

SCHOOL DISTRICT NO. 35 (LANGLEY)

**GOVERNANCE AND
INTERNAL CONTROLS EXAMINATION
OFFICE OF THE AUDITOR GENERAL**

**BOARD OF EDUCATION
ACTION PLAN**

*Langley
Schools*



September 30, 2010

School District No. 35 (Langley)
Governance and Internal Control Examination
Office of the Auditor General

BOARD OF EDUCATION ACTION PLAN

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A. INTRODUCTION

The Board of Education has considered thoroughly the Examination by the Office of the Auditor General. The following response and action plan is our commitment to address the recommendations in order to provide sound and responsible stewardship for the students of Langley.

B. GOVERNANCE

1. That Board trustees develop ways to work together to effectively discharge their responsibilities.

The Langley Board of Education understands the education and achievement of the students of Langley must be the focus of their work. We have experienced significant success with improving student achievement and we are committed to carrying on that work.

Trustees acknowledge that in order to effectively carry out this important work, they must conduct business in a respectful manner and despite the individual opinions of Trustees consensus must be reached in order to move the District forward. All Trustees will undertake training and in-service, which will support them in their governance, during the winter of 2010-11.

The Board understands that leading by example and modeling a positive tone at the top is critical to ensuring good governance. In order to facilitate good governance, the Board will ensure that Planning Meetings stay on time and topic, are focused on the business of moving the District forward and are conducted in an orderly and respectful manner. The Board will also endeavor to ensure the debate and discussion at all meetings is respectful and related to the motion or topic being discussed.

Modeling good governance must extend to the Board's public meetings and Trustees agree to conduct their meetings in accordance with Roberts Rules of Order and the By-Laws of the Board. The Board recognizes public meetings are an opportunity for the community and key stakeholders to attend a public meeting and observe the Board as it conducts its business and to ask questions of the Board at the end of each meeting. Trustees are committed to holding public meetings which are conducted with decorum and respect for the proceedings. To this end, the Board will continue the practice of providing clear direction on the guidelines of what is appropriate and respectful with regard to question period.

2. That Board trustees ensure that they understand, accept, and are addressing their governance roles and responsibilities

The role of a Trustee is a complex one and comes with significant responsibility. The Board acknowledges ongoing professional development is important for individual Trustees if they are to continue to improve their ability to carry out their duties.

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Trustees will undertake training and in-service which will support them in their governance and financial management roles, such as reviewing the "House of Good Governance" framework included in the Auditor Generals report as part of their work in 2010-11.

Trustees understand that an important role and responsibility of the Board is to protect the School District through a series of risk management processes. The Board is entrusted with ensuring the internal controls established by Management are in fact functioning well and Management provides regular assurance that potential risks to the District are being managed effectively. The Board has established an Audit Committee and is committed to maintaining and strengthening this important aspect of the District. The Board will work together with Management to consider the creation of an Internal Audit function to further protect the District from potential risk. Further, the Board's commitment to work with the Office of the Auditor General over the next 5 years will ensure that the responsibility of managing the Districts resources can be successfully achieved.

The Board recognizes that communication is an integral part of good governance. The Board is committed to continually reviewing results and using meaningful communication opportunities to further the agenda of improving student achievement. The Board, through the Superintendent, currently provides regular updates on student achievement to the public at its monthly Board meetings, and the Board provides annual updates on it's Strategic Plan, however communication can continually be strengthened and Trustees will work to find additional opportunities to engage it's community and key stakeholders in the achievement of students and work of the Board. Trustees will develop a plan for the 2011-12 school year that strengthens communication within the district.

3. That the Board requires senior management to provide it with sufficient, appropriate and regular information.

The Board recognizes in order to effectively carry out their responsibilities Trustees must have access to timely and appropriate information. The Board accepts good governance relies on a solid and trustful working relationship between senior management and Trustees and that the regular flow of information is critical to maintaining a positive working relationship. Trustees understand it is their responsibility to clearly communicate to senior management their informational needs and further, that it is their responsibility to make themselves aware and informed of the information that is provided. Senior management has the responsibility to provide the information requested by trustees. Trustees acknowledge given the current fiscal situation of the District resources are limited and their requests for information should be of a more strategic nature rather than operational. Trustees will support staff in ensuring that the resources are in place to complete any work requested by the Board and that upon completion of the work, there will be an acceptance that the work is substantively correct.

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4. That the Board engages in a healthy level of questioning and holding senior management accountable, in a respectful and appropriate manner.

The Board acknowledges that good governance and the goal of educating the children of Langley is dependant upon a strong and professional partnership between Trustees and all senior management. Ensuring the working relationship between the Board and all senior management is respectful and supportive is the responsibility of each Trustee and must be modeled both in-camera and in public. The common goal of the Board and senior management is to move the District forward in a positive and effective manner. To this end the Board will work with senior management to further develop ways to regularly monitor and evaluate the progress of the District and its students.

It is acknowledged and understood the Board must continually monitor management's plan to address the internal control weaknesses that have been identified. The Board will utilize the Audit Committee as a mechanism to receive regular updates and progress reports. The Board is committed to the recently established District Audit Committee which will add to the strength of senior management's regular reporting processes. The requirement of the Audit Committee to meet annually with the external auditor, excluding senior management, will ensure that any potential concerns can be discussed and resolved.

Trustees have approved a financial policy which commits the Board to monthly financial updates and annual reporting. Financial reporting is further strengthened by the policy requirement of regular reporting on long-term facilities planning including the Annual Facilities Grant.

The Board has established a process for the evaluation of the Superintendent and is committed to maintaining the annual performance and planning review and providing feedback.

C. INTERNAL CONTROLS

5. That senior management prepare and action a plan including responsibilities and timelines to address identified control weaknesses, including those outlined in our detailed management letter, and provide regular updates on progress to the Board.

6. That the Board ensures that it receives regular updates from senior management and ensures that a strong system of controls is in place and working effectively and mitigating risk to an acceptable level.

The Board recognizes and understands managing and mitigating financial risk to the District is an essential part of their responsibility. The Board acknowledges that while much work has been done by senior management to implement a series of internal controls which will strengthen the identified weaknesses, more work will be done to further enhance these controls and to rectify any remaining weakness in areas that have not yet been addressed. Trustees also recognize that the most

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effective way to ensure that the controls which have been put into place are working to safeguard the District is by receiving regular updates from senior management. To this end, the Board will work with senior management to create a plan for systemic monitoring and review of internal controls and make adjustments where necessary. The commitment of the Board to the newly formed Audit Committee will provide an opportunity for more in-depth analysis and review and will further strengthen the process of regular monitoring.

It is understood by Trustees that the implementation of the Deficit Elimination Plan is a critical task and that work must be done to ensure that the goals of the Plan are met. The Board will ensure that it receives regular updates from senior management on the progress being made on the Deficit Elimination Plan.

Board Actions

A critical component of correcting and guiding change in the district is the appointment of a Secretary-Treasurer. In September the Board appointed Mr. David Green to the position. His experience and expertise in school finance will be invaluable in leading change and providing overall management to the business and operational side of the school district. The Board will oversee a plan for systemic review, correction and establishment of necessary internal controls. That work is already well underway and implementation has begun. The Assistant Secretary-Treasurer has developed an outline and a procedures plan to govern examination, review and correction of processes for staff to follow. It includes:

- Reporting
- Policies/Procedures
- Training
- Meeting Framework
- Audits
- Accounts
- Documentation of Systems and Controls

The Audit Committee will receive regular updates on the changes implemented to internal controls. The Board will also request an interim review by the Auditor General on our progress on the strengthening of internal controls as part of our ongoing working relationship with that office.

Timeline

- The procedures plan for staff was started in September 2010 and the work to date shared with the Superintendent and Finance Team. Refinement and further implementation will take place over 2010-11 and 2011-12 as issues are addressed and re-prioritized and as Secretary-Treasurer is able to acclimate himself to his new role.

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Staff Responsibility

The Assistant Secretary-Treasurer's role is to develop a procedures working plan and share it with Finance staff.

- She will review the plan with the Secretary-Treasurer and Superintendent and oversight will be provided by the Secretary-Treasurer.
- Progress reports will be provided to the Audit Committee at regularly scheduled Audit Committees in 2010-11 and 2011-12.

Board Responsibility

The Board's first responsibility has been the appointment of an experienced Secretary-Treasurer and he will join the district in late October. The Board will provide oversight on the changes through feedback to the Superintendent and Secretary-Treasurer.

- The Board will provide staff resources to complete the work necessary.
- The Board will accept the work as substantively correct once it is provided by staff and the Board will devote focused working time to receive and understand the information.

D. LONG-TERM PLANNING

- 7. That senior management and the Board move to a longer term period of at least 5 years for strategic planning, and that the District's strategic plan include a link between it's educational goals and financial planning resources*
- 8. That management provide more regular information to the Board on longer term strategic and facilities planning and progress, including annual evaluation of its facilities planning and financial management*
- 9. That the District prepare a 10 year School District Facilities Plan.*

Trustees recognize that a strategic plan is critical to ensuring the goal of educating the students of Langley is achieved and to be effective, it is preferable that the strategic plan be aligned with efficiently managing the growth, resources and operational needs of the District.

The Board has also worked towards aligning the District Achievement Contract and the District Review of 2006 with the Strategic Plan. The Board has a long established process for creating, monitoring and enhancing its 3 year strategic plan in conjunction with the other guiding documents of the District. The Board recognizes that there is benefit to making strategic planning longer term. The Board will work with senior management to create a process to develop a plan in 2011-12

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which extends to at least 5 years and which provides a link between its educational goals and financial resource planning.

In order to make the most informed decisions with regard to longer term strategic and facilities planning, it is important that the Board strengthens its understanding of the anticipated needs of students and the District. The Board will work with senior management to implement the return to regular facilities planning updates, AFG progress and an annual evaluation of the facilities planning and financial management.

The Board understands it is their responsibility to efficiently manage the School Districts facilities. It is also understood that planning for educational programming requirements, anticipating long term demographic changes, having awareness of the capacities and current condition of existing facilities is integral to being able to effectively manage those same resources. Trustees acknowledge moving to a longer term facilities plan will better enable them to understand and anticipate the capital needs of the District. The Board is committed to working with senior management to review the feasibility of a long range (up to 10 year) Facilities Plan within its capital planning process and understands such a plan would become the roadmap which will guide future decision-making within the District.

Board Actions

The Board will undertake development of its Strategic Plan, giving consideration to the implications and benefits of a five-year planning period over a three-year period. The Board will review the feasibility of a long-range (up to 10 year) Facilities Plan in its capital planning process once they have the necessary resource in place to complete the work. The Board will develop a method to link educational goals in its Accountability Contract with operational goals and financial resource planning. The Board will return to regular facilities planning updates, AFG progress, and an annual evaluation of the facilities planning and financial management.

Timeline

- The Board will consider and update its Strategic Plan in 2010-11 with development in 2011-12 of a longer-term plan.
- Regular updates on facilities will resume in 2010-11 school year.
- The Board will review the feasibility of a long-range (up to 10 year) Facilities Plan in its capital planning process for the 2011 Capital Plan. The timeframe for this work may have to be adjusted in consultation with the Secretary-Treasurer.

Staff Responsibility

- Staff will provide recommendations for Board consideration regarding process, framework and outcomes for both the Strategic Plan and the link between educational accountability and operational goals and financial resource planning.

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- Staff will provide a draft Facilities Plan for the Board's consideration once the appropriate staff are in place and the resources necessary have been secured.
- Staff will develop the Terms of Reference for the Facilities Plan for the Board's consideration.

Board Responsibility

- The appointment of a Secretary-Treasurer is a prime responsibility and that has been achieved.
- The Board will agree on the strategic direction of the Board in the major areas of achievement and operations.
- The Board will agree on purpose and utilization of the Strategic Plan.
- The Board will agree on purpose and utilization of the Facilities Plan.
- The Board will confirm Terms of Reference for the Facilities Plan.
- The Board will consider and utilize both the Strategic Plan and Facilities Plan in decision-making.
- The Board will provide guidance and oversight on staff resource in order to accomplish the work.
- The Board will allocate the resources necessary to complete the Strategic Plan and Facilities Plan.