

Review of

Nanaimo-Ladysmith School District

January 2017



**INTERNAL AUDIT
AND ADVISORY SERVICES**



**Ministry of
Finance**

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Review of Nanaimo-Ladysmith School District

**Internal Audit & Advisory Services
Ministry of Finance**

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Abbreviations

BC	British Columbia
BCP	Business Continuity Plan
the Board	Nanaimo-Ladysmith School District Board of Education
CUPE	Canadian Union of Public Employees
the District	Nanaimo-Ladysmith School District
DRP	Disaster Recovery Plan
EPLP	Employment Practices Liability Program
FTE	Full-Time Equivalent
HVAC	Heating, Ventilation and Air Conditioning
ISE	International Student Education
IT	Information Technology
the Ministry	British Columbia Ministry of Education
Nanaimo-Ladysmith	Nanaimo-Ladysmith School District
Province or Government	Government of British Columbia

Executive Summary

Nanaimo-Ladysmith School District (Nanaimo-Ladysmith or the District) is one of 60 school districts in the province, each governed by an elected Board of Education. Boards represent the public interest and reflect local values in education while governing in compliance with provincial legislation. The District's Board of Education, elected in December 2014, consists of nine trustees.

In 2015/16, Nanaimo-Ladysmith employed over 1,200 staff to deliver educational services to approximately 13,300 students. Over the past five years, 79% of students in Nanaimo-Ladysmith completed Grades 8 to 12 within six years, while the completion rate for comparable districts was 85% and the provincial average was 86%.

In keeping with the Taxpayer Accountability Principles, the Ministry of Education is working with school districts to reduce the cost of administrative overhead and maximize classroom resources. In support of this, Internal Audit & Advisory Services was directed to conduct a review of the Nanaimo-Ladysmith School District.

Working with a Deputy Ministers' Committee, Internal Audit & Advisory Services evaluated the District to identify opportunities for improvement, efficiencies and cost savings in overhead and non-instructional functions, and to examine planning, forecasting and financial performance.

In performing the review, Nanaimo-Ladysmith was compared to a peer group made up of districts with similar characteristics such as student enrolment, geographic size and number of facilities.

Strategic Planning

Nanaimo-Ladysmith has a strategic plan that outlines its goals and the critical outcomes that could be achieved. While the District intends to update the organizational strategic plan in late 2016, most departments do not currently have strategic plans. There are opportunities to improve integration and alignment between District and departmental strategic planning activities as well as explicitly link the District's budget to the strategic plan. Aligning the budget with strategic goals helps ensure the District allocates its resources effectively.

Nanaimo-Ladysmith actively engages stakeholder groups when making decisions on key initiatives and major capital projects. However, there are no documented guiding principles, policies or procedures with respect to community engagement which would provide a more consistent approach leading to a better understanding of the vision. In addition, while the District discusses risks and opportunities with stakeholders, it does not formally conduct risk management.

Staffing and
Compensation

Nanaimo-Ladysmith has experienced declining student enrolment which has contributed to staff reductions. Average class sizes were higher than the peer and provincial averages in 2015/16, though under the provincially prescribed maximums.

Salary and benefit costs in Nanaimo-Ladysmith make up the majority of the operating expenditures. Most staff are members of a bargaining unit whose compensation is determined by a collective agreement. Health benefits, pension and severance packages for staff were comparable to the BC public service. Total compensation for the District's executive was also comparable to the average for the peer districts. While some school districts provide a service recognition incentive to their excluded employees, Nanaimo-Ladysmith does not.

Human
Resource
Management

In 2011, an external review recommended Nanaimo-Ladysmith hire human resource expertise and develop a strategic plan to address succession planning and attendance management practices. While the District has added human resource expertise and improved attendance management and labour relations practices, a comprehensive human resource strategic plan has yet to be developed. As a result of the improved attendance management practices, the District has been able to reduce annual costs for substitute teachers and education assistants by \$1.2 million since 2010/11.

Procurement

While school districts are expected to follow the spirit and intent of provincial procurement policy, Nanaimo-Ladysmith is not currently in full alignment. The District has a procurement policy and procedures manual; however, it has not been updated since 2005 and is too outdated to be strictly followed or enforced.

Nanaimo-Ladysmith uses over 400 purchase cards to decentralize procurement activities. The large number of cards combined with ineffective oversight has resulted in purchases that are not in keeping with policy. Effective control over card activities is important as total card purchases represented approximately \$6 million (37% of total) in 2015/16.

Information
Technology

In 2010, an external consultant recommended Nanaimo-Ladysmith create an overall information technology (IT) strategic plan to guide the department and address gaps in its technology environment. The plan is being developed and is anticipated to be completed by March 2017.

Nanaimo-Ladysmith lacks documented policies and procedures for most key IT processes and does not maintain an inventory of its hardware and software. The District also does not prepare business cases for IT projects and documentation to support procurement was lacking. In addition, opportunities exist for the District to implement an information security policy, which is planned to be developed as part of an IT policy review.

There is also a need for Nanaimo-Ladysmith to develop a Business Continuity Plan and a Disaster Recovery Plan to minimize the impact of disruptions on key business areas and assist in recovering key systems.

Facilities

Nanaimo-Ladysmith developed a long range facilities plan in 2013 that aligned with its strategic goals. The plan included the decision to convert Cedar Secondary School to an elementary school, allowing for the closure of two elementary schools. However, in 2015, the District's newly-elected Board voted to convert Cedar back to a secondary school. In total, \$1.6 million was spent on the initial conversion and subsequent reversal of the school renovations. In addition, only one of the two planned elementary school closures occurred.

Nanaimo-Ladysmith has a policy that outlines the process for school closures, including stakeholder consultation, communication and the timing of decisions. The policy does not include criteria to identify which schools should be closed; instead, decisions are made on a case-by-case basis. Having objective criteria may assist the District in demonstrating the rationale and supporting decisions made regarding school closures.

As a result of declining enrolment, Nanaimo-Ladysmith closed 13 schools over the past 15 years. For the 2015/16 school year, the District's overall capacity utilization was 86% (2,022 surplus seats) comparable to the peer districts' average of 88%. Despite enrolment declines, Nanaimo-Ladysmith is forecasting enrolment growth of 6% by 2024, with the majority of the growth occurring within elementary schools.

Over the past five years, Nanaimo-Ladysmith has completed two major capital projects, both jointly funded by the Ministry of Education and the District. These projects were supported by business cases, approvals, signed contracts and followed appropriate procurement practices.

Nanaimo-Ladysmith currently has 11 surplus properties, including 9 closed schools, which will be addressed in an updated asset management plan. Disposing of surplus properties will free up resources for future capital expenditures and reduce annual operating costs.

Operations and
Maintenance

Nanaimo-Ladysmith conducts most repairs and maintenance internally with some specialized services being contracted out. The District uses a web-based work order system for prioritizing and distributing work orders. The system could include recording the costs and hours spent on work orders to better measure and monitor repair and maintenance costs.

Nanaimo-Ladysmith actively engages in energy management initiatives that have resulted in an 18% reduction of energy consumption over the past five years, with an average annual savings of \$680,000.

Transportation
Services

Nanaimo-Ladysmith provides student transportation, at no charge, to approximately 1,800 riders. Ridership includes over 750 students, who do not meet eligibility criteria, on routes that have excess capacity. The cost of providing student transportation services in 2015/16 was \$1.8 million.

In 2016, an external consultant presented a number of options for reducing transportation costs and separately the Ministry of Education announced new transportation funding. The District is considering these developments while determining its desired level of transportation services.

Nanaimo-Ladysmith owns 29 buses including seven spares, the highest spare bus ratio among the peer districts that provide in-house transportation services. Once the review of student transportation is completed the District should address the high spare bus ratio.

Financial
Management

Nanaimo-Ladysmith's revenues have averaged \$133.3 million over the past five years. The majority of the revenue received is the provincial operating grant. In 2015/16, the District ran a small deficit of \$136,000; however, in the previous four years the District had surpluses averaging \$2.4 million.

In 2015/16, the District allocated a portion of its accumulated operating surplus to balance its operating budget, recognizing that it had a larger accumulated surplus than needed to manage any unforeseen expenditures. The Ministry of Education and school districts have begun discussions regarding an appropriate level of accumulated operating surplus as one is not currently defined.

Nanaimo-Ladysmith has financial policies that are outdated and not strictly followed or enforced. Updated financial policies would provide guidance to staff, strengthen internal controls and improve the management of financial assets.

Budgeting and
Forecasting

Nanaimo-Ladysmith monitors its budget on a monthly basis to identify variances and takes action as appropriate. Forecasts are presented to the Board of Education twice per year; however, any significant variances are reported when they are identified. Historically, the District has not created long-term financial forecasts; however, it developed a high level two-year operating forecast in 2014. The District anticipates creating a three-year operating forecast in 2017.

Other Income

Nanaimo–Ladysmith has a self-funded international education program that allows students from other provinces and countries to study in the province for a fee. Over the past five years, the District’s international student enrolment grew from 234 to 309 students with revenues of \$3.7 million (3% of operating revenue).

In 2015, an external review recommended Nanaimo-Ladysmith conduct strategic planning to ensure program activities align with operational goals and to report on program performance.

Nanaimo-Ladysmith also receives revenue from a number of other sources including tuition from First Nations bands, facility rentals and leases, and interest on short term investments.

* * *

We would like to thank the management and staff of Nanaimo-Ladysmith School District, as well as the other stakeholders who participated in and contributed to this review, for their cooperation and assistance.



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Introduction

Nanaimo-Ladysmith School District (Nanaimo-Ladysmith or the District) is one of 60 school districts in the province, each governed by an elected Board of Education. Boards represent the public interest and reflect local values in education while governing in accordance with provincial legislation.

The BC School Trustees Association, the representative for all school boards in British Columbia (BC), and the Ministry of Education (the Ministry) entered into a Memorandum of Understanding in December 2014. The memorandum recognizes the individual and shared responsibilities of boards and the Ministry to effectively and efficiently manage public resources in a fiscally sustainable manner and to support a strong and successful public Kindergarten to Grade 12 education system.

School district funding comes primarily from provincial government grants. The total of all provincial grants distributed to school districts within BC for the 2015/16 school year was \$4.8 billion, with Nanaimo-Ladysmith receiving \$119.3 million.

In 2015/16, Nanaimo-Ladysmith employed over 1,200 full-time equivalent (FTE) staff to deliver educational services to approximately:

- 8,000 student FTEs in Kindergarten to Grade 7 at 29 elementary schools; and
- 5,300 student FTEs in Grades 8 to 12 at six secondary schools.

Over the past five years, 79% of students in Nanaimo-Ladysmith completed Grades 8 to 12 within six years. The comparable average for the peer districts was 85% and the provincial average was 86%.

The District has lower than average numbers of both English language learners and students with special needs while having a higher than average number of students of Aboriginal descent when compared to the peer districts and provincial average, as shown in the following table:

	English Language Learners	Special Needs	Aboriginal
Nanaimo-Ladysmith	4.4%	4.8%	15.6%
Peer Districts Average	5.7%	5.8%	12.5%
Provincial Average	11.4%	5.1%	10.8%

Source: Ministry of Education data

Purpose, Scope and Objectives

The purpose of reviewing school districts is to identify opportunities for improvement, efficiencies and cost savings in overhead and non-instructional functions, and to examine planning, forecasting and financial performance within the school districts selected for review.

Nanaimo-Ladysmith is the second district selected as part of a number of planned reviews. The review evaluated and, as appropriate, made recommendations relating to the following:

1. Non-instructional functions, including:
 - a) staffing levels, to identify opportunities to redirect savings to benefit students; and
 - b) administration, operations and maintenance, transportation and information technology.
2. Financial performance in non-instructional functions including:
 - a) operating costs, administrative costs and employee compensation;
 - b) forecasts, to help plan, budget and manage costs;
 - c) cost mitigation and shared services strategies, including the identification of potential non-instructional efficiencies and economies of scale;
 - d) short and long-term planning including utilization of capital and related resources; and
 - e) other matters that arose over the course of the review as deemed appropriate by the review team.

The findings, including best practices, identified in this and subsequent reports may be relevant and useful to inform other school districts and aid in making any necessary changes or improvements in their district practices.

School district governance structure and processes were excluded from this review as an independent review was completed in 2013 with recommendations for enhancement.

Approach

Working with an Executive Steering Committee, Internal Audit & Advisory Services conducted a broad review of the Nanaimo-Ladysmith School District. The approach included:

- conducting interviews with key management and staff across the District and related stakeholders;
- reviewing and analyzing legislation and policies;
- researching comparable information from other relevant organizations and other jurisdictions;
- reviewing and analyzing financial reports and variance reports; and
- reviewing and analyzing key operations, processes and information technology systems.

For the purpose of evaluating performance, the review compared Nanaimo-Ladysmith to other BC school districts using an average of all districts in the province (provincial average). The provincial average includes districts with a broad range of population densities and distinct geographic and climate differences. These factors can significantly affect the various ratios used in comparison.

To enable a more relevant comparison, the review also used a peer group made up of districts with characteristics similar to Nanaimo-Ladysmith in areas such as student enrolment, geographic size and number of facilities. The peer group used for comparison in this report is comprised of the following school districts:

- SD33 Chilliwack
- SD37 Delta
- SD42 Maple Ridge-Pitt Meadows
- SD44 North Vancouver
- SD57 Prince George
- SD73 Kamloops/Thompson

The Ministry requires school districts to submit cost and FTE data by functional area. Although this information is not audited, the Ministry provides sufficient guidance such that the data remains useful for district comparisons.

In some cases, comparisons amongst school districts were limited, as the financial reporting required by the Ministry does not provide enough detail to permit analysis of certain types of costs. For example, information technology costs are included in total maintenance and operations, making detailed comparisons difficult.

Overall Conclusion

Nanaimo-Ladysmith School District is one of 60 school districts in the province, delivering K-12 education to approximately 13,300 students in 35 schools. Students in the District have had a 79% completion rate, as compared to the provincial average of 86%. While Nanaimo-Ladysmith has generated a surplus in four of the last five years, averaging over \$2 million in each of those years, in the last year a small deficit was budgeted as it was recognized that the accumulated surplus was more than required.

Over the past 15 years, Nanaimo-Ladysmith has closed 13 schools due to declining enrolment and currently has a capacity utilization of 86% with over 2,000 surplus seats, compared to 88% for the peer average. The District has 11 surplus properties which should be addressed to free up resources that can then be used to support the education of students and maintain facilities.

Nanaimo-Ladysmith should ensure that it has a strategic plan that establishes the long term direction of the District and incorporates appropriately aligned divisional plans. This will help to ensure that all areas of the District are working together to deliver on the key goals. A clear and consistent approach to stakeholder engagement would assist the District in developing long term objectives as well as assist stakeholders in understanding those objectives. These actions should lead to more transparency and focus for the District, the community and the students.

The District has improved its attendance management resulting in a reduction in sick time and savings in substitute costs of \$1.2 million. The oversight and control of purchase cards is an area for improvement given the significant number of them in use and the approximately \$6 million in spending per year on them. The review also identified a number of opportunities for improvement in information technology operations to better manage and safeguard assets while supporting the District.

1.0 Administration

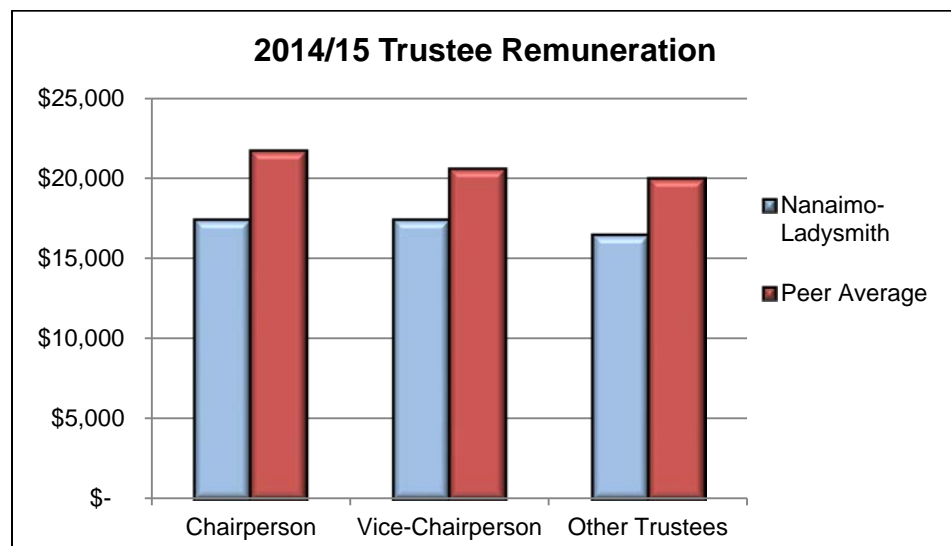
Each school district is led by a locally elected Board of Education that provides strategic direction to senior executives who are responsible for the administration of the district and its schools. Administration includes all programs related to the governance and management of educational, business and human resource activities.

1.1 Board of Trustees

Trustees are elected to represent the public interest and local values in education and govern school districts in compliance with the *School Act*.

The Nanaimo-Ladysmith School District Board (the Board), elected in December 2014, consists of nine trustees, including a Chairperson and Vice-Chairperson. The Board meets every month and has standing committee meetings twice monthly, although meetings are held less frequently during the summer. Trustee remuneration is fixed regardless of the number of meetings attended.

The graph below shows the Board's remuneration is lower than the peer district average:



Source: School Districts Statement of Financial Information 2014/15

Trustees receive professional development funding. For example, a course offered through the BC School Trustees Association provides direction on roles and responsibilities for new trustees. In 2015/16, total costs of trustees' professional development and travel was approximately \$17,000. Based on samples reviewed, trustees' expenses were reasonable and in line with the District's policies.

1.2 Strategic Planning

Nanaimo-Ladysmith has a strategic plan that outlines the following three goals:

1. Meet each student's unique needs.
2. Continuous improvement of instruction and assessment.
3. Enhanced facilities for learning.

The strategic plan identified 17 "possible critical outcomes" that could be achieved by pursuing these goals, such as increasing Aboriginal student academic achievement and graduation rates. There is an opportunity for the District to report on progress against the strategic goals to enhance transparency and accountability.

The District also intends to undertake strategic planning activities at the department level (for example, in Human Resources and Information Technology). Currently, there is a lack of integration and alignment between District and departmental planning activities. While many departments have engaged external consultants who have recommended departmental strategic plans, these have yet to be completed. Planning activities at the department level should be completed in alignment with the updated District plan. In addition, Nanaimo-Ladysmith's budget should be explicitly linked to the District and department plans to ensure resources are allocated effectively.

Effective strategic planning provides a roadmap for an organization to ensure long-term goals are achieved and helps focus departmental activities under an overall District strategy. Aligning the departmental and the District's strategic plans would better support the achievement of critical outcomes.

There are opportunities for Nanaimo-Ladysmith to incorporate the following best practices into strategic and performance planning:

- ranking or prioritizing initiatives;
- promoting integration of strategic initiatives at the divisional level; and
- promoting accountability by implementing time-bound deadlines and measurable outcomes.

Before determining key initiatives and major capital decisions, Nanaimo-Ladysmith actively engages stakeholder groups, such as parents, teachers, staff and the general public, through a series of engagement sessions and web surveys. However, there are currently no documented guiding principles, policies or procedures with respect to community engagement and the District advised it relies on direction from the Board to guide community outreach. A consistent approach to community engagement can improve long-term planning by communicating a shared understanding of the District's direction and community concerns.

Identifying key risks and mitigation strategies is a crucial component of strategic planning. While the District discusses risks and opportunities in its meetings with stakeholders, it does not formally conduct risk management. A formalized risk planning approach, including the preparation and maintenance of a risk register, would improve risk management practices. Maintaining a risk register assists in monitoring organizational risks, encourages addressing problems proactively and can inform future strategic plans.

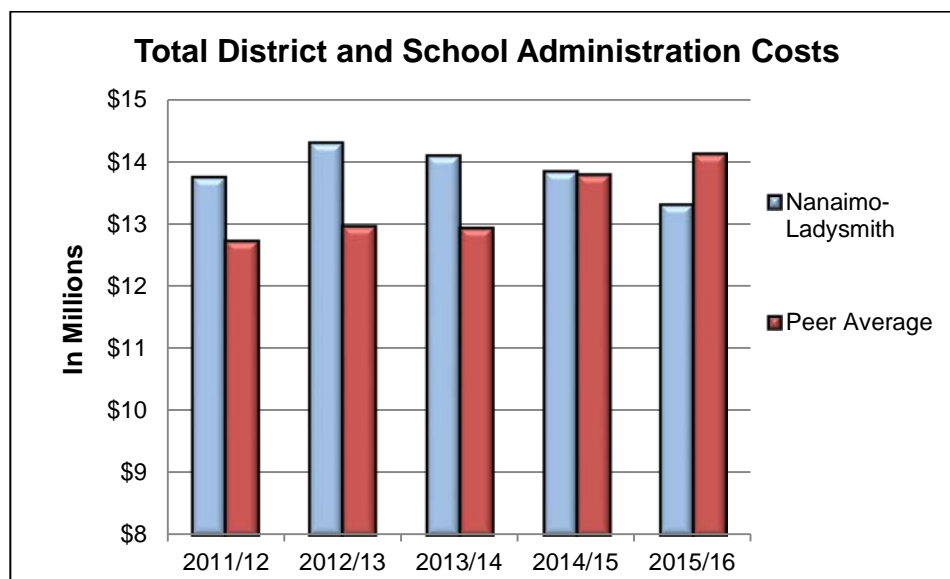
Recommendations:

- (1) Nanaimo-Ladysmith School District should ensure that comprehensive and integrated strategic planning is implemented across the organization with regular progress reporting.**
- (2) Nanaimo-Ladysmith School District should develop formal public engagement procedures to better align long-term planning and community interests.**
- (3) Nanaimo-Ladysmith School District should implement formal risk planning.**

1.3 District and School Administration Costs

District administration includes activities related to educational leadership and management of business and financial operations. School administration includes supporting the delivery of instructional services and other business operations within schools and non-teaching time for school administrators (principals and vice-principals).

Nanaimo-Ladysmith spent approximately \$4 million on district administration and \$9 million on school administration in 2015/16, together accounting for 11% of total operating costs. The District reduced its total administration cost by 3% over the past five years compared to an 11% growth among peer districts.



Source: School Districts Statement of Financial Information

In 2015/16, Nanaimo-Ladysmith spent an average of \$13 more per student on district and school administration than the peer districts average, as shown in the table below.

District	Student FTEs	District and School Administration Costs	Cost Per Student	% of Total Operating Costs
Nanaimo-Ladysmith	13,374	\$13,318,330	\$996	11.2%
Peer Average	14,378	\$14,134,034	\$983	10.5%
Variance	(1,004)	(\$815,704)	\$13	0.7%

Source: Ministry of Education data

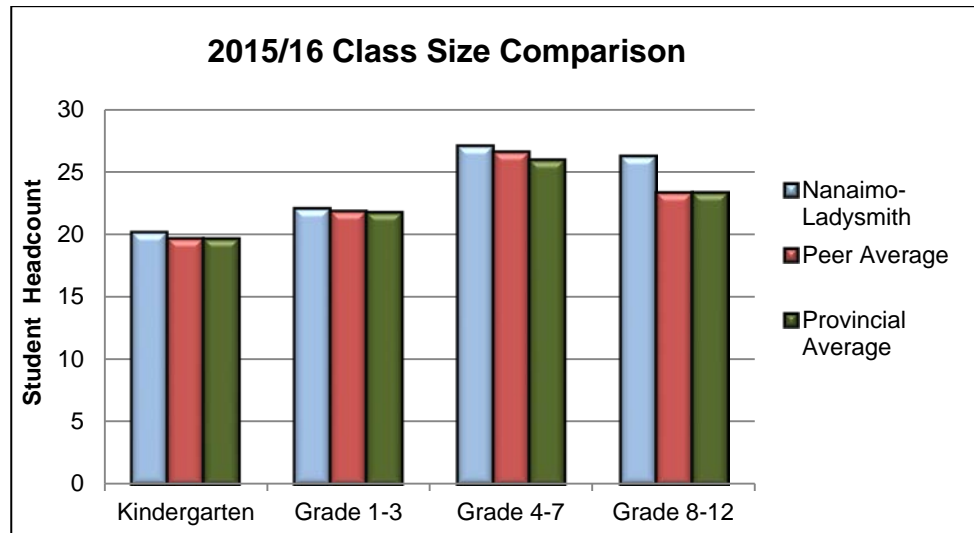
Student enrolment declined by 3.2% over the past five years and the District is in the process of adjusting its district and school administration costs accordingly. Minimizing excess capacity at schools across the District is a key component in managing costs as poorly utilized facilities impact administration and other costs.

1.4 School District Staffing

School districts consider many factors in determining the appropriate number of teachers, school administrators, education assistants and support staff required to deliver education. Factors considered by Nanaimo-Ladysmith include student age, number of students, projected enrolment, employee attrition and the following maximum class sizes prescribed in the *School Act*:

- 22 students for Kindergarten;
- 24 students for Grades 1-3; and
- 30 students for Grades 4-12, unless it is deemed appropriate for student learning or the class is in a prescribed category.

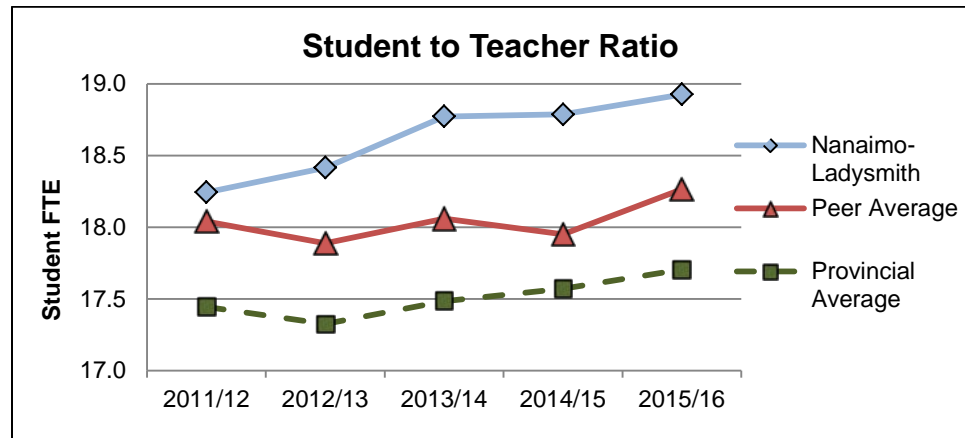
Like many school districts, Nanaimo-Ladysmith has experienced declining student enrolment. While average class sizes were higher than the peer and provincial averages in 2015/16, they are under the prescribed maximum. The decline in student enrolment has contributed to a reduction in staffing in the District.



Source: Ministry of Education data

Teachers

Over the last five years, Nanaimo-Ladysmith's student to teacher ratio has been consistently higher than the peer and provincial averages. The District's teacher FTEs have decreased by 7% since 2011/12, primarily as a result of declining enrolment, causing the student to teacher ratio to increase while remaining below the maximum class size limits.

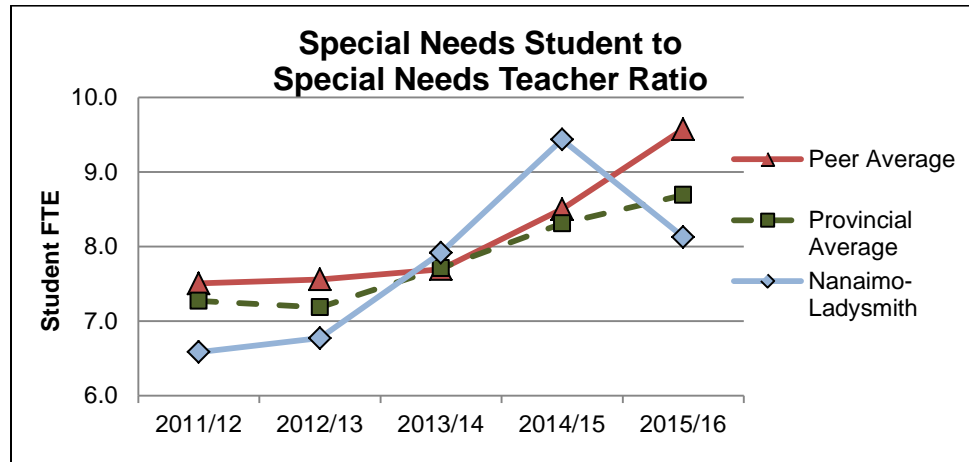


Source: Ministry of Education data

Special Needs Teachers and Education Assistants

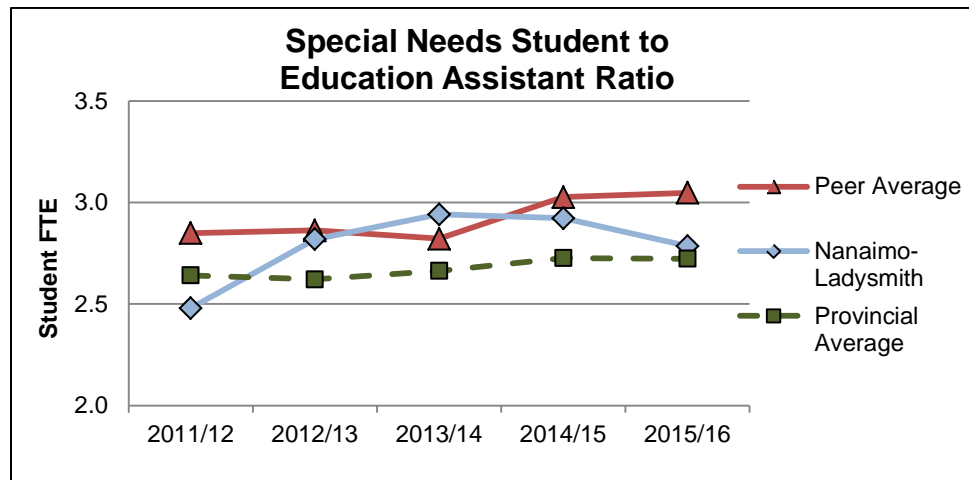
Special needs teachers include psychologists, teachers specialized in vision and hearing impairments, speech pathologists, as well as school based teachers who provide basic learning assistance, behaviour supports and intervention.

Nanaimo-Ladysmith's special needs students to special needs teacher ratio has been below the peer and provincial averages in three of the last five years, as shown in the graph below. In 2015/16, the District hired 11 special needs teachers to better support students with learning and behaviour needs as well as students identified as being at risk for not meeting academic achievements.



Source: Ministry of Education data

Education assistants support teachers and work directly with special needs students in the classrooms. The District allocates education assistants based on the level of support needed and the overall number of special needs students. Nanaimo-Ladysmith's special needs student to education assistant ratio is comparable with the peer and provincial averages.

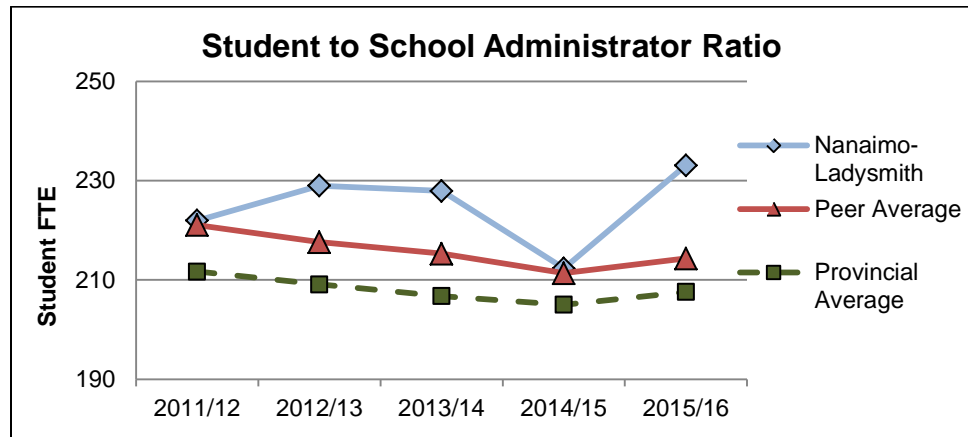


Source: Ministry of Education data

School Administrators

Nanaimo-Ladysmith allocates school administrators based on the number of students at each school. If a full-time principal or vice-principal is not required, the employee performs additional instructional or administrative duties. School administrators are not split between schools.

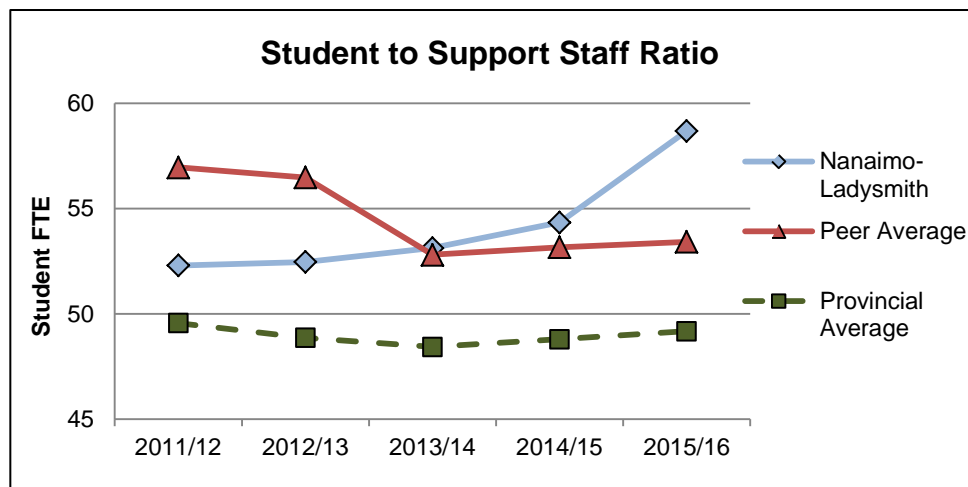
The District has a higher student to school administrator ratio than the peer and provincial averages, as shown in the graph below. The decrease in 2014/15 was a result of hiring additional school administrators to ensure a smooth transition in anticipation of planned retirements, which occurred the following year.



Source: Ministry of Education data

Support Staff

Support staff includes maintenance and technology staff, librarian technicians, and clerical assistants. The District's support staff have decreased by 14% since 2011/12, primarily as a result of a decrease in custodians and maintenance staff, causing the student-to-support staff ratio to increase. The District's ratio is currently higher than the peer and provincial averages.



Source: Ministry of Education data

1.5 Compensation

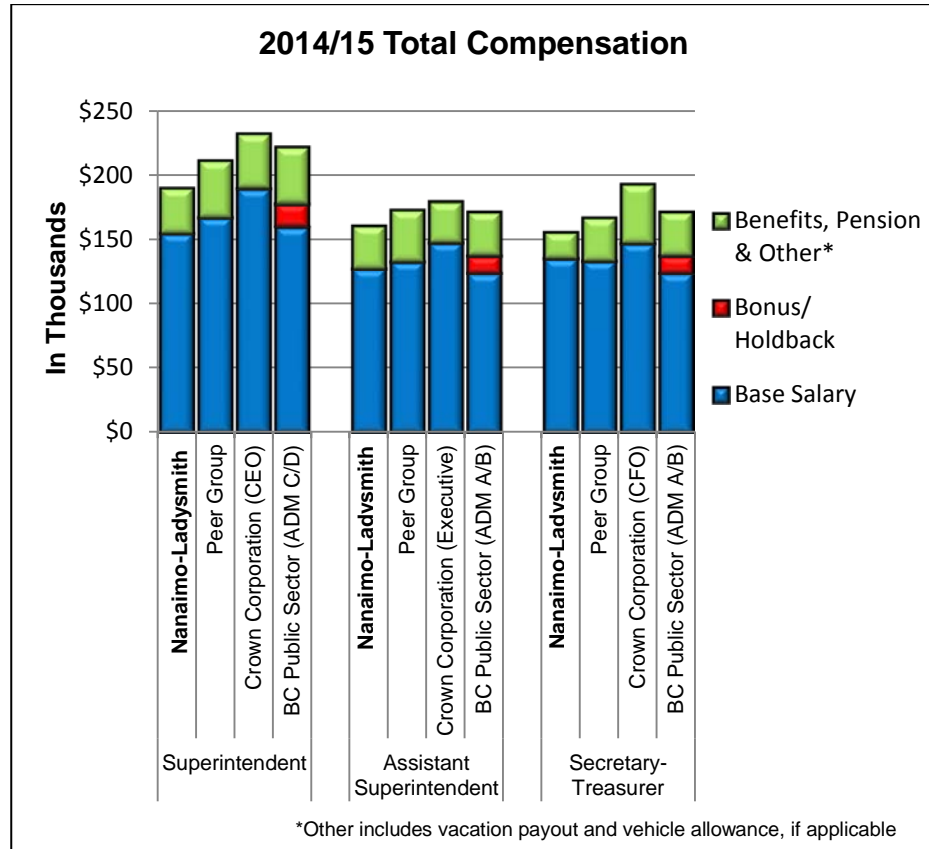
The District spent approximately \$107 million on salaries and benefits in 2015/16, representing 90% of total operating expenditures. Over the last five years, salaries and benefits have declined 1% while FTEs have decreased by 9%.

Nanaimo-Ladysmith has three employee groups:

1. Excluded management (includes Superintendent, Secretary-Treasurer, directors, managers and school administrators);
2. Teachers and on-call teachers; and
3. Support staff.

The excluded management compensation policy follows guidelines set out by the British Columbia Public School Employers' Association and is approved by the Public Sector Employers' Council, with the exception of the Superintendent's compensation which is set by the Board. Teacher compensation is determined by the Provincial Collective Agreement while support staff compensation is determined by the Canadian Union of Public Employees (CUPE) Collective Agreement.

Total compensation for the Superintendent, Assistant Superintendents and the Secretary-Treasurer were comparable to the average for the peer districts, the public sector and a similar sized Crown corporation, as shown in the following graph:



Source: The Public Sector Employers' Council data
 BC Assessment Authority is the similar sized crown used

Health benefits, pension and severance packages were also comparable to the BC public service. While some school districts provide a service recognition incentive to their excluded employees, Nanaimo-Ladysmith does not.

1.6 Human Resource Management

In 2011, Nanaimo-Ladysmith had an external review of its human resources department to identify strengths and areas for improvement. The report recommended obtaining human resource expertise and developing a strategic plan to address other deficiencies, such as succession planning and attendance management practices.

The District has since added human resource expertise and focused on improving attendance management and labour relations practices. A human resource strategic plan has yet to be developed to guide succession planning including recruitment, selection and retention strategies.

Sick Leave and Substitute Costs

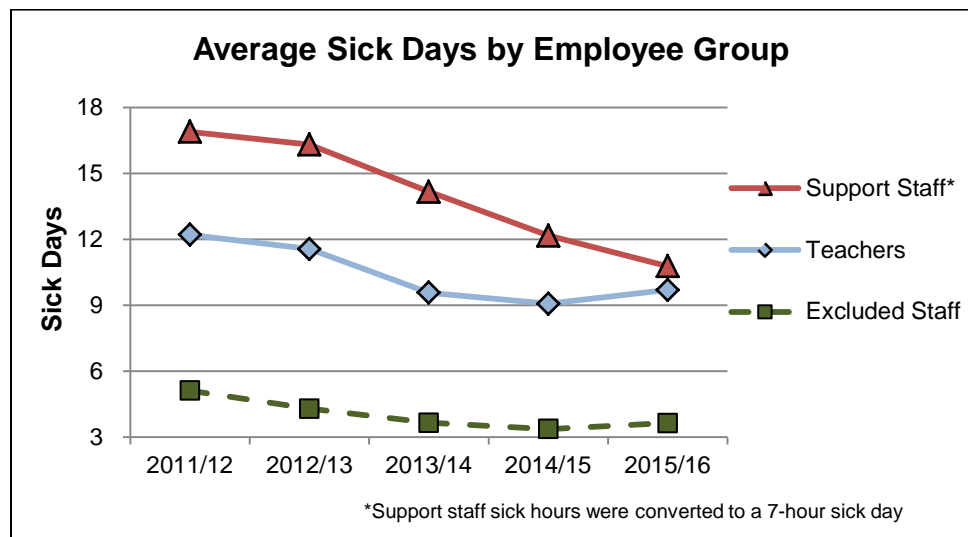
Employees at Nanaimo-Ladysmith earn 1.5 paid sick days per month. Similar to its peer districts, unused sick days can be accumulated for future use as follows:

- CUPE staff can accumulate up to 120 days;
- teachers have no maximum accumulation; and
- excluded staff can accumulate up to 250 days.

All three employee groups can draw from their unused sick balance; however, teachers are limited to a maximum draw of 120 days in a school year.

The *Public Sector Employers Act* does not allow excluded employees to get paid out for any unused sick days including at termination. CUPE staff with five or more years of continuous service will be paid out one-third of their unused sick balance, up to 40 days, when they leave the District. Teachers are not paid out for any unused sick days when leaving the District.

Nanaimo-Ladysmith’s increased focus on managing staff absences over the past several years has resulted in a decrease in the average sick days in all three employee groups as shown in the graph below:



Source: School District data

This decline has been a significant contributor to the decrease in costs for substitute teachers and education assistants from \$4.8 million in 2011/12 to \$3.6 million in 2015/16.

Grievances

As a result of increasing its human resource expertise, the District manages grievance claims in-house, reducing the need for outside legal counsel. Over the past three years the number of grievances filed has declined and grievances are generally resolved without going through an arbitration process.

As part of its shared service initiatives, the Ministry established an Employment Practices Liability Program (EPLP) to provide school districts access to consistent employment related legal services. The goal of the EPLP is to save on overall legal costs by improving coordination, minimizing duplication of legal services, achieving economies of scale and increasing the predictability of legal costs for school districts. Beginning in 2016/17, all school districts are required to pay an annual premium for the EPLP, which for Nanaimo-Ladysmith will be approximately \$68,000.

Employee
Performance
Management

Nanaimo-Ladysmith employee groups have performance evaluation templates and guidelines; however, the guidelines do not indicate how often evaluations should be conducted. Of the employee files sampled, 40% did not have evidence of a performance evaluation and none were linked to the District's strategic goals.

Regular and timely performance evaluations help ensure day-to-day actions align with business goals and objectives, document accountability and performance expectations, and form the basis for individual learning and career development.

Occupational
Health and
Safety

School districts are required to provide a healthy and safe environment for students and staff. The District has health and safety policies, procedures and practices in place to comply with WorkSafeBC regulations. In a recent report on performance issued by WorkSafeBC, Nanaimo-Ladysmith has outperformed their sector average in injury rate and early return to work for injured staff in each of the past five years.

Recommendation:

- (4) Nanaimo-Ladysmith School District should conduct regular performance evaluations that link to the strategic plan.**

1.7 Procurement

In 2015/16, Nanaimo-Ladysmith purchased \$16 million in supplies and services for its schools, trades and capital construction. This includes \$3 million from special purpose funds (for example, school generated and learning improvement funds). Procurements can be made through purchase cards or the procurement department. The procurement department assists business units in preparing tendering documentation, negotiating contracts, drafting agreements and determining group purchasing availability.

Policy and Procedures

The District has a procurement policy and procedures manual; however, it has not been updated since 2005. The District advised that the manual is too outdated to be strictly followed or enforced.

While school districts are expected to follow the spirit and intent of the Province's Core Policy and Procedures Manual, Nanaimo-Ladysmith's manual is not currently in full alignment. For example, current policies do not address areas such as contract management and vendor performance evaluation. A documented process provides consistency on how contracts are managed by business units, including addressing issues, making changes and modifications to the contract and ensuring expectations are met while maintaining value for money. The District would also benefit from a documented vendor performance evaluation to assist in future contracting decisions.

Nanaimo-Ladysmith has access to group purchasing pricing for school supplies such as learning resources, software and paper products. However, there is no policy requiring that purchases be price checked through these groups prior to procuring elsewhere to ensure value for money.

A review of payment timing was conducted on a sample of invoices and concluded that Nanaimo-Ladysmith pays its vendors in a timely manner, averaging 12 days from the invoice date.

Purchase Cards

In 2008/09, the District began using purchase cards to decentralize purchasing activities. There are over 400 purchase cards currently in circulation consisting of three types of cards: employee held (65%), department held (25%) and vendor held (10%). These cards represented approximately \$6 million of spending in 2015/16.

During testing, the following weaknesses were noted:

- there was a lack of adequate controls, which resulted in purchases being made that are specifically prohibited under District policy, such as the acquisition of computer equipment; and
- the District does not maintain a complete list of authorized users for vendor held cards and, as a result, there is a risk that unauthorized purchases may be made using these cards.

There are additional opportunities for the District to strengthen its accountability framework to ensure all procurement activities are appropriately controlled, which include:

- clear policies that follow the spirit and intent of the Province's Core Policy and Procedures Manual;
- training for all employees involved in procurement (including those who use and approve purchase cards) to ensure they understand their responsibilities; and
- monitoring to ensure that policies are being followed.

Recommendations:

- (5) **Nanaimo-Ladysmith School District should ensure their procurement practices align with the spirit and intent of the Province of British Columbia's procurement policy.**
- (6) **Nanaimo-Ladysmith School District should develop a stronger accountability framework for purchase card usage.**

1.8 Information Technology

In 2010, an external consultant reviewed the District's information technology (IT) infrastructure. Their report identified gaps in this environment and recommended creating an overall IT strategic plan to guide the department. The report also noted that most of the work done by the District was responding to user issues, rather than an approach focused on training, monitoring and maintenance.

An IT strategic plan is currently being developed by a committee comprised of department staff and key user stakeholders such as the assistant superintendent, principals and teachers. It is anticipated to be completed by March 2017.

Nanaimo-Ladysmith lacks policies and procedures for several key IT processes such as change management, data classification and incident management. Implementing formal policies and procedures for IT processes would help ensure its systems are secure and reliable.

Opportunities exist for the District to strengthen the user account management process to ensure related procedures and activities are formally documented and aligned with the Province's standards.

IT Asset Management

Nanaimo-Ladysmith does not maintain an inventory of its hardware and software. An inventory would allow the District to improve its asset management, including having consistency and quality in IT management activities and the ability to plan asset replacements.

Business cases are not prepared for IT projects and documentation to support related procurement was lacking. Developing business cases for major IT purchasing decisions would allow the District to document the rationale and the expected benefits to be realized, and would be compliant with good procurement practices.

Business Continuity and Disaster Recovery

A Business Continuity Plan (BCP) provides a roadmap to restarting critical business functions following an emergency. A Disaster Recovery Plan (DRP) ensures controls and processes are in place to recover the IT systems of an organization in the event of a disruption (such as a natural disaster or data breach).

The District does not have a BCP or DRP. It is important that BCPs and DRPs are integrated and periodically tested to ensure they work as planned. These plans would assist in minimizing the impact of disruptions on key business areas and recovering key systems.

Nanaimo-Ladysmith does not have an information security policy but plans to develop one as part of an IT policy review. An information security policy would help ensure staff have a common understanding of their responsibilities in handling confidential data. The District also does not have any formal IT security training or awareness programs.

There are no information security or privacy incident management processes in place, but monitoring is performed on an ad hoc basis. An incident management process is important as it ensures the impact of any security or privacy incident is minimized.

Recommendations:

- (7) Nanaimo-Ladysmith School District should ensure that it prepares an information technology strategic plan that aligns with the overall District strategic plan.**
- (8) Nanaimo-Ladysmith School District should ensure that information technology processes are documented.**
- (9) Nanaimo-Ladysmith School District should develop and maintain an inventory of all information technology hardware and software.**
- (10) Nanaimo-Ladysmith School District should ensure business cases are developed to inform key investment decisions and initiatives.**
- (11) Nanaimo-Ladysmith School District should develop, implement and periodically test Business Continuity and Disaster Recovery Plans.**
- (12) Nanaimo-Ladysmith School District should enhance its information security practices.**

2.0 Facilities

Nanaimo-Ladysmith's facilities include 6 secondary and 29 elementary schools, as well as other sites such as the District administration centre and the facility management, maintenance and transportation areas. The District also owns nine surplus sites from past school closures.

School districts are responsible for determining the number of facilities to own and maintain. They need to strike a balance between current and future needs to minimize unnecessary costs and ensure adequate resources while considering community input.

2.1 Facilities Planning

In keeping with the Ministry's direction, in 2013, the District developed a long range facilities plan in alignment with its strategic goals. This included plans to consolidate existing facilities and also detailed new building construction needs.

The facilities plan included the decision to convert Cedar Secondary School to an elementary school after 2013/14, allowing for the closure of two elementary schools. However, in 2015 a newly-elected Board voted to re-open Cedar as a secondary school for 2016/17. This decision reversed work that had been performed to make Cedar suitable for elementary use. Additional work was then required to convert it back to a secondary school. Overall, the cost incurred was \$1.6 million. In addition, only one of the two planned elementary school closures occurred.

Nanaimo-Ladysmith has a policy that outlines the process for school closures, including stakeholder consultation, communication and the timing of decisions. The policy does not include criteria to identify which schools should be closed; instead, decisions are made on a case-by-case basis. Having objective criteria in the policy may assist the District in demonstrating the rationale and supporting decisions made regarding school closures.

Key to a school district's facilities plan is the capacity of their schools compared to the projected need. In September 2015, the District issued an updated long range facilities plan, which reflected the Board's decision to close additional schools and clearly tied this decision to the need to reduce its risk of incurring excess costs due to underutilization.

Capacity
Utilization

Over the past 15 years, the District closed 13 schools due to declining enrolment. For the 2015/16 school year, Nanaimo-Ladysmith's overall capacity utilization was 86% (2,022 surplus seats) while the peer district average capacity utilization was 88%. The District has identified an additional school closure in its current facilities plan.

Despite the recent enrolment declines, Nanaimo-Ladysmith is forecasting enrolment growth of 6% by 2024, with the majority of the growth occurring within elementary schools through 2020. It is anticipated that this growth, in conjunction with school closures, will increase its capacity utilization to 95%.

2.2 Capital Projects and Funding

Capital projects include the purchase of land, construction of new schools and additions to or renovations of existing schools. These projects begin after approval by the Board and, if necessary, the Ministry depending on the source of funding.

Each year, school districts are required to submit five-year capital plans to the Ministry consistent with their long range facilities plans. These plans must detail the high priority projects and must be supported by business cases to justify each project's priority. The Ministry then analyzes the individual project requests to determine priority investments and approves project funding as follows:

- Capacity, replacement and renovation projects, which must be supported with enrolment projections or facility condition reports.
- Seismic Mitigation Program, which is intended to seismically upgrade schools in BC, with priority for schools with high risk. The District has completed two seismic projects. There is one high-risk school that has not yet been approved for funding by the Ministry.
- Building Envelope Program remediates schools built between 1985 and 2000 that sustained water damage due to issues with the building envelope. Six schools within the District have been remediated under this program with five more still requiring remediation.

- Routine capital, a one-time funding program for projects related to electrical and energy, health and safety, mechanical upgrades and roofing upgrades. The District received approval for boiler upgrades at two schools totalling \$652,500. These projects were completed in the spring of 2016.

Over the past five years, Nanaimo-Ladysmith has completed two major capital projects, both jointly funded by the Ministry and the District. Both projects were supported by business cases, approvals, signed contracts and followed appropriate procurement practices. While the District does not have a formal document management system it does track and monitor capital project documents.

Nanaimo-Ladysmith does not conduct project completion reviews but instead relies on maintenance staff and general users to report deficiencies to the facilities department. Project completion reviews are a recommended best practice as they help identify whether project goals were achieved, establish lessons learned for future projects and confirm the project's costs and benefits were achieved as intended.

Surplus
Properties

Nanaimo-Ladysmith has 11 surplus properties, including nine closed schools. In 2012, the District developed an asset management plan to identify and prioritize sites for disposal. As part of this plan, four properties were exchanged with the City of Nanaimo between 2012 and 2014. The City of Nanaimo obtained the properties for use as parks or roads while the District obtained the properties for its use or to sell. The District advised the surplus properties will be addressed in a 2016/17 asset management plan. Disposing of surplus properties will free up resources for future capital expenditures and reduce annual operating costs.

Recommendations:

- (13) Nanaimo-Ladysmith School District should update its policies to include criteria for determining school closures.**
- (14) Nanaimo-Ladysmith School District should conduct project completion reviews for capital projects.**
- (15) Nanaimo-Ladysmith School District should sell surplus properties to free up resources for other capital priorities.**

2.3 Operations and Maintenance

The Facilities department is responsible for maintaining and renovating buildings and grounds, as well as overseeing construction. The department develops annual goals; however, these are not linked to the District's strategic plan.

Facilities operating costs in 2015/16 were \$14.4 million, with 61% of the costs attributed to salaries and benefits. Expenses have been relatively stable, decreasing by 4% over the past five years.

The District tracks and manages its short and long term capital maintenance items and prioritizes maintenance activities based on urgency and available funding. Maintenance needs are based on employee building inspections, consultant reports and Ministry initiatives, such as seismic retrofits and facility condition assessments.

Trade Services

Most repair and maintenance work within the District is performed in-house with some specialized services being contracted out. In-house trades include services such as carpentry, electrical, plumbing as well as heating, ventilation and air conditioning (HVAC).

Nanaimo-Ladysmith has 54 maintenance vehicles, with an average age of seven years, for use by facilities staff in completing District work. In addition to the maintenance vehicles, the District owns other equipment used for maintaining its facilities including tractors, mowers and utility trailers.

The Facilities department uses a web-based work-order system that allows management to prioritize and distribute work orders that staff receive through District issued tablets. Costs and hours spent on work orders can be recorded in the system; however, these are not currently tracked. Using this feature to generate costing information would improve the District's ability to measure and monitor repair and maintenance costs.

The District does not conduct formal quality control inspections of the work performed as they hire certified staff who must meet professional standards. However, an informal inspection is often performed by the originator of the work order (such as school administrator) as they receive a notification when the work order is completed.

Custodial
Services

As part of the District's effort to manage costs, the number of custodians was reduced in 2015/16 by six FTEs. As a result, a team cleaning model was implemented in which two custodians work together to clean a number of schools with the goal of increasing efficiency. The impacts of this change on school cleanliness were monitored and adjustments were made to custodian assignments in an effort to balance workloads and refocus on areas with greater importance.

Energy
Management

Nanaimo-Ladysmith actively engages in energy management initiatives with the goal of reducing utility consumption. The energy management department is responsible for conservation and sustainability practices as well as reporting on provincial greenhouse gas and carbon neutrality. The positions within this department are substantially funded by BC Hydro and FortisBC.

The District has made incremental changes to its energy consumption. Over the past five years, these changes resulted in an 18% reduction of energy consumption and annual savings of \$680,000. Initiatives that resulted in energy savings include lighting and HVAC upgrades, HVAC automation improvements, boiler upgrades and lifecycle replacement of energy consuming equipment. More recently, the District implemented behavioural programs to educate and encourage students and staff to do their part in promoting sustainable behaviour.

2.4 Transportation Services

Nanaimo-Ladysmith provides in-house student transportation services, at no charge, to approximately 1,800 riders. The cost of providing student transportation services in 2015/16 was \$1.8 million. Of these costs, 73% were for salary and benefits. As students are not charged a fee for the transportation services, the District's only recovery is from field trip revenues.

Based on its eligibility criteria, Nanaimo-Ladysmith provides transportation for:

- Students residing more than:
 - 4 kilometers from their school for Grades 1-3; and
 - 4.8 kilometers for Grades 4-12.
- Students with special needs.

The District also allows students who do not meet the eligibility criteria, known as courtesy riders, to use the transportation services on routes where there is excess capacity. While Nanaimo-Ladysmith offers transportation services at a cost per rider similar to its peer districts, courtesy riders make up 43% of total ridership (over 750 riders) significantly reducing the cost per rider. The number of courtesy riders in peer districts is not known.

In March 2016, an external consultant conducted a transportation review to determine the transportation needs of the District and potential areas of cost savings. The review presented a number of options for reducing transportation costs. As a result, Nanaimo-Ladysmith developed a plan to reduce bus routes at an estimated cost savings of \$175,000. In August 2016, the Ministry announced a new Student Transportation Fund where districts could apply for annual funding to support student transportation; Nanaimo-Ladysmith is eligible to receive up to \$245,000 in 2016/17. The District is considering these developments while determining its desired level of transportation services.

Nanaimo-Ladysmith owns 29 buses including seven spares, the highest spare bus ratio among the peer districts that provide in-house transportation services. Once the review of student transportation is completed the District should address the high spare bus ratio.

3.0 Financial Management

Over the past five years, Nanaimo-Ladysmith's revenues (made up of operating, special purpose, and capital fund revenues) have averaged \$133.3 million. In 2015/16, the District ran a small deficit of \$136,000; however, in the previous four years the District had surpluses averaging \$2.4 million.

3.1 Operating Fund Revenue

The primary source of revenue for the District is the operating grant from the Province of \$113.3 million, which was part of the total \$119.3 million in operating grants for the year.

Provincial Grant

The Ministry determines the total operating funding available to all school districts and allocates it based on a formula driven primarily by student enrolment. The formula includes a basic amount for each student and additional funding for a number of specific circumstances, including each district's unique student needs (for example, students with special needs), salary differential and geographic factors.

Over the past five years, the provincial basic grant per student FTE increased from \$6,784 in 2011/12 to \$7,158 in 2015/16. The provincial grant supplement for students with unique needs has remained the same.

In 2015/16, the District's operating grant included \$13 million for students with unique needs, ranging between \$1,195 and \$37,700 per student. The grant also included \$6 million for salary differential and geographic factors.

School districts with declining enrolment are eligible for funding protection and enrolment decline funding. These programs are in place to assist school districts in maintaining educational services while adapting to lower enrolment levels. The District received over \$12 million in funding protection between 2011/12 to 2014/15. As of 2015/16, it is no longer eligible for funding protection as its enrolment has stabilized. The District also received enrolment decline funding totalling \$1.6 million over the last five years.

Holdback

The Ministry withholds approximately 1% of the provincial grant as a contingency to accommodate inaccurate estimates, unanticipated enrolment or other unexpected events. This practice allows the Ministry to provide a more accurate allocation across the province once the actual enrolment counts are conducted. Once the final confirmation of enrolment is complete, the holdback is released.

In 2014/15, the District received \$1.3 million in holdback funding. As a result of increased enrolment in some districts in 2015/16, the Province utilized the entire holdback to fund the basic grant in those districts and Nanaimo-Ladysmith did not receive any holdback funds.

3.2 Operating Fund Expenditures

The majority of Nanaimo-Ladysmith's operating expenditures consist of salaries and benefits (90%) with the remaining expenditures including items such as supplies and services. The District has managed its finances over the last five years to ensure that operating expenses do not exceed operating revenue and has consistently been under budget.

The District has financial policies that are outdated and not strictly enforced or followed. Updated financial policies would provide guidance to staff, strengthen internal controls and improve the management of financial assets. The travel policy is in line with the BC public service's policy and expenses sampled were reasonable overall and supported by documentation.

Administrative
Savings Plan

In February 2015, the Ministry directed school districts across the province to find \$54 million in annual administrative savings by June 2017. Nanaimo-Ladysmith was required to find savings of \$690,000 in 2015/16 and annual savings of \$1.28 million thereafter. The District submitted its plan with an estimated savings of \$1.8 million in 2015/16 and \$1.7 million thereafter. These savings would be achieved by:

1. reducing staffing by seven FTEs, including vice-principals and administrative positions;
2. implementing a two-week spring break (increasing by one week);
3. reducing costs related to supplies and services and increase rental income; and
4. implementing a health and wellness management program to reduce absences.

Recommendation:

⁽¹⁶⁾ Nanaimo-Ladysmith School District should develop comprehensive financial policies and procedures.

3.3 Accumulated Surplus

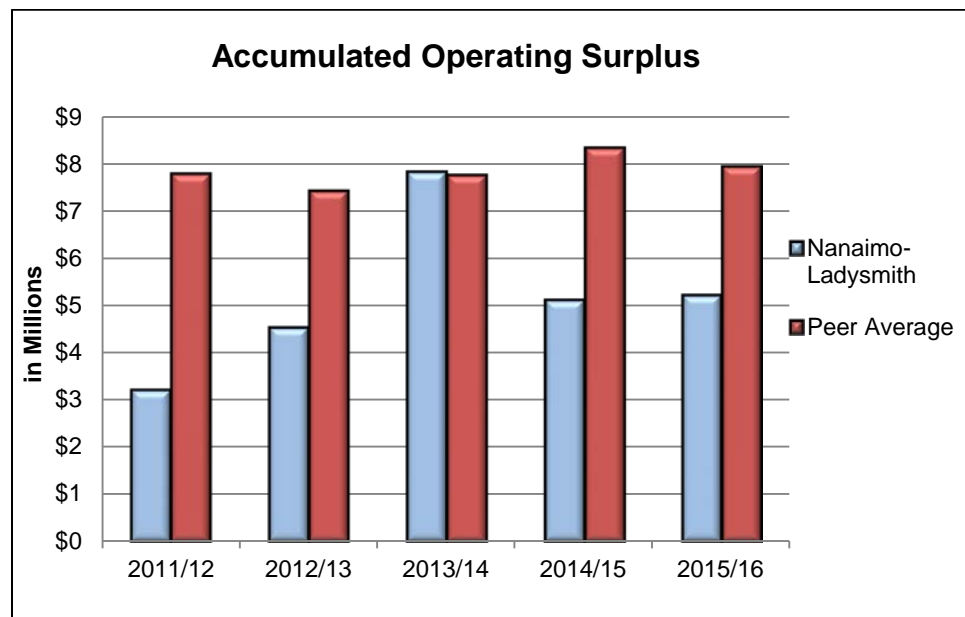
An accumulated surplus is the amount by which a school district's assets (financial and non-financial) exceed its liabilities and includes both operating and capital surpluses. School districts are able to carry funding from one year to the next in the form of accumulated surplus for use in the future to offset an operating shortfall (deficit).

As of June 30, 2016, Nanaimo-Ladysmith's accumulated surplus was \$49.1 million, comprised of \$5.2 million in operating surplus and \$43.9 million in capital surplus.

Accumulated Operating Surplus

The operating surplus is the amount that a district's revenue exceeds expenses in a given year. Historically, the District has budgeted for a small surplus each year and has achieved this by managing costs in an environment of declining enrolment.

Over the past five years, Nanaimo-Ladysmith's accumulated operating surplus grew from \$3.2 million to \$5.2 million. While the District's accumulated operating surplus has grown over that period, it has generally been lower than the peer districts, as shown in the graph below. The large increase in accumulated operating surplus in 2013/14 was primarily due to savings from the job action that occurred that year.



Source: School District data

In 2015/16, the District allocated a portion of its accumulated operating surplus to balance its operating budget, recognizing that it had a larger accumulated surplus than needed to manage any unforeseen expenditures. The District ended up actually contributing \$101,000 to the accumulated operating surplus, after transfers to capital and special purpose funds.

At the end of 2015/16, the District's accumulated operating surplus was over 4% of operating fund expenses. The Ministry and school districts have begun discussions regarding an appropriate level of accumulated operating surplus as one is not currently defined.

Accumulated Capital Surplus

The District's capital surplus is made up of two categories: tangible capital assets (for example, land, buildings and vehicles) and local capital (board restricted funds designated for specific capital purchases or projects). As of June 30, 2016, the District had \$38.2 million in tangible capital assets and \$5.7 million in local capital with all but \$645,000 being allocated to specific capital projects.

Nanaimo-Ladysmith's local capital surplus has increased over \$5 million since 2012 as a result of land sales and transfers from operating surpluses.

In addition to its local capital surplus, the District has three other capital funds which amount to approximately \$860,000 and can only be used for approved capital projects.

3.4 Budgeting and Forecasting

The budget process for school districts is relatively prescribed. School districts use instructions and templates provided by the Ministry to complete their budgets to ensure consistency across all districts.

School districts can use their accumulated operating surplus to apply against a budgeted deficit for the year; however, they are not allowed to develop a budget that results in an accumulated deficit without approval from the Minister of Education.

The budget cycle begins in February when school districts submit their estimated enrolment for the following school year to the Ministry. Based on these estimates, school districts are advised in March of the preliminary funding they will receive. Budgets are approved by school district boards and are submitted to the Ministry by June 30. The budget is amended once per year and it is approved by the Board.

Once funding allotment is announced and the instruction manual and templates are provided, the Ministry's role in the budgeting process is limited. Support is available to ensure the templates are completed correctly but it is up to the school districts and boards to develop, approve, and monitor their budgets.

Nanaimo-Ladysmith monitors its budget on a monthly basis to identify variances from the budgets and takes action as appropriate. Forecasts are presented to the Board twice per year; however, any significant variances are reported to its members when they are identified.

Nanaimo-Ladysmith can benefit from aligning the budget, including program spending, more explicitly with its strategic goals. Alignment with strategic goals helps ensure the District allocates its resources effectively.

Historically the District has not created long-term financial forecasts; however, in 2014, it developed a high level two-year operating forecast. Nanaimo-Ladysmith anticipates creating a three-year operating forecast for 2017 to 2020.

Recommendation:

(17) Nanaimo-Ladysmith School District should implement regular long range budgeting that aligns with its strategic goals.

3.5 International Student Education Program

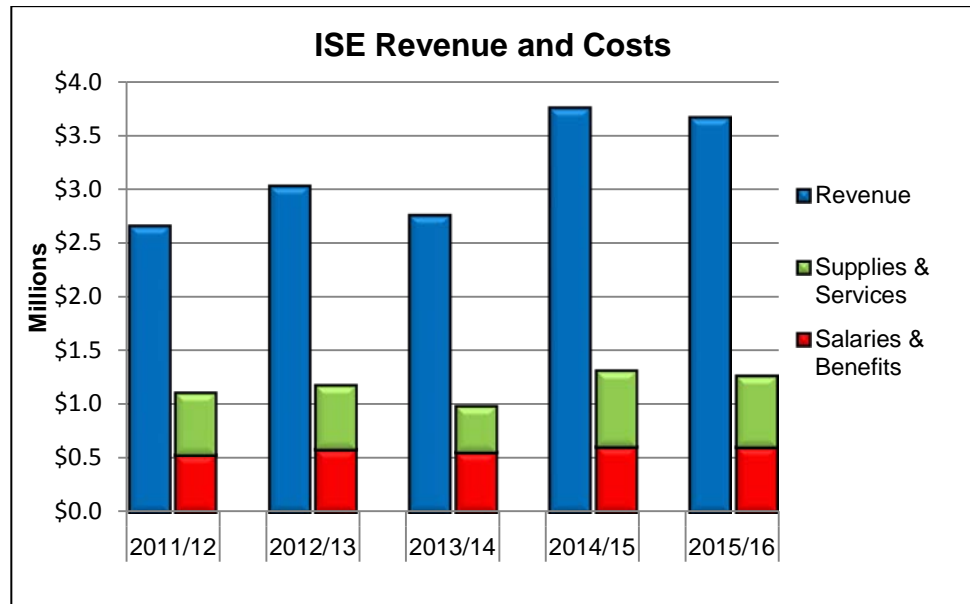
International education is a self-funded program that allows students from other provinces and countries to study in BC for a fee. In 2015/16, 50 school districts offered international education programs, contributing over \$216 million of revenue into the school system. The Ministry oversees activities related to international education in BC's public schools; however, the delivery of the program is the responsibility of the school districts.

The International Student Education (ISE) program in Nanaimo-Ladysmith offers both elementary and secondary programs to international students. Tuition fees for 2015/16 ranged between \$6,050 and \$13,000, depending on the length of the term.

In the past five years, the ISE program's enrolment grew from 234 to 309 students with revenue increasing 38% to nearly \$3.7 million. Total tuition revenue has been 2 to 3% of the District's total operating revenue.

The ISE program hosts students from 15 countries and uses international student recruitment agencies to refer the majority of its students. In the past five years, the District spent approximately \$70,000 per year in travel costs for participating in agent events and meetings overseas and promoting the ISE program.

The following graph shows a comparison of the revenues and direct costs generated by ISE activities. The net surplus in 2015/16 was \$2.4 million. The costs attributed to the ISE program do not include the incremental costs of delivering education to these students.



Source Ministry of Education data

In December 2015, an external review was performed on the ISE program and its alignment with current and emerging priorities and to help guide future direction and decisions. This review recommended that Nanaimo-Ladysmith conduct strategic planning to ensure program activities align with operational goals and report on program performance.

Given the broad range of countries the District hosts students from and the cost of maintaining agent relationships, there is opportunity to ensure student recruitment is focused in areas that best meet the objectives of the ISE program and the District.

Recommendation:

- (18) Nanaimo-Ladysmith School District should develop an overall strategy for its International Student Education program.**

3.6 Other Income

Nanaimo-Ladysmith receives revenue from a number of other sources including facility rentals, First Nation Bands and interest on short term investments.

Over the past five years, revenue from facilities rentals and leases has been approximately \$500,000 per year. As part of its administrative savings plan, the District increased its short-term rental rates by 15% effective July 1, 2015, increasing rental revenue by \$36,000.

First Nations students who live on reserves and attend public schools are funded by the Federal government. The federal funding flows through First Nation Bands to the school districts by Local Education Agreements. Over the past five years, Nanaimo-Ladysmith's revenue from First Nation Bands has been between \$1.1 and \$2.3 million.

Nanaimo-Ladysmith has approximately \$27 million in short-term investments. Approximately two-thirds are deposited with the Provincial Treasury with the remainder held with another financial institution. The Province offers this service to share the savings with the school districts on the difference in interest that would normally be paid to financial institutions. In 2015/16, the District earned \$307,000 in investment income.

Appendix 1 – Summary of Recommendations

1	Nanaimo-Ladysmith School District should ensure that comprehensive and integrated strategic planning is implemented across the organization with regular progress reporting.
2	Nanaimo-Ladysmith School District should develop formal public engagement procedures to better align long-term planning and community interests.
3	Nanaimo-Ladysmith School District should implement formal risk planning.
4	Nanaimo-Ladysmith School District should conduct regular performance evaluations that link to the strategic plan.
5	Nanaimo-Ladysmith School District should ensure their procurement practices align with the spirit and intent of the Province of British Columbia's procurement policy.
6	Nanaimo-Ladysmith School District should develop a stronger accountability framework for purchase card usage.
7	Nanaimo-Ladysmith School District should ensure that it prepares an information technology strategic plan that aligns with the overall District strategic plan.
8	Nanaimo-Ladysmith School District should ensure that information technology processes are documented.
9	Nanaimo-Ladysmith School District should develop and maintain an inventory of all information technology hardware and software.
10	Nanaimo-Ladysmith School District should ensure business cases are developed to inform key investment decisions and initiatives.
11	Nanaimo-Ladysmith School District should develop, implement and periodically test Business Continuity and Disaster Recovery Plans.
12	Nanaimo-Ladysmith School District should enhance its information security practices.
13	Nanaimo-Ladysmith School District should update its policies to include criteria for determining school closures.
14	Nanaimo-Ladysmith School District should conduct project completion reviews for capital projects.
15	Nanaimo-Ladysmith School District should sell surplus properties to free up resources for other capital priorities.
16	Nanaimo-Ladysmith School District should develop comprehensive financial policies and procedures.

Appendix 1 – Summary of Recommendations (continued)

17	Nanaimo-Ladysmith School District should implement regular long range budgeting that aligns with its strategic goals.
18	Nanaimo-Ladysmith School District should develop an overall strategy for its International Student Education program.