT was not applied to its fullest potential in the payment of vendors. Typically school boards reported that only 50 to 75 per cent of vendors are paid through EFT.

Despite the fact that some vendors and their banks may not have a high degree of electronic capability, the expectation is that vendors should be mandated by the school board to provide a bank account to support EFT payments at the beginning of their contract arrangement. EFT could be written into tendering documents as a criterion, if feasible. This is especially true for those vendors with multiple contract arrangements and high volumes and values of transactions with the school board. Some rural and smaller school boards have reported that EFTs are not always possible for some of their vendors, given the size of their businesses.

procure-to-pay: matching made easy

In order to improve the efficiency of the purchasing process and to automate purchase orders (PO), approvals and receipts, the Keewatin-Patricia District School Board (KPDSB) has implemented software which is integrated with the school board's financial system. In particular, the receiving module of the system allows the receiver to electronically match the packing slip with the items received on a particular PO. Once the recipient matches the received goods with the PO and enters receipt information in the system, the acknowledgment of receipt is directed to the Payables and Purchasing Officer who approves payment with Accounts Payable.

For low dollar value purchases, the school board has also implemented PCards which have helped reduce the volume of low dollar receiving at the schools and matching activities by the Finance department.

5.3. key improvement opportunities

In addition to the broader areas of improvement identified in the previous section, the Operational Reviews identified gaps in specific financial management practices that would make a significant impact on school board operations. This section of the report provides proven approaches for implementing solutions in the key areas of risk mitigation and procurement policies and procedures. As with many other instances throughout this report, the identification of these areas has also led to focused initiatives supported by the Ministry.

formal and transparent risk mitigation planning should be part of the annual budget development process

School boards reported that despite the forecast information available from the Ministry and other sources, trends such as declining enrolment are still difficult to estimate, or even project. Other events (such as another H1N1 flu crisis) can also present challenges that are well beyond school board control. These events can not only disrupt the system, but create significant cost pressures that could jeopardize the funding for the critical programs and services supporting student achievement and staff well-being.

Formal risk planning is one essential way of managing emerging and sometimes unexpected cost pressures. Risk planning and mitigation development should be part of any organization's annual budget development process. The overall intention of this planning process is to apply as much foresight and data (where possible) to identify recurring or emerging budget risks, and develop a consensus among budget stakeholders (e.g. senior administration and trustees) as to the plan of action and mitigation strategies before the risk becomes a reality.

A budget risk contingency can be formally established, through tactics related to formally earmarking contingency funds and/or designing and pre-approving plans for mid-year cost avoidance or cost containment.

initial operational review findings

Most school boards tended to incorporate all identified risks in their annual budget estimates. However, management typically did not formally document the risks, and did not propose mitigation strategies or action plans during the budget development process. Most school boards used a conservative enrolment projection, or over-estimated employee benefits usage as an overarching initial risk mitigation strategy. However, they had not formally identified any other tactics to mitigate risk during the budget development process.

The communication of these and other monetary contingencies were typically not formalized or shared with trustees or broader groups of stakeholders. Additionally, it was found that only a few school boards with reserves would formally earmark funds as contingency for specific cost pressures or budget risks. School boards that did this would also ensure that the specific use of funds or the return of funds to reserves would require trustee approval.

Only a handful of school boards without material reserves used a budget risk identification process to help define mitigation tactics. This was done as part of the budget presentation process. The goal was to get a common understanding and approval from trustees, and agreement from senior administration, as to what staff would do in the event of mid-year or year-end budget shortfall.

supports provided to the sector

The Ministry has addressed some aspects of risk management in operational budget development, through its support for interim financial reporting and capital budgeting and planning, through the mandatory Capital Liquidity Template and the more recent Capital Wrap-up Template. Additionally, the Operational Reviews and the subsequent follow-up reviews have established the leading practice of identifying and documenting all significant risks during the budget planning process (and developing mitigation strategies) for school boards.

the key elements of effective risk management in budgeting

Regardless of whether a school board is basing its contingency planning on reserve fund support or cost avoidance/containment, the approach for risk management in budgeting should be based on the following key elements:
- Identify budget threats and cost pressures
- Identify mitigation option(s) or amount of contingency funds for each budget risk
- Establish early warning indicators to monitor budget
- Define thresholds of risk or change where action or mitigation must be taken
- Document all of the above and seek budget stakeholder approval

It takes a group effort to identify and evaluate the potential budget risks and emerging cost pressures. Finance departments must coordinate and facilitate senior management and budget committee discussions, based on as much factual data as can be reasonably collected, to provide the most insight on:
- Reliability of source data
- The materiality of risk
- The probability of the risk occurring

These drivers can be used to formally or informally score and prioritize each risk and establish a common understanding of what constitutes a risk. This should help provide consistency in prioritization.

As previously discussed, mitigation options vary, depending on the risk and the amount of school board reserves available. In this regard, two distinct variations were identified during the Operational Reviews.

One mitigation strategy identified during the Operational Reviews was based upon cost avoidance or containment. This method requires the identification of discretionary spending related to projects or expenses that can be stopped, delayed or scaled back, to reduce enough school board expense and offset risk-related cost.

A second type of mitigation strategy identified during the reviews was to estimate the size of a potential risk in terms of dollars, and earmark these funds as part of the budget. School boards reported that the key to success in using this approach requires a very clear definition of the circumstances for the use of these funds, as well as a defined and documented approval process. Additionally, school boards employing this budget risk mitigation tactic emphasized the need to formally identify where these funds would be allocated strategically, in the event that the risk did not materialize.

The question of when to release funds or reduce expenditures is critical for finance departments trying to balance financial risk with operational and academic commitments. In this case, establishing and agreeing on early warning indicators for monitoring budget risks is critical. Some examples of early warning indicators found during the Operational Reviews ranged from levels of employee absenteeism to the number of issues encountered as part of an IT implementation.

Regardless of the indicator used, pre-established and pre-approved thresholds must also be established to allow finance and other departments to apply the mitigation tactics approved by the budget committee.

Finally, school boards should capture these key elements of budget risk management as part of the formal budget approval process. Including these risk mitigation strategies ensures transparency, and promotes collaboration among budget stakeholders. This type of planning also allows school boards to manage a crisis situation more efficiently, and typically with less tension or debate.

The process of reporting on budget risk and defining mitigation strategies may vary significantly among school boards. The level of detail of the budget risk mitigation plan would depend on the preferences of management and the Board. At a minimum, it should include a summary outlining the above elements. This periodic documentation of such information would give reviewers a better understanding of the school board's budget risks.

supply chain procurement policies & procedures

Comprehensive and documented procurement policies and procedures are essential elements in a well-managed supply chain. In public sector organizations where facilities are geographically distributed and frontline needs are so diverse, operating procedures are more essential for ensuring consistency. This is especially true in school boards, where documented procedures are vital to efficiency, effectiveness and accountability, as well as supporting the notion of value for money.

Developing a culture of accountability is central to ensuring board-wide adoption and compliance of supply chain policies and procedures. An employee code of ethics that sets out basic principles of conduct for all staff, the school board's suppliers, trustees and any other stakeholders involved in supply chain is vital.

Following the third wave of the Operational Reviews, there was more guidance provided to the sector on supply chain management. With a view to improving supply chain practices across the entire Ontario broader public sector, the Ontario Ministry of Finance Supply Chain Secretariat published the Broader Public Sector Supply Chain Guideline version 1.0. (the Guideline) **http://www.fin.gov.on.ca/en/bpssupplychain/documents/scg_1-0.pdf**.

The Ontario Ministry of Education and participants from school boards across the sector were key contributors to this directive. In July 2009, the Ministry of Education incorporated the Guideline into the Operational Reviews and the "TPA" (Transfer Payment Agreement). The directive from the Ministry explicitly required all school boards to have adopted the 25 mandatory policies and practices identified within the Guideline by April 1, 2010. To ensure compliance across the sector, the Ministry requested that all school boards provide a formal attestation that they have incorporated the Guideline into their school board procurement policies and procedures, and posted it on their websites.

At the tail end of the Operational Reviews, the Ministry of Finance released the Broader Public Sector (BPS) Procurement Directive. It was based on the Supply Chain Guideline version 1.0, but introduced several new elements that that became effective as of April 1, 2011. The BPS Procurement Directive strengthens the current Supply Chain Guideline, by introducing mandatory requirements related to the competitive acquisition of consulting services regardless of dollar value, the approval authority framework related to consulting services, and the effective management of BPS contracts. For example, school boards are now required to conduct open and competitive procurement processes for management consulting services of any value.

supply chain management must become more strategic

Essential as they may be, policies and procedures are not enough. The sector needs to take a more strategic view of supply chain and procurement. This should include an organizational effort to ensure compliance with supply chain policies and procedures throughout the school board, encompassing stakeholders such as school staff, trustees and parent groups. This means increasing the focus on anticipating frontline staff needs, strategic sourcing and contract management, as well as managing low-dollar spend. Most importantly, it means putting in place the staff with the right expertise and credentials to develop and implement strategies to strengthen and streamline supply chain and procurement practices.

initial operational review findings

During the first two waves of the Operational Reviews, almost all school boards satisfied the requirements of the leading practice for supply chain/procurement policies and practices. They were clearly communicated to staff with purchasing authority, and were periodically reviewed and updated. However, with the refinement of the leading practices in subsequent waves, the Operational Reviews identified a lack of sector alignment with the Guidelines, even though this was now mandatory. Most gaps were with the 25 mandatory Guideline elements, such as having a code of ethics that addressed procurement, a documented delegation of authority schedule, or a formal process and documentation for non-competitive procurement.

By the final wave of reviews, there was not only wide spread acknowledgement of the Supply Chain Guideline (SCG) but also significant adoption of all 25 mandatory elements of the SCG. Despite the effort invested by school boards in achieving this alignment with the SCG by the final wave, the Operational Reviews identified several other key elements of supply chain requiring further attention from school boards.

To help move supply chain management from what it is now, a transactional function within school boards, to a more strategic function, focused improvements are required in the following areas:

• Strategic sourcing
• Contract management
• Staff skill set experience in purchasing and complex and joint procurement arrangements
• Organizational compliance

supports provided to the sector

The Ministry of Education was a key contributor to the Ministry of Finance's SCG and was the first line ministry to formally require all fund recipients over $10M (school boards) to adopt all principles within the Guideline by April 1, 2010. Additionally, the Ministry has provided OASBO with additional funding to develop a sector-driven strategy to ensure compliance with the new BPS Directives. In March 2012, the Broader Public Sector (BPS) Expenses Directive Implementation Guide for Ontario School Boards was released to the sector. The BPS Procurement Directive Working Committee has been established, and has begun to work on this very important initiative.

the key elements of effective procurement policies & procedures
The need for a supply chain code of ethics

The Supply Chain Code of Ethics sets out the basic overarching supply chain principles of conduct for BPS organizations, their suppliers, and other stakeholders. The code defines acceptable behaviours for individuals involved with supply chain activities. It does not supersede codes of ethics that school boards may have in place, but supplements such codes with supply chain-specific standards of practice.

Adoption of a code of ethics consists of the following two components:

1. School boards must formally adopt the code in accordance with their governance processes. The intent is to clearly establish that the conduct of all members of the school board involved with supply chain activities must be in accordance with the code.
2. The code must be available and visible to the members of an organization, suppliers and other stakeholders involved with supply chain activities.

ensuring adoption across the school board

Communication and visibility is critical for the successful adoption of the code and its full incorporation into school board culture. School boards that report a wide-spread awareness of their code of ethics report that in addition to broad stakeholder engagement during the development of the code, it must be incorporated into any related professional development or training. In addition, some school boards have made plans to incorporate their code of ethics text into their purchasing and contract templates including RFX (Request for Proposal or Request for Information) tendering documents. Some school boards have also created printed materials that can be posted in all school business offices as well as all departments of the school board where requisitioning, receiving or vendor payments are made.

At the time of the Operational Reviews, the SCG had been mandated for adoption by all school boards. The 25 key mandatory elements were a mixture of policies and procedures.

At that time, the direction given to school boards (through the Operational Reviews) was to perform a careful exercise in assigning the elements which were based on policy and involved the roles and responsibilities of trustees to an over-arching supply chain policy document. As with any policy of the school board, the process for developing, seeking stakeholder feedback, committee review and presentation for Board of Trustee approval should be followed. By contrast, the school board should have extracted those elements that are clearly procedural in nature and incorporated them into existing procedures related to supply chain.

However, in the final month of the Operational Reviews, the BPS Procurement Directive was released and made mandatory for all school boards in Ontario. This Directive, while aligned with the 25 elements of the SCG, was shortened and simplified, to better lend itself to adoption as policy, with little need for school boards to disentangle it from procedures or guidelines. School boards now have a much more prescriptive set of elements to adopt as policy.

In either the case of the new Directive or the SCG (that has been superseded by the Directive), school boards reported that the most critical piece of supply chain policy and procedure adoption is communication and training. School boards that had reported high levels of policy and procedure adoption have tailored their orientation and training sessions to the needs of individual groups. The same approach is currently being applied to the roll-out of the BPS Directive.

6

facilities
management:

maintaining a healthy environment
for student and staff success

6.1. a more strategic approach to facilities management

The Ontario education sector is responsible for constructing, operating, and maintaining the province's largest real estate portfolio. Collectively, the sector operates approximately 25 million square metres of facilities, with a replacement cost of $52 billion. A significant percentage of the facilities are needed over the long-term and therefore have ongoing operating and renewal costs. Yet, the sector is faced with a declining enrolment trend, translating into declining revenues and added pressure for school boards to maintain these assets, despite provisions from the Ministry of Education in the form of declining enrolment stabilizers. The challenge then is similar to those faced by the other functional areas, in that school boards are asked to do more with less in operations and facilities management.

The key to meeting this challenge is to take a strategic approach to facilities management. The facilities function needs to take on an enterprise view of the school board's facilities planning needs. This means aligning the capital budget with student achievement needs, while balancing that objective with other operating and maintenance requirements. It also means enhancing capacity within the custodial, maintenance and capital planning functions, through training and skills development. Existing assets need to be more fully utilized while keeping ongoing operating costs down, and placing a greater focus on energy conservation and sustainability.

There are also societal changes in attitudes towards energy conservation and the impact of new construction on the environment. School boards need to deal with pressures to become ever more efficient in energy management.

Although the pressures on the facilities function have increased, school boards have generally responded well. The Ministry has also been proactive in supporting school boards to improve and revitalize school board facilities through supports including the Good Places to Learn (GPL), Prohibitive to Repair (PTR) and Energy Efficient Schools grants. As a result, school boards have been found to be well-managed and supported by the facilities functions during the Operational Reviews. Many examples of leading practices within facilities management were identified, along with evidence of continuous improvement across the sector. The section that follows summarizes those findings along with challenges common to many school board facilities departments. The subsequent section provides a more focused look at detailed facilities practices which generally require the most significant improvement across the sector, but will ultimately provide the greatest benefit.

6.2. key findings & progress

facilities management takes on a more systematic approach to annual planning

Planning in the facilities area has traditionally been closely tied to the lifecycle of physical assets including design, installation, construction, maintenance, and end-of-life disposal of equipment, facilities and other hardware. However, the need to tie every aspect of planning (including those within the facilities function) to student achievement has driven many school boards to rethink their approach to annual planning. Instead of taking a physical asset-driven approach to planning, school boards realized that there should be a greater alignment with the school board's overall strategic vision and priorities. Furthermore, the facilities department's annual plan must be accessible to a wider range of stakeholders.

Compared to the early waves of the Operational Reviews, a greater proportion of school boards that participated in waves IV and V have adopted the leading practice of developing an annual department plan aligned with strategic priorities. These department plans include measurable timelines and targets. The sector has responded to the clear need for a more formal and systematic approach to annual planning. The result is that in many school boards, the facilities function is much better aligned with the board's multi-year strategic goals and operating plans to meet the needs of both staff and students.

boards set a range of organizational models for facilities departments

There are a range of organizational models used by school boards to align facilities departments within school boards. The spectrum ranges from facility functions reporting to the Director of Education, to being part of a portfolio reporting to the SBO. School boards with leading practices in this area have the facilities departments closely aligned with capital, planning and finance. In some instances, the facilities function is combined with another key portfolio, such as finance or information technology. In the case where it is combined with the finance function, the main driver is the need to align the capital planning function with the financial budget planning function. Where facilities is combined with information technology, the main driver is to achieve synergies between the two functions, as the skill sets required for asset life-cycle planning and maintenance have some overlapping elements.

Furthermore, some school boards have delineated the functions of general planning and capital planning. The general planning function tends to work in conjunction with the HR function on enrolment planning, and plays a role in staff allocation. The capital planning function tends to work more in conjunction with the facilities function on major facilities maintenance and renewal projects. For larger school boards, there are often independent capital planning and general planning functions.

The Operational Reviews also noted that facilities departments vary in size and organizational structure. Facilities departments also vary depending on their approach to maintenance, whether they outsource certain functions, and what types of specialists are required. In particular, rural school boards often encounter recruiting challenges for certain types of skill sets and positions, resulting in varying levels of in-house expertise.

The main factors that influence organizational models for facilities departments include the size of the school board, the number of students served, and the skill set of senior administration and specialized trades staff. By waves IV and V of the Operational Reviews, more and more school boards have made their organizational lines of reporting more transparent and accessible to external stakeholders, by posting departmental organizational charts on the school board's website.

taking a proactive approach to setting and monitoring policy

To a large extent, policy and procedure development in facilities is driven by regulatory and compliance requirements. The facilities function is usually responsible for monitoring changes to the various regulations that govern the school buildings, property and asset management, security, and specific health and safety issues. The facilities function is also commonly responsible for monitoring advisories from key professional bodies, regulatory bodies, and Ministry memoranda. On the whole, school boards have taken on these responsibilities successfully.

The Operational Reviews found that the better managed facilities departments are proactive, providing appropriate training to custodial and maintenance staff to address policy changes or issues and the need for regulatory compliance. For example, up-to-date manuals and codes are posted on the school board's intranet and the department website, and also refreshed periodically in cases where manuals are kept in hard copy. In waves IV and V, some school boards had started maintaining an online repository of regulations, manuals and guidance documents to help ensure all staff have access to relevant and up-to-date information. The Operational Reviews also found that more custodians had access to computers and the training needed to update inventory, supply orders and cleaning logs entry, to name a few.

taking custodial and maintenance operations to the next level

The vast majority of school boards have well-developed custodial and maintenance operations. Some school boards have adopted standard cleaning practices, and have developed tools to monitor and report on these standards. By waves IV and V, the sector was also aware of many examples of custodial and maintenance staff allocation models, ranging from simple (i.e. square footage, number of portables) to more sophisticated (i.e. number of window layouts, stairwells, age of equipment). The Operational Reviews found that some custodial allocation

models are specified in collective agreements. Throughout the Operational Reviews, school boards have been able to reach out to each other and study the allocation models in detail, to apply specific features and customize the models for their own usage. Some school boards have done studies and analysis on whether it would be effective to use contracted custodians versus full-time custodians, based on what was outlined in that group's collective agreements.

improving maintenance planning by extending the planning horizon

During waves I and II of the Operational Reviews, many school boards indicated that they lacked a multi-year major maintenance and renewal plan. This is typically developed in consultation with, and communicated back to, stakeholders outside of the facilities department. The main concerns centred around how to consult all relevant stakeholders for input; how to achieve equity and fairness to prioritize competing needs; how to project maintenance requirements several years out; and finally how to set the right expectations with the broader community.

From wave III onwards, more school boards started to realize that the leading practice of releasing multi-year major maintenance and renewal plans is ultimately about transparency and accountability. By waves IV and V, the majority of school boards supported this recommendation, and had made progress in implementation. A number of school boards have implemented procedures and software tools to facilitate this leading practice.

For those school boards that have implemented this leading practice and created multi-year major maintenance and renewal plans, it was important to clearly communicate the purpose of the consultation to stakeholders, and to identify appropriate caveats, to establish a reasonable level of expectation on the part of the stakeholders.

School boards have also reported that the key success factor is in maintaining a fully transparent and consultative process, so that internal stakeholders have a full view of the process used to identify, prioritize, and select major maintenance and renewal projects.

In general, school boards found that stakeholders' expectations can be managed successfully, provided they receive sufficient information throughout the planning cycle. It is important to balance incoming maintenance and renewal requests with objective criteria such as safety, regulatory requirements, fire code requirements, equipment maintenance requirements, new features or aesthetics. Stakeholders need to understand the rationale of the priority sequence by having access to the criteria and how they are weighted. The Facilities area should provide all relevant information and present the case for the priority sequence in an open and transparent manner.

In addition to focusing on improving transparency and accountability, a number of school boards also invested in automated work order management systems. These work order management systems enable the facilities departments to receive, track and analyze requests for maintenance and repair activities. There are a number of work order management solutions available to school boards. Both urban and rural school boards have reported success in implementing automated work order management systems.

In rural areas, where there is a need to travel greater distances due to geographical dispersion, many school boards have started implementing Global Positioning Devices (GPS) devices on maintenance trucks, to better track the progress of remotely deployed maintenance crews. The information obtained through GPS devices enables Facilities departments to plan maintenance and repair activities in a timely and responsive fashion.

boards standardize cleaning and maintenance supplies

Most school boards have devised tools to track and report on cleaning and maintenance supplies. A common practice is for a school board to require each facility or site to maintain a custodial capital equipment inventory report which lists all equipment assigned to each location. There should also be a master inventory list of equipment. For larger school boards, the tracking mechanism may be assigned regionally. A leading practice is to tie the inventory to the school board's enterprise management system, so that the system captures information on all large capital equipment, including vehicles. Smaller pieces of maintenance equipment should be assigned to individual trades staff, and kept in the school board's maintenance vehicles. Management should conduct an annual inventory of the equipment for tracking and regular maintenance purposes.

development of annual and multi-year capital plans

Capital planning is a critical function that is often led by the planning function within the Facilities department, working closely with the Finance department on matters related to capital funding. In larger school boards, there may be a separate planning department tasked with integrating enrolment forecasts as an input into the capital planning process. Capital planning is concerned with the identification of long-term capital needs, prioritizing these capital needs, formulating an implementation plan that accounts for construction and major maintenance projects, and obtaining appropriate funding to ensure that the school board can sustain these projects in the long-run. This function is important to the school board by virtue of the significant funds involved, Ministry reporting requirements and approval processes, and the impact the process has on students, the community, and other external stakeholders. The capital plan, once approved, also serves as a foundation for Facilities staff to prioritize maintenance and construction projects annually and for future years.

Capital planning requirements often differ significantly between school boards, depending on geographical and socio-demographic factors. Due to the long-term nature of capital projects, it often takes a long time for facilities staff to develop the requisite experience and skills to manage capital plans optimally for a school board. In particular, in school boards with relatively few capital projects, the time between major capital projects may span several years. In such cases, it becomes more difficult for facilities staff to develop the experience required to handle capital planning, as compared to a school board that has a number of capital projects occurring at the same time. Moreover, school boards that are experiencing declining enrolment may face a different set of challenges than school boards experiencing growth, since the types of construction and major maintenance are very different. The fundamental challenge of accurately forecasting enrolment also represents a significant barrier to achieve highly effective capital planning functions.

Over the past several years, the sector as a whole has had to undertake a number of capital planning measures to address issues caused by declining enrolment, surplus building capacity and ageing infrastructure. In particular, many school boards have developed plans that include potential closures or consolidations of schools supported by a school board policy on Accommodation Reviews. The Accommodation Review process, led by an Accommodation Review Committee, has imposed additional considerations on capital planning, as staff need to follow a much more public and rigorous process, and integrate the results into the capital planning process. Due to the public nature of the ARC process, staff must be well equipped in terms of communications and change management skills when developing the capital plan.

When the Ministry issued the requirements for the Capital Liquidity Template in 2008, many school boards also took advantage of the additional supports and tools to assess their capital funding requirements. The Ministry received approval to proceed with the wrap-up of the capital grant allocation model in February 2010. The New Pupil Places (NPP), Good Places to Learn (GPL) and the approved pre-1998 permanently financed capital debt were wrapped up through a one-time grant that recognizes all the existing Ministry-supported capital debt as of August 31, 2010. School boards were required to submit a Capital Wrap Up Template as part of the 2010-11 estimates. A small number of school boards also have to address issues related to the "capital wrap-up", particularly as it relates to meeting obligations for sinking funds and refinancing debentures as they come due.

The Operational Reviews found that the majority of school boards have annual and capital plans in place to address their capital needs. School boards that adopt leading practices usually receive policy direction on the matter from the Board of Trustees. This is usually achieved through the development of a board-wide capital plan, along with and Board decisions on how to best invest in the right mix of programs, services and schools to meet the needs of students and communities.

ongoing monitoring and maintenance of data to support capital planning

School boards have made progress in the integration of Ministry databases (such as the School Facilities Information System (SFIS) and ReCAPP, now TCPS™) with their capital plans. The Operational Reviews highlighted the importance of regularly updating relevant databases and ensuring the data is used appropriately in capital planning. School boards are participating in the Ministry's current Condition Assessment Program. The program's objective is to provide education facility condition assessments of all operating schools five years of age or older, one board-owned administration facility per school board, and board-owned continuing education facilities. The program also supports a capital asset management database (TCPS™) to host data for the facility condition assessments. This five-year program started in 2011. To date, approximately 40 per cent of all education facilities have been assessed at all 72 school boards.

Many school boards indicated that the effort to maintain accurate and up-to-date data within SFIS and ReCAPP (now TCPS™) can be overwhelming. Typically school boards rely on clerical staff to input the data, while a few outsource to external contractors.

designing and building better schools for students

The *Ontario Green Energy Act* had significant implications on the design and construction of school buildings when it received Royal Assent in 2009. Amendments to the Ontario Building Code in 2011 also included themes around environmental initiatives including energy conservation, water conservation, greenhouse gas reduction, climate change adaptation and environmental protection, including on-site sewage systems.

In particular, the *Ontario Green Energy Act* required that school boards follow a set of principles in acquiring, constructing, operating and maintaining school facilities. These principles relate to the requirement to minimize and monitor energy usage and carbon emissions, among other things, during the design and construction stages of school buildings.

However, there are no mandatory requirements specific to the design and construction of school facilities. In this context, the sector is well-positioned to follow the principles outlined in the Act, as a majority of school boards have already adopted these leading practices. School boards should start by giving due consideration to the use of available school space in their local communities before proceeding to build, purchase or lease other spaces. The Ministry also mandated all school boards to establish a Facility Partnership Policy effective May 30, 2010, and almost all school boards have completed this requirement.

Once a decision to construct a new facility has been made, some school boards may have access to cost-effective designs, standard footprints, energy conservation data, and economical construction practices, to minimize construction and future maintenance and operation costs. There are also various supports within COSBO and the Ministry to assist school boards to maintain standard policies and/or procedures to plan and develop construction projects, including benchmarking against Ministry space templates and cost benchmarks.

One such support is COSBO's E&E Initiative, the *Green Schools Resource Guide*. This guide has been developed specifically for Ontario school boards, and is designed to provide initial guidance to school boards considering building a green school. The guide outlines green school strategies that are proven, practical, reliable, cost-effective, and beneficial to the environment.

Another support is a manual developed by the Expert Panel on Capital Standards, a committee established by the Ministry entitled — *From Concept to Classroom: Leading Practices Manual for School Construction in Ontario*. The manual is designed to assist school board staff involved in capital construction projects and planning to directors and trustees, by guiding them through a typical capital construction process.

Finally, since 2010, the Ministry has also provided capital to school boards to implement the Full-Day Early Learning Kindergarten Program (FDK). FDK capital funding supports three distinct capital needs: major capital needs for new additions, first-time equipping and minor renovations, and top-up for existing capital projects where FDK creates the need for additional spaces. The government has allocated just over $1.45 billion in capital funding to date to support school boards with the implementation of full-day kindergarten.

6.3. key improvement opportunities

In addition to the broader areas of improvement identified in the previous section of the report, the Operational Reviews have revealed gaps in specific facilities management practices with a significant impact on school board operations. This section of the report provides proven approaches for implementing solutions in the key areas of energy management, energy conservation tracking and reporting, and green clean programs. The identification of these areas has also led to focused initiatives supported by the Ministry to assist school boards in closing gaps.

achieving sustainability through energy management and conservation

Ontario school boards collectively maintain approximately 5000 school buildings across the province, comprising approximately 25 million square metres in area. The total energy expenditure for Ontario's school boards was $340 million for the 2010-11 academic year. With such significant energy expenditures, Ontario school boards are focusing on energy management and conservation strategies to contain costs.

The *Green Energy Act* sets out the following guiding principles for government facilities:
- reporting on energy use and greenhouse gas emissions
- ensuring energy efficiency in the planning and design of government facilities
- making environmentally and financially responsible investments in government facilities
- using renewable energy to provide energy for government facilities.

Furthermore, *Green Energy Act* regulations effective as of August 2011 require broader public sector organizations to report their energy consumption and management strategies through three phases of implementation. In the first phase, due July 1, 2013, school boards are required to submit energy consumption and greenhouse gas emissions data. School boards also need to ensure that their data (building area, year of construction, etc.) in the Utility Consumption Database is correct and all required data fields are complete. The second phase, due July 1, 2014, requires school boards to provide updated energy consumption and greenhouse gas emissions data and develop three-year energy conservation and demand management plans. Finally, the third phase, due July 1, 2017, requires school boards to provide updated energy consumption and greenhouse gas emissions data, report on the progress made toward the goals set out in the second phase energy conservation and demand management plan, and submit an updated three-year energy conservation and demand management plan. School boards are also required to make their energy consumption and greenhouse gas emissions report available to the public.

sustainability starts at the policy level

Acting Today, Shaping Tomorrow offers school boards and schools an approach to their environmental education that recognizes the needs of all Ontario students, and promotes environmental responsibility in the operations of all levels of the education system. School boards should refer to this document when developing or revising an environmental education policy that promotes environmental literacy and environmentally responsible management practices. The school board's environmental education policy should be regularly reviewed and updated, and include accompanying operational procedures to guide its implementation. The energy management policy and accompanying operational procedure should also make explicit references to the *Green Energy Act* and include measures to be implemented and the tools to monitor and manage the plan. In addition, the policy should have a clear focus on climate change actions and set targets for greenhouse emissions.

While the energy management policy focuses on the overall direction on sustainable development, the operating procedure should focus on measures to implement the policy on a practical, day-to-day level. The operating procedures should describe the task-level steps that staff need to undertake to carry out their everyday duties. For example, custodial

energy management:
the power in planning

The York Catholic District School Board initially began its energy management journey by driving the formation of an energy procurement consortium in 2002. Since that time, the school board has become known across the sector as a leader in energy management.

The school board attributes its success in managing multiple energy and environmental initiatives to formal planning. Each year, the YCDSB refreshes a formal plan that includes everything from lighting upgrades to energy and conservation awareness programs. Each initiative has measurable goals and targets. A staff member is assigned to oversee each initiative. To further support planning and execution of the energy management program, the school board has created an Environmental and Office Services Department dedicated to managing results.

operating manuals may need to be updated to reflect the guiding principles outlined in the policy.

establish an energy management plan
A school board's energy management plan should address the following key parameters:
- Align with the school board's strategic vision
- Identify short-term energy conservation projects with high return on investment ("quick wins")
- Organizational supports for energy conservation initiatives, including senior level committees
- Short, medium and long-term strategies were identified projects to reduce energy consumption conservation and energy reduction targets
- Funding requirements
- Clear governance framework including roles and responsibilities
- Measurable metrics for tracking and reporting purposes
- A plan for reporting to stakeholders in the success of the plan (in accordance to legislated requirement this should be posted on the school board's website and accessible in hard copy)

Management should aim to publicly report annually on the conservation savings identified in the energy management plan. In accordance with legislative requirements, management should also produce documented reporting on actual savings as per the plan.

The Operational Reviews found that, while there is general agreement in the sector that sustainability and energy conservation are key priorities, there is still considerable progress to be made. For example, although many school boards have implemented numerous energy conservation measures and initiatives, the reviews identified very few school boards with a comprehensive multi-year energy management plan in place.

implement energy conservation initiatives systematically
Once the energy management plan is in place, the school board should identify and implement energy conservation initiatives systematically. The Operational Reviews found that many school boards have implemented a variety of initiatives in the past. However, these tend not to be aligned to overall board-wide strategic priorities, and often fail to provide tracked results and reporting back to the school board, due to technical challenges.

Many school boards have focused on implementing "quick fixes" or individual initiatives without the benefit of a formal energy management plan that integrates all conservation initiatives and is aligned to the school board's strategic direction. For example, initiatives may include installation of energy efficient lighting upgrades, building automation systems (BAS), HVAC retrofits and water projects, as well as targets, deadlines and areas of responsibility. Without the benefit of a formal energy management plan to provide direction, the initiatives often fail to fully deliver their potential. As such, school boards should aim to build on existing efforts by creating a formal energy management plan that integrates various energy initiatives and aligns to the school board's strategic direction.

implement quick wins as a means to gain momentum
Several energy conservation initiatives have demonstrated high return on investment in many sectors, and could be regarded as quick wins. For example, in newer schools and portable classrooms, lights should be controlled by occupancy and/or daylight sensors. School boards should also consider implementing power management programs to turn off desktop computers. The program is monitored by specialized software that is commonly available from a number of vendors. School boards should ensure that quick wins identified in the energy management plan are implemented as soon as possible to gain momentum.

Wherever practical, school boards should upgrade to proven energy conserving technologies such as T8 lighting, fan-controlled air circulation equipment, and water-conserving toilet systems. School boards should also investigate newer technologies such as T5/LED lighting systems, solar and geo-thermal heat-exchange systems, and real-time energy consumption monitors installed throughout school buildings.

Other initiatives to consider include upgrades to centralized technology to automate energy regulation and conservation. Smart building automation systems should be implemented as part of the energy management program which could include control heating, ventilation and air-conditioning systems. Lighting should be controlled at the school level. Smart automation incorporates sensors to monitor usage patterns, and is more customizable than traditional building automation systems.

track, monitor and manage energy consumption
The Ministry has been working collaboratively with the sector to provide supports for tracking, monitoring, and managing energy consumption. In particular, the Utility Consumption Database (UCD) is an energy management tool to help school boards: prioritize capital investment, identify high-energy consumption schools and opportunities for energy efficient projects, and identify low-energy consumption schools and best practices that could be shared across the board's facility portfolio. The data made available through the UCD will help school boards develop energy management plans.

School boards can also use the UCD to look at a school's year-over-year energy consumption, identify changes in consumption, and analyze the results. The UCD is up and running for all 72 school boards and includes a set of reporting tools to help school boards analyze and monitor progress.

The Operational Reviews have found that the sector has made progress in terms of tracking and monitoring energy consumption through participation in the Ministry's UCD. School boards are encouraged to continue to voluntarily access the UCD. The Operational Reviews have found that most school boards are aware of, and are supportive of the UCD and many already participate in the initiative. In addition, several school boards have also established dedicated energy conservation officer positions with a specific mandate to promote sustainable energy conservation practices. The growing number of dedicated energy conservation officers reflects the favorable returns on investment for energy conservation efforts experienced across the sector.

The main challenges faced by school boards are the continued investments required to support dedicated conservation officers, and reporting tangible savings in a relatively short time to justify the additional spending.

Management should establish an energy consumption baseline and report against the baseline at least annually. The baseline should be calibrated to reflect changes that occur throughout the year, including compensating factors related to weather and seasonality, utility prices and the addition or removal of facilities.

In addition, school boards could investigate options to receive real-time data from meters at schools, wherever feasible. This system should enable school board staff to react more effectively to surges in consumption, and achieve better demand management. School boards should also work with their utility providers to obtain consolidated billing, where feasible. A number of school boards reported that obtaining consolidated billing may be difficult in cases where there are a large number of utility providers involved.

report energy conservation results back to stakeholders
The UCD contains a comprehensive set of reporting tools to enable school boards to collect, analyze, and report on key energy conservation metrics. The ability to communicate progress and any savings from energy conservation efforts is key to engaging stakeholders in the long-run.

School boards should continue to ensure that utilities data are accessible by stakeholders in a useable manner. At a minimum, school boards should provide data regarding quarterly historical and current consumption data for gas and electricity, as well as benchmarks for the current year adjusted for weather and other variance, such as the addition of new sections in the facility. Energy conservation targets should also be publicly accessible.

In addition, school boards should use various communication channels to share successful environmental projects between the schools and with the broader community. These channels could include networking events for schools, presentations by students to staff committees, publications by energy champions and recognition of staff and students for contribution to environmental and energy conservation initiatives.

engage in broader public sector partnerships
School boards should directly engage with the community to further promote sustainability and energy conservation objectives. Some examples include working in partnership with established programs, such as the EcoSchool program, and by establishing Ecoteams at each EcoSchool. School boards should also engage with environmental organizations and foster community partnerships.

The Facility Services department should be actively involved in relevant sector committees such as the Ontario Association of School Board Officials (OASBO) Operations, Maintenance and Construction Committee (OMC) and OMC Energy Conservation sub-committee, which is chaired by the Provincial Energy Conservation Officer. The school board should share the information about successful energy conservation initiatives during regular committee meetings.

build sustainable new school buildings
There are several building trends in Ontario that are noteworthy. These include energy renewal projects which involve the geothermal systems, solar roof-top systems, enhanced energy exchange technologies, state-of-the-art monitoring systems and certification standards. School boards are aware of these trends, and have been considering their potential impact on design standards for new construction. In any scenario, the school board should first conduct a detailed analysis on the financial viability of any proposed design initiative prior to construction.

The Ministry has provided a number of supports in this area. School boards have been working to invest the $550 million energy efficient schools funding announced in 2009. To date more than 6,500 projects have been undertaken with this funding. In addition, the Ministry has also allocated $50 million in renewable energy funding to school boards. To date funding approvals have been given to 52 school boards for 126 renewable energy projects including solar, wind and geothermal. Many of these projects will be completed in fall 2013.

School board officials expressed a need to identify green initiatives already implemented in the sector, evaluate the success of those initiatives, and disseminate the information to all interested parties. In 2009, the Council of Senior Business Officials' (COSBO's) Effectiveness and Efficiency (E&E) Advisory Committee commissioned the *Inventory and Analysis of Green Building Initiatives in Ontario District School Boards* report. A survey was conducted between April and October 2010 of all 72 school boards in Ontario. The survey results provided information on 29 different technologies implemented in the various schools across the province. A list of these initiatives can be found in the report, which has been divided into three distinct categories: Power and Thermal Energy Generation, Energy Efficiency and Water Use Savings. The report also contains important information from the sector regarding trends, cost of implementation, perceived risks, costs, benefits, challenges in the life cycle of the facility.

School boards should also note that the Ministry funds an Incentive Programs Advisor (IPA) position. The IPA assists school boards in applying for incentive funding to further capital funding for energy efficient projects. School boards can use the UCD to identify sites with high consumption rates, and conduct analysis to determine buildings that may require potential capital investments, look at bundling projects together, and then work with the IPA to apply for capital funding through incentive programs.

align purchasing and administrative procedures to support sustainability

The school board's purchasing policy and administrative procedures should support the use of products and services that support environmental sustainability. All criteria being equal, school boards should give consideration to products and services that meet sustainability standards, including:
- product durability
- reusability and content of maximum recycled materials
- competitive pricing
- waste reduction or elimination
- locally-sourced materials, ingredients and production
- independent or eco or environmental certification
- a supply chain that relies on socially responsible manufacturers and suppliers with registered environmental management systems.

build an organizational structure to support sustainability

School boards should ensure that they have appropriate organizational structures in place to promote and foster energy conservation initiatives. For example, management could consider establishing a joint Purchasing/Facility Services Committee that works cooperatively to address purchasing issues and streamline processes. Staff responsible for facilities design, standards, compliance and environment should be given responsibility to lead environmental sustainability activities on the operations side of the school board. There could also be a coordinator for environmental projects and initiatives on the

program side. School boards should also review the business case for establishing their own dedicated office of the environment.

Finally, there should be a dedicated individual or utilities management group with responsibilities for:
- forecasting and monitoring utility budgets
- analyzing utility rate structures, adjusting and reconciling utility bills and performing load balancing analyses
- procuring energy, monitoring and administering utilities contracts
- preparing and analyzing energy consumption and cost.

supports provided to the sector

The Ministry of Education's Energy Conservation Initiative, which started in 2008, launched several projects intended to reduce energy consumption by building management capacity in the education sector.

Utility Consumption Database (UCD)

The UCD is a key project in the Ministry's Energy Management and Conservation Initiative. The UCD was launched in August 2009 and rolled out to the 72 district school boards over an 18-month period.

The database collects and tracks information related to electricity and natural gas accounts in schools and board administrative buildings across the province. The UCD contains relevant facility information from the SFIS database, such as building area, year of construction, and student enrolment, among other factors that will allow for meaningful analysis.

There are currently 5,470 sites, 7,782 electricity accounts and 5,447 natural gas accounts in the UCD. The database collects consumption data daily. Local Distribution Companies (LDCs) provide historical consumption data on each account for the 24 months prior to the first information request and beyond.

The database is provided to all school boards at no cost. School boards are expected to analyze their own data to identify usage patterns and other improvement opportunities. Data from the UCD will help school boards prioritize capital investments and identify energy management strategies.

The Ministry will analyze the data to determine energy benchmarks for categories of sites within the sector, based on common physical characteristics and work with the sector, set school board conservation targets, and identify high-performing facilities with best practices. The responsibility for setting targets resides with each school board.

energy efficient schools funding

The Ministry has also introduced the Energy Efficient Schools Funding initiative, providing school boards with $550 million over two years. Funding is available for investments in operational efficiency (e.g., energy audits, lighting systems), replacement of major building components (e.g., heating and cooling systems), and renovations and retrofits to replace energy inefficient portables or underutilized schools.

Incentive Programs Advisor

In 2009, the Ministry and the Ontario Power Authority, through a Conservation Fund, provided the York Catholic District School Board with a grant to create a two-year pilot position for an Incentive Programs Advisor (IPA) for the education sector.

The role of the IPA is to support all district school boards in securing incentive funding to support the implementation of energy efficient projects. Specifically, the IPA will:

- Liaise with Senior Plant Officials to identify appropriate incentive programs for specific schools
- Assist individual boards in completing the paperwork associated with applying for government, utility or agency energy incentive funding
- Track the sector's incentive applications, funding received and investments through the Incentive Programs Database and use it to evaluate the effectiveness of incentive programs by comparing actual results to predicted energy savings in participating schools
- Document best practices/lessons learned and promote them to the sector
- Identify existing barriers to boards accessing incentive programs
- Develop a strategy to maximize the number of schools that participate in incentive programs and ensure that boards access as many incentive programs as possible.

In the first four years of the position, the IPA has submitted $5.1 million worth of incentive applications on behalf of Ontario school boards.

supporting student learning through a green clean program

Canadian society as a whole has become increasingly aware of the importance of healthy indoor environments and the negative impact of some harsh chemicals and products used for indoor cleaning.

Over the past decade, there has been a significant trend towards the use of green clean products and green clean programs to address the potential harmful effects of harsh cleaning chemicals. Green clean programs are designed to promote a high-quality, healthy indoor environment for building occupants through the use of effective, environmentally responsible, green-certified products and cleaning processes. The cleaning industry has responded to the increased demand for green clean products, and there are now a number of green-certified clean standards and product lines available for use in schools.

Since Ontario school boards collectively house 1.87M students on any given day, the potential return on healthy indoor environments, and ultimately on student achievement, has never been greater.

green clean programs are proven to be effective

Green clean products use fewer and more environmentally responsible ingredients when compared to traditional cleaning products. In addition, new technology means that more dust and dirt are being permanently removed through the cleaning process. The benefits of green clean programs apply to many different stakeholders of school boards. For all occupants of the school building, including custodial staff, using green clean products results in a healthier environment for students and staff. For the school board, green clean products, procedures and frequencies have a tremendous impact on the life span of the facility. Finally, for the environment and society as a whole, there is a direct impact on our air, water and land, as significant amounts of potentially harsh chemicals are no longer released into the environment.

green clean programs as a path towards sustainability

The Ministry, through *Acting Today, Shaping Tomorrow: A Policy Framework for Environmental Education in Ontario Schools*, encourages school boards to establish an environmental policy and promote sustainability. School boards should consider how a green clean program can be used to promote sustainable and responsible environmental practices. Sustainability is typically defined as "meeting the needs of today without compromising the ability of future generations to meet their needs." Sustainability in a school means: reducing its use of natural resources and its impact on climate change; reducing the use of chemicals and other products that impact the quality of our air, land and water; providing a healthy environment for all building occupants. Adopting a green clean program is an ideal way to integrate long-term sustainable practices in a school's operations, through:

- Adopting green-certified clean products
- Using resources responsibly: purchasing and procuring energy efficient and less resource-intensive supplies and equipment
- Teaching sustainability concepts: educating the next generation on the key concepts of sustainability and environmental responsibility.

a strong business case for green clean

The business case for adopting green clean programs is clear. The key criteria for evaluation include standards, performance, and cost. On all three dimensions, it is clear that green clean is mature enough for all Ontario school boards to formally adopt.

standards

Until recently, finding effective green cleaning products could be difficult. Today, every major manufacturer of cleaning products has a green clean product line.

performance

When green clean products were first introduced to the marketplace a couple of decades ago, many did not perform as effectively as the traditional products that they were intended to replace. Today, virtually every major manufacturer of cleaning products has at least a basic line of green-certified products available for sale. As a result, a school board now has a broad choice of cost-competitive green clean products that perform as well, or better than traditional products.

costs

Three cost areas are pertinent in evaluating the business case for creating a green clean program: product, labour and training. From a strictly product cost perspective, green clean products can be considered "cost neutral" – some may cost a bit more, and others a bit less. However, the cost of cleaning products represents only 5% to 10% of a school board's cleaning budget, while labour and training represents 90% to 95% of the total cost. From a labour and training cost perspective, a green clean program can also be considered to be cost neutral – some products take a bit more effort to use, while others are more efficient and require less effort and frequency.

For school board administrators, the business case for adopting a green clean program is clear:

- green clean products are as effective or better than traditional products
- widely recognized certification standards allow each school board to procure a wide range of green clean products with confidence in their environmental claims
- the financial return on investment analysis can be expected to be a cost neutral exercise.

When a school board combines the above business considerations with the potential benefits of improved indoor air quality and reduced environmental impact, it is clear that it should consider implementing a green clean program as soon as possible.

operational review findings

Ontario school boards have been very receptive to the concept of implementing a green clean program. The Operational Reviews found that awareness of the use of green clean supplies and equipment is generally high.

However, this awareness is typically confined to a narrow definition of green clean: namely the use of green-certified products. The broader definition of green clean, which encompasses the critical notions of change management, partnerships and an evolutionary approach to implementation, is often not fully embraced.

The Operational Reviews team found that most school boards have at least begun adopting green-certified products. The adoption levels vary across school boards but most have a plan to achieve 100% adoption over a period of time or sound reasons for not achieving 100% adoption. While many school boards have adopted green-certified products, few have implemented a formal or comprehensive green clean program.

Some school boards have developed an overarching environmental education policy, as set out in the Ministry's *Acting Today, Shaping Tomorrow: A Policy Framework for Environmental Education in Ontario*. However, very few school boards have actually incorporated a green clean policy statement within the overarching environmental education policy. For those school boards that have developed a green clean statement, few have engaged their Board of Trustees' approval for incorporating the green clean statement into the overarching environmental education policy.

A common challenge is the lack of support for change management and communications. Green clean is frequently perceived as the sole responsibility of the custodial/cleaning service area, and often does not receive sufficient attention from senior administration. As a result, resources required to fully promote broader cultural and behavioral change from all stakeholders, ranging from students to custodial staff, is often lacking. The availability of relevant data and measurement systems to track progress is also frequently an impeding factor. Another common issue is the lack of an integrated approach to work with vendors and other partners who need to be involved in implementing a green clean program.

supports provided to the sector
Green Clean pilot program
Four Ontario district school boards participated in a pilot program conducted between March and May 2009 to evaluate the usefulness of a draft Green Clean Program Resource Guide. The pilot program was guided by a Green Clean Working Group comprising facility managers and procurement managers from select school boards, Ministry staff, and CUPE representatives. The pilot school boards provided the Ministry with valuable feedback and helped define the key themes of the Green Clean Program Resource Guide. Key findings include the importance of change management, building partnerships with stakeholders, and taking an evolutionary approach during implementation.

Green Clean Program Resource Guide
In March 2010, Ontario became the first province in Canada to develop a green clean program for publicly funded schools through the Green Clean Program Resource Guide. The purpose of the Green Clean Program Resource Guide is to encourage safe and healthy indoor ecosystems that support student learning and a healthy workplace environment, by minimizing or potentially eliminating the use of non-green cleaning products in schools across Ontario.

The Guide is designed to be a comprehensive resource to assist school boards in implementing a green clean program. As such, the target audience includes all stakeholders who can impact the outcomes of implementing a green clean program at their school or school board.

The Guide is divided into four main sections covering Strategic Directions, Operational Framework, Implementation Plan and People Engagement. The section on Strategic Directions sets the foundation for why school boards should consider implementing a green clean program. The section on Operational Framework outlines some practical considerations for developing a green clean program. It also describes processes, such as selecting green clean products, vendors and other third party contractors. The section on the Implementation Plan offers an easy 10-step green clean implementation plan. Finally, the section on Culture and Awareness: People Engagement, highlights the importance of change management and a comprehensive communications strategy as key success factors.

In addition, appendices contain quick guides for custodial staff and the broader school community. There are also useful forms, templates, checklists and a glossary of terms.

The Guide is accessible at: **http://www.edu.gov.on.ca/eng/ policyfunding/GreenClean_Guide.pdf**

an integrated approach for occupational health, security and wellness
The Operational Reviews identified a leading practice for school boards to "develop, implement and monitor a health strategy/ plan that reflects the board's health policies and procedures and ensures the board is in compliance with statutory health requirements".

This leading practice speaks to the need for a school board to formally articulate its strategy on how to promote the overall health and wellness of students and all employee groups. This recommendation is distinct from the leading practice of developing an occupational health strategy (for work-related and safety issues) and security (physical security) aspects for both students and staff groups.

A school board health strategy is a set of programs that enhance organizational and employee health. The programs create a healthy culture which values and meets individual and organizational needs.

At the school board level, a well-designed health strategy would embed the philosophy and practice of health promotion, in a way that is aligned with the board's overall strategic plan. At an individual level, the health strategy would help individuals move toward a state of optimal health emotionally, physically and socially. The health strategy should also include various initiatives designed to increase staff and student awareness of health issues and outcomes.

integrated health, wellness and security management:
a holistic approach

The York Region District School Board takes a holistic approach to integrate various aspects of health, wellness and security planning. The school board established a Healthy School and Workplace Policy, which is supported in practice by a Healthy Schools Framework. This comprehensive framework supports students and staff by providing opportunities to learn, observe and sustain positive health habits. Key internal stakeholders such as human resources, plant services and the occupational health and safety team, work together to coordinate integrated health, wellness and safety planning.

The school board attributes its success in health, wellness and safety planning not only to the coordination within internal stakeholders, but also through the school board's strong connections with the community. For example, the school board networks with the municipality and several community organizations through the Health Schools and Workplaces Network, which provides a forum for sharing leading practices and new ideas.

In 2010, the school board's healthy schools and workplaces initiative was featured in an article by OPHEA, a not-for-profit organization that works in partnership with school boards, public health, government, non-government organizations, and private sector organizations to develop programs and services that support health active schools and communities.

A school board health strategy document should contain the following elements:

1. statement of purpose
A well-defined health strategy can provide positive results in many areas, including:
- improved student health and well being
- positive impact on student achievement
- improved staff productivity
- decreased absenteeism
- reduced health benefit costs
- improved retention and recruitment costs
- better employee relations
- improved morale
- higher levels of employee engagement
- improved workplace culture and image
- enhanced image as "employer of choice"
- strengthened human capital management approaches.

2. scope
The document could include wellness and health enhancing strategies for students and staff, including:
- Organizational commitment
  A clear statement of commitment from the school board, including definitions of roles and responsibilities
- Stakeholder interests and needs
  An assessment of student and staff knowledge and interest in improving their own health and well being
- Personal health practices
  The promotion of student/staff engagement in healthy activities including healthy eating, work-life balance and stress management.
- Physical work environment
  The characteristics of the physical learning and work environment that are health promoting, such as ergonomic work stations, availability of fitness facilities, healthy food options, etc.
- Healthy work place culture
  Characterized by high degrees of communication, high quality leadership and supervision, effective employee participation in decision making, promotion of work/life balance.

3. contents

The document should include the following suggested elements:

- Introduction

  A description of the purpose of the health strategy, and the intended audience

- Vision, Mission and Values

  A description of what the board intends to achieve in the long-term, and how it intends to achieve that long-term vision through a clearly worded mission statement.

- Plan

  An outline of the key initiatives and activities to be undertaken to achieve the broad goals described earlier in the strategy. Examples may include seminars on the "healthy workplace", "healthy life style", etc.

- Resources

  The document should also list relevant resources such as links to the National Quality Institute and the Canadian Healthy Workplace Council so that the reader can explore the topic further.

- Practical considerations

operational review findings

The biggest obstacle to adopting this leading practice is the fact that the role of health leadership is highly decentralized across many functional areas. The Director of Education, HR, facilities staff, academic superintendents, principals, vice-principals, individual teachers, consultants, etc. all have a role to play, making it difficult to coordinate a single health strategy.

Some school boards have outsourced the task of developing a health strategy to an outside consultant. An alternate approach could be to appoint an internal board staff member to be the "Health and Wellness Champion". This role should not be a full-time responsibility, and maybe best accommodated by the HR department.

7 beyond the operational reviews:
the road ahead

As the sector completes the full cycle of Operational Reviews, there is a broad consensus that the initiative has achieved its original goal of enhancing management capacity in the sector. Many school boards recognize the need to continuously improve, and see ongoing Operational Reviews as a useful tool for the sector in the future. In this section, the report highlights several emerging themes that paint a picture of "the road ahead" for Operational Reviews.

the next step in improving efficiencies & effectiveness: implementing shared services in the back-office

The notion of implementing shared services in the back-office is not new in the education sector. Ontario school boards have traditionally been open to working collaboratively with one another, both in the classroom and in the back-office, to achieve better student outcomes. Over the past decade, there have been a number of examples where coterminous school boards have worked together on various shared services initiatives. Examples include sharing a common school building, participating in a joint consortium for purchasing or transportation, and creating Centers of Excellence (COE) for certain back-office information systems. It is evident that school boards do collaborate with each other on a variety of initiatives to enhance effectiveness and efficiencies.

Despite such examples, the level of collaboration between school boards to achieve greater effectiveness and efficiencies is best described as ad hoc and sporadic. Although all school boards see the need for improving efficiencies and effectiveness, there is significant diversity in the approach to collaboration. Differing governance models, policy frameworks, resource and management capacity, as well as jurisdictional and geographical differences, have led to a variety of strategies to pursue greater efficiencies. One size certainly does not fit all in terms of how to best collaborate and share resources in the sector.

At this point in time, the sector as a whole is at a cross-roads: should school boards start to contemplate a shared services model more formally for the back-office? Or should school boards continue to operate in the status quo, where shared services initiatives are more opportunistic and locally based? There is increasing evidence that more school boards are starting to investigate shared services models as a means to achieve greater administrative efficiencies. For example, a group of eastern Ontario school boards recently studied the feasibility of shared services in back-office administrative functions.

In the Ontario education sector, shared services refers to a collaborative arrangement between two or more school boards in which they share in the costs and benefits of the services. The shared services approach is thought to streamline common processes, promote inter-board collaboration, and leverage best practices. In addition, school boards seek benefits such as reduced cost of support services, improved customer service levels, increased quality, and improved business unit performance over time. In many other public sectors, shared services arrangements have demonstrated significant savings when properly implemented.

To take the next step in improving efficiencies and effectiveness, the sector needs to become more proactive and open to shared services opportunities. The logical starting point could be carefully considered pilot projects, with a limited number of school boards and functions involved. In a smaller, controlled environment, the impact of shared services may be more easily localized and managed.

The criteria for selecting pilot functional areas should be assessed on a case-by-case basis. At a high level, the key considerations include opportunities for cost savings (operational and capital), economies of scale, and process standardization. On the risk side, considerations should include the ability to overcome barriers such as infrastructure and technology, existing collective agreements, and other service level contracts, diversity in customer service standards, policies, and operational procedures and practices.

Within the back-office, the functions that are most likely to benefit from shared services arrangements are those that benefit from common systems and support, consistent standards and control, and consideration for local priorities. The functions typically included in shared services arrangements (in both public and private sector settings) are purchasing, finance, payroll, human resources, technology services and general administration. Within the education sector, custodial and maintenance operations are also good candidates for shared services arrangements.

Once the early results from pilot projects provide the necessary feedback, the Ministry may want to take a more formal approach to identify and remove potential barriers for broader implementation of shared services arrangements. There may be a role for the Ministry to provide support in this area.

realizing the benefits of technology investments: the role of it

Over the past decade, the application of technology in both the classroom and back-office has become a key enabler to achieve greater success in student learning and workplace productivity. The importance of technology in education has been generally recognized across the sector, as evidenced by increasing amounts of investment in technology over the years.

Yet as school boards continue to invest in technology, many believe that the full benefits of technology have not been realized to its full potential. In particular, the traditional role of IT as purely a support function is being challenged, as technology has emerged as a driving force for innovation in the classroom. Parents and students see the need for greater access to information and technology. Administrators see the need for IT to play a more prominent role as strategic advisor to the business and not just provide transactional support services.

To realize the full benefits of technology investments, the sector may consider four strategies to enhance the return on technology investments.

rethink IT governance models

First, school boards need to improve their IT department's ability to support and adapt to stakeholders' evolving technology needs. The traditional IT department grew up as a support function, typically in the back-office, to operate student information systems and financial/HR information systems. IT departments are rarely given a visible role in shaping the future direction of how students are taught in the classroom, or how administrative functions may be performed with better use of technology. School boards need to rethink their IT governance models, and evaluate whether the IT department has the ability to effectively champion the better use of technology, in both the classroom and the back-office.

leverage technology

Second, school boards should better leverage technology, to improve communication linkages with between teachers, staff and external stakeholders. The Ministry is assisting school boards in this area with the following initiatives: the Ontario Software Acquisition Program Advisory Committee (OSAPAC), the e-Learning initiative, and the emerging work on 21st Century Teaching and Learning. Technology support teachers and staff play a key role in expanding IT capacity and functionality in school boards by disseminating key information and establishing meaningful dialogue though electronic platforms. In practice, school boards may consider implementing information portals, and building linkages to external sources of information so there is more dynamic access to key education data.

automate workflow

Third, school boards need to use technology more effectively to achieve administrative and operational efficiencies. This will enable school boards to improve data management, automate work flow, and collaborate better between functions and departments. This facilitates improvements in quality, reduced cost, increased capacity and adaptability. School boards need to investigate and consider implementing enterprise automated workflow solutions to reduce the significant effort that is being spent on tasks that are repeatable and do not require any creative thought. These types of tasks are good candidates for automation. Repeatable, predictable processes can be automated to improve quality and reduce the time to complete tasks. Already, 26 school boards have formed a consortium to purchase and implement an enterprise automated workflow solution, and this trend is expected to accelerate in the future.

consider total cost of ownership

Finally, school boards need to take a Total Cost of Ownership (TCO) approach to technology investments. This approach promotes a holistic and comprehensive view on technology expenditures and costs. Lowering the TCO can be achieved through effective acquisition, support and disposal of technology components. There are a number of different approaches and initiatives that can optimize the impact of technology funding for the school boards. These include automating support, leveraging existing solutions, optimizing licensing costs, and deploying standards. Standardizing on fewer hardware models and adopting a consistent base software suite for laptops and desktops is a proven approach to increase buying power and reduce support and maintenance costs. Adhering to these strategies also facilitates faster deployments, and reduces the complications of supporting and maintaining a large variety of technology. Implementing centrally controlled energy management systems for computing infrastructure will also lead to significantly lowered TCO.

managing for results: using metrics to measure performance

One of the key observations from the Operational Reviews is the importance of measuring performance in both the academic and back-office aspects of the school administration. There is a general consensus that given accurate and reliable data, educators are able to measure performance more effectively, and hence can continuously improve from a given baseline. Yet accurate and reliable data is notoriously difficult to come by, and despite the efforts of individual school boards to gather data in isolated functional areas, there is still no single, comparable set of operational metrics that cover the entire spectrum of back-office functions.

Good data give school boards the ability to analyze how well they manage their resources, in exactly the same way as the private sector operates. Good data provide the evidence needed to identify best practices and the wherewithal to determine why some practices produce better results than others do. Good data also enable school boards to build knowledge about how large systems work, and what it takes to improve them.

Moreover, good data have substantial benefits for school administrators. Better data allow school boards, superintendents, and senior staff members to identify practices that fail to produce desired results for students and teachers. Better data permit school administrators to identify and devote more resources to classroom instruction and instructional support. Better data also improve the effectiveness of non-instructional operations, by spurring accountability for results, clarifying goals and priorities, measuring progress, enhancing transparency, reducing vulnerability to negative media coverage, and improving various policy options.

The message is clear: the sector needs to start a concerted effort to measure performance across a broad range of operational functions, including business services, finance, human resources, facilities and technology.

This recognition of the importance of good data is not new. The challenge historically has been the inability for organizations, both in the private and public sectors, to lower the cost of data collection enough to make the effort worthwhile. As a result, a focus on automation is a critical component of any initiative designed to use metrics to manage for performance. Too often school board administrators indicate that the lack of usable information foils their abilities to see strategic issues and options and focus on areas of special need. Automating the indicators allows for better data collection, eases analysis of results, permits analysis of "what if" scenarios, and frees managers to devote more time to implementing best practices, with greater confidence than ever before.

The sector should consider a four-step approach to accomplish the goal of managing for results. First, the sector should establish an advisory or working committee to identify a common set of key performance indicators in a range of school boards covering urban, rural, public, Catholic, English and French language boards. The scope of the key performance indicators should cover Finance, HR, Facilities and Technology, and be based upon research on best practices in other jurisdictions.

Second, once the key performance indicators have been identified, the sector should benchmark the performance of the province's school boards against these key performance indicators. School boards should be able to make comparisons with peer groups of school boards, using highly accessible

reporting tools available online. The reports should include a management dashboard tailored for different audiences, each focusing on the "essential few" indicators that are the most relevant to each group.

Third, the sector should document effective management practices of the top-performing school boards, so other school boards could utilize these practices to improve their operations. In a sense this will be a continuation of the Operational Reviews process, but with a greater focus on quantifiable and measurable metrics.

Fourth, after a foundation set of indicators have been compiled for a few years, the sector should seek to streamline and automate the process of collecting performance data. With the advent of enhanced software tools available from software-as-a-service (SaaS) and cloud computing, it is not difficult to anticipate new ways of collecting and analyzing data that are much more efficient and cost effective than current approaches.

the future of facilities: mobile workforce decreases bench time and increases wrench time

Across the province, school boards are faced with a trend of increasing maintenance costs for school facilities. The trend is driven primarily by two factors. First, many school buildings in the province are over 30 years old, and require significant increases in operating expenditures for general upkeep and maintenance. Second, the general cost for maintenance supplies and parts also continues to rise at or above the rate of inflation, thus contributing to the rise in maintenance costs. School boards in rural areas, where schools are distributed across larger geographical areas, are also negatively impacted by increases in transportation costs due to fuel price increases in recent years.

To counter this long-term trend in rising maintenance costs, school boards need to rethink the management of maintenance operations. In particular, the dissemination of work order information needs must become more efficient and effective than ever before.

The concept of a mobile maintenance workforce involves the deployment and management of maintenance crews using mobile technology, real-time information updates, and a rolling warehouse model to "decrease bench time and increase wrench time". In such a system, work order systems receive maintenance requests electronically and automatically dispatch the orders (pending approval) to maintenance crews in the field. Maintenance crews are equipped with mobile devices that receive a constant stream of real-time updates, enabling them to respond to emerging work orders throughout the working day.

The benefits to this approach include greater responsiveness to work orders and decreased travelling costs. Equipped with real-time information for work orders, maintenance crews will be able to better anticipate the type of tools, supplies and travelling routes to plan for each day. In rural areas where travelling distances are significant, the advantage of having real-time work order information may be significant. A maintenance crew that just finished a job in a particular location may receive an update indicating that another work order has just arrived in the same town. Instead of travelling a significant distance to another job as originally planned, the crew will be able to stay in town to finish the new job. The alternative would have been extra distance travelled, as well as much longer wait-times for the new request.

School boards that have started to implement mobile maintenance work forces report that the approach results in significant time savings for travel and time for the maintenance crews. Wait times for work orders also decrease, and the general productivity of the maintenance department increases as capacity is released from unnecessary travel and time spent on purchasing parts and supplies.

schools as community hubs: partnering with other public sector entities to offer bundled services

Recognizing that schools in Ontario are hubs for community activity for citizens of all ages, the Ministry initiated the Community Use of Schools Program in 2006. The Community Use of Schools Program was designed to provide affordable and easy access to school buildings by communities to support the goals of a healthier Ontario, stronger communities, and student success. Under the program, the Ministry provided funding to school boards to increase affordable access for not-for-profit groups for both indoor and outdoor school space at reduced rates outside of regular school hours.

The notion of using schools as community hubs builds on the Community Use of Schools concept, and recognizes that schools serve as a gathering place for many local communities across the province. The sector may consider working more proactively with other public sector entities, including other ministries and government agencies that provide public services, to offer bundled services to the public.

The benefits of expanding usage of schools into other related public services are twofold. First the increased utilization of school buildings represents an enhanced use of publicly funded resources. Many school boards are faced with the issue of underutilized buildings. Across the sector, the capacity of school buildings exceeds usage demands from teaching purposes. By working collaboratively with other public sector entities to offer

bundled services to the community, school boards will be better able to utilize their buildings. Second, the partnership may enable the school board to share custodial and maintenance costs proportionate with the occupant's use of the school building. Again, this represents a better use of public resources and also helps the school board to operate and maintain the building in the long-run.

key themes: the road ahead

The Ontario education sector is a dynamic sector that has successfully evolved to meet new demands and expectations as they emerged. The road ahead is expected to bring new opportunities, and school boards are expected to rise to the occasion as they have always done in the past. As the Operational Reviews have demonstrated, the majority of school boards are indeed well-managed, and operating with efficiency and effectiveness.

As we look at the road ahead, the recurring theme is about taking this well-managed sector to the next level of excellence. Specifically, there are three points for consideration:

First, as the sector continues to face limited resources over the long-term, school boards need to continue to "do more with less". This is evident in the emerging opportunities of implementing shared services in the back-office, getting more out of technology investments, and implementing the next generation of mobile maintenance work forces.

Second, the sector is expected to demonstrate even greater levels of transparency and accountability regarding operational performance to stakeholders. As public demand for data and metrics slowly increases over time, school boards will need to focus more on using metrics to measure operational performance. Metrics will not only to help manage results internally, but also help to communicate operational achievements more effectively to a public that expects measurable and quantifiable results.

Finally, school boards will benefit from being open to innovative partnership arrangements, as discussed in the schools as community hubs example. The province has called for a "citizen-centric" model of service delivery that spans ministerial clusters, and requires collaboration across ministries, agencies and school boards. By being responsive to new partnership arrangements, school boards stand to benefit from being at the forefront of providing a truly "citizen-centric" service delivery model.

The road ahead is full of new opportunities, and the sector is well-positioned to take advantage of them and work towards even greater levels of student achievement.

appendices

appendix A

Wave I (September 2007 to June 2008)
- Hamilton-Wentworth DSB
- Peterborough Victoria Northumberland and Clarington Catholic DSB
- Trillium Lakelands DSB
- London District Catholic SB
- Simcoe County DSB
- Waterloo Catholic DSB
- Avon Maitland DSB

Wave II (September 2007 to June 2008)
- Ottawa Catholic DSB
- Thames Valley DSB
- Lambton Kent DSB
- Brant Haldimand Norfolk Catholic DSB
- Durham Catholic DSB
- Durham District School Board
- Lakehead District School Board

Wave III (September 2008 to June 2009)
- Near North DSB
- Huron-Superior Catholic DSB
- Northwest Catholic DSB
- Halton DSB
- Windsor-Essex Catholic DSB
- CSD catholique du Nouvel-Ontario
- Conseil des écoles publiques de l'Est de l'Ontario
- Conseil scolaire de district du Grand Nord de l'Ontario
- Sudbury Catholic District School Board
- Algoma District School Board
- Rainy River District School Board
- Ottawa-Carleton District School Board
- Waterloo Region District School Board
- Conseil scolaire de district du Nord-Est de l'Ontario
- Conseil scolaire de district catholique Franco-Nord
- Conseil scolaire de district catholique des Aurores boréales

Wave IV (September 2009 to June 2010)
- Bluewater DSB
- Thunder Bay Catholic District School Board
- Greater Essex County District School Board
- Hamilton-Wentworth Catholic District School Board
- Peel District School Board
- District School Board of Niagara
- Conseil scolaire de district catholique du Centre-Est de l'Ontario
- Conseil scolaire de district catholique Centre-Sud
- Conseil scolaire Viamonde
- Hastings and Prince Edward District School Board
- Niagara Catholic District School Board
- Algonquin and Lakeshore Catholic District School Board
- Northeastern Catholic District School Board
- Superior North Catholic District School Board
- Nipissing-Parry Sound Catholic DSB
- Keewatin-Patricia DSB
- Bruce-Grey Catholic DSB
- Wellington Catholic DSB
- Dufferin-Peel Catholic DSB
- Upper Grand DSB
- Catholic DSB of Eastern Ontario
- St. Clair Catholic DSB
- Huron Perth Catholic DSB
- Toronto DSB
- District School Board Ontario North East
- Upper Canada DSB
- Conseil scolaire de district catholique des Grandes Rivières
- Conseil scolaire de district catholique de l'Est ontarien
- Conseil scolaire de district des écoles catholiques du Sud-Ouest
- Kenora Catholic DSB
- Halton Catholic DSB

Wave V (September 2010 to June 2011)
- Rainbow DSB
- Renfrew County DSB
- Kawartha Pine Ridge DSB
- Limestone DSB
- Superior-Greenstone DSB
- Renfrew County Catholic DSB
- Simcoe Muskoka Catholic DSB
- Grand Erie DSB
- Toronto Catholic DSB
- York Region DSB
- York Catholic DSB

appendix B

Below is a diagram and matrix explaining the steps and flow of the Annual Operational Review process.

pre-fieldwork	fieldwork	reporting	follow-up

	pre-fieldwork		fieldwork	reporting	follow-up
Ministry	1. provide board background data		9. participate in fieldwork	12. review draft report	15. accept & approve final report
Operational Review Team	2. analyze board background data 3. plan fieldwork & communicate to DSB	5. issue data request to DSB 7. analyze data & submit to database	8. conduct fieldwork with DSB	11. develop draft report	14. issue final report 17. follow-up review
DSB	4. commit to fieldwork plan	6. gather & submit required data	10. assist & participate in fieldwork	13. review draft report	16. communicate final report

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

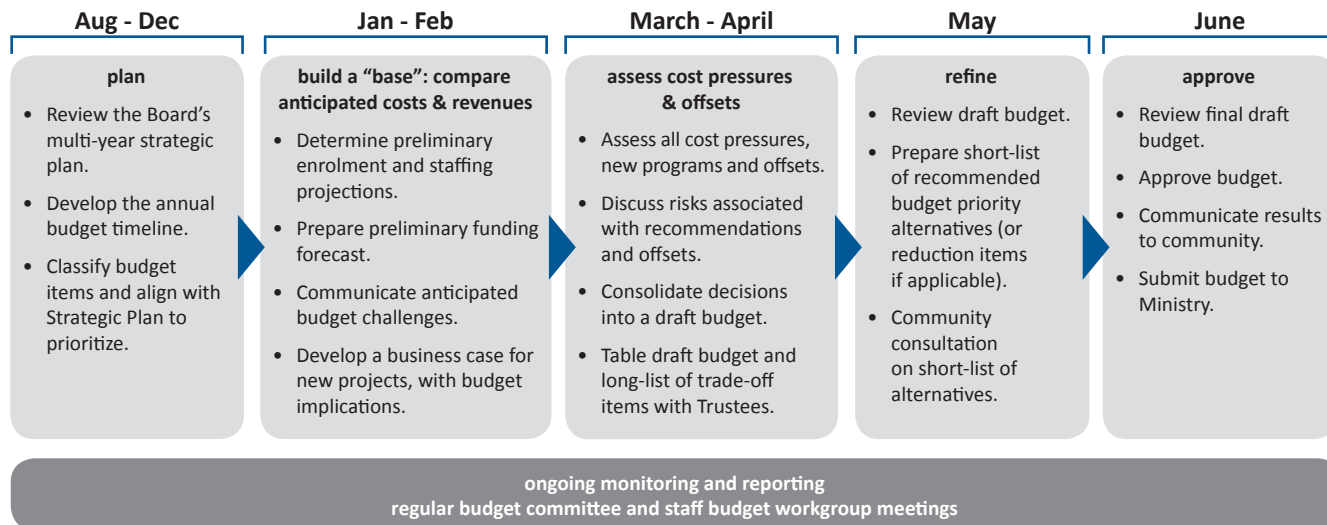| phase	key activity	description
pre-fieldwork	**provide board background data**	The Ministry collects and maintains significant quantities of board data. The Operational Review team has developed a standardized data request for all school boards to provide background data prior to the review.
	analyze board background data	Before the start of the fieldwork, the Operational Review team reviews board background data to understand the financial and operating characteristics. This review identifies specific issues and focus areas.
	plan fieldwork and communicate to board	The Ministry and the Operational Review team develop a review schedule that is communicated to boards before the start of the next review cycle.
	commit to fieldwork plan	Boards are required to commit to the Operational Review schedule. The Ministry and the review team will attempt to accommodate scheduling conflicts.
	issue documentation request to board	Before the start of fieldwork, a request for supporting documentation is generated to gather operating and other information for each focus area. The review team uses this information to enhance its understanding of the board before the start of field work.
	gather and submit required documentation	Upon receipt of the request for supporting documentation, each board compiles the requested data. School boards 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 analyzes the data provided by each board and adds the results to a sector-wide database to compare the results for each board.
fieldwork	**conduct fieldwork with board**	The fieldwork is conducted for each board according to the previously agreed upon review cycle. The time required for fieldwork ranges between five and 10 days, based on the size of the board.
	participate in fieldwork	Before the start of the fieldwork, the Operational Review team reviews board background data to understand the financial and operating characteristics. This review identifies specific issues and focus areas.
	assist and participate in fieldwork	School board staff participate in the fieldwork. The number of participants involved will vary depending on the size of the board.
reporting	**develop draft report**	Based on the results of the fieldwork and data analysis, the operational review team writes a draft report. The draft report contains a synopsis of findings and, where appropriate, recommendations for improvement.
	review draft report (ministry)	The Ministry reviews the draft report and provides feedback to the review team.
	review draft report (board)	The review team meets with board senior staff to review and obtain feedback.
	prepare final report	The review team incorporates the feedback from the both the Ministry and the board and prepares a final report.
	accept and approve final report	The final report is issued to the Ministry for approval and release.
	communicate final report	The Ministry issues a final report to the board.
follow-up	**follow-up review**	Eight to 12 months after the release of the final report, the review team conducts a follow-up review to determine the extent of the board's adoption and implementation of the recommendations.

The road ahead

appendix C

The diagram below outlines some of the key elements for a staged approach to budget planning and development. By adopting a five stage budget planning and development process, school boards can improve the way they approach budget development and take a more strategic approach to planning and budgeting.

Aug - Dec	Jan - Feb	March - April	May	June
plan	**build a "base": compare anticipated costs & revenues**	**assess cost pressures & offsets**	**refine**	**approve**
• Review the Board's multi-year strategic plan. • Develop the annual budget timeline. • Classify budget items and align with Strategic Plan to prioritize.	• Determine preliminary enrolment and staffing projections. • Prepare preliminary funding forecast. • Communicate anticipated budget challenges. • Develop a business case for new projects, with budget implications.	• Assess all cost pressures, new programs and offsets. • Discuss risks associated with recommendations and offsets. • Consolidate decisions into a draft budget. • Table draft budget and long-list of trade-off items with Trustees.	• Review draft budget. • Prepare short-list of recommended budget priority alternatives (or reduction items if applicable). • Community consultation on short-list of alternatives.	• Review final draft budget. • Approve budget. • Communicate results to community. • Submit budget to Ministry.

ongoing monitoring and reporting
regular budget committee and staff budget workgroup meetings

Leading practices in budget planning and development include:
- The budget development process starts early in the school year to facilitate strategic planning and prioritization of budget line items.
- Budget planning is aligned with the Board's strategic plan, school board's annual operating plan and departmental plans.
- Sufficient time is provided to the Board of Trustees for budget review and input and a Board Budget Committee is established to provide enhanced budget oversight.
- The community is engaged early in the budget development process and provided with opportunities for meaningful and timely input.

The following diagram illustrates the inputs and outputs associated with each of the five budget planning stages:

2. build a "base"

Inputs	Outputs
• Announced funding changes (B memos, EPO Grants, etc.) • Enrolment assumptions	• Preliminary Enrolment forecast • Preliminary Funding forecast

3. assess cost pressures & offsets

Inputs	Outputs
• Funding forecast • GSN memo • Staff allocation procedures	• Revised enrolment forecast • Staff allocation • Trade-off list • Draft budget

1. plan

Inputs	Outputs
• Strategic plan • Prior year budget • Prior year staff allocation • Revised estimates	• Budget timeline • Prioritization plan • Staff allocation procedures

4. refine

Inputs	Outputs
• Draft budget • Prioritization alternatives	• Final draft budget • EFIS is populated

5. approve

Inputs	Outputs
• Final draft budget	• Approved final budget

ongoing monitoring & reporting
- 2. build a "base"
- 3. assess cost pressures & offsets
- 1. plan
- 4. refine
- 5. approve

notes ....

The road ahead