

Report 2: April 2013

SCHOOL DISTRICT BOARD GOVERNANCE EXAMINATION

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OFFICE OF THE
Auditor General
of British Columbia



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The Honourable Bill Barisoff
Speaker of the Legislative Assembly
Province of British Columbia
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Victoria, British Columbia
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Dear Sir:

I have the honour to transmit to the Legislative Assembly of British Columbia my 2013/2014 Report 2:
School District Board Governance Examination.

Good governance is the foundation of an effectively run organization. Therefore, I feel it is important that my Office routinely examine the governance practices of various Crown agencies including school districts.

Effective board governance requires commitment to learning and improvement. To that end, the government of British Columbia produced some excellent good practice guidelines and direction pertaining to board governance a number of years ago. The guidance was intended for all public sector boards, including school boards, but what I discovered through this examination is school board trustees are not sufficiently aware of this guidance and need to strengthen their practices in some key areas.

John Doyle, MAcc, FCA
Auditor General
Victoria, British Columbia
April 2013

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GOOD GOVERNANCE IS THE FOUNDATION of an effectively run organization. Therefore, I feel it is important that my Office routinely examine the governance practices of various Crown agencies including school districts. Last year, my Office examined the board governance structures and practices at four Crown agencies¹. This year, we focused on school district board governance.

School boards create an important linkage between local communities and the British Columbia school system. Effective school board governance demands a great deal from elected trustees and the need for good governance cannot be overstated, as school boards are responsible for a large number of duties, including establishing and closing schools subject to the order of the minister; managing schools, school property, class size, school calendars and student records; student enrolment; providing educational programming; and submitting approved achievement reports to the Minister.

How school boards accomplish these tasks is by establishing policies, delegating responsibility for accomplishing operational tasks to school district administrators, and providing effective governance oversight.

Effective board governance requires commitment to learning and improvement. To that end, the government of British Columbia produced some excellent good practice guidelines and direction pertaining to board governance a number of years ago. The guidance was intended for all public sector boards, including school boards, but what I discovered through this examination is school board trustees are not sufficiently aware of this guidance and need to strengthen their practices in some key areas.

I am concerned that school boards are at risk of becoming overly dependent on school district administrators in the areas I identified needing improvement. Trustees need to be fully aware of good practices related to board governance to effectively carry out their responsibilities. My Office will continue to examine school district board governance in the future, both through our financial and our performance audit work.

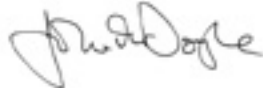
In addition to this report, I am also releasing *Public Sector Board Use of Information in British Columbia 2012: Progress Update Since 2009*, where my Office conducted surveys of Crown agency board members and corporate representatives to see how they used and accessed information related to how they performed their duties. While these are two independent projects, the findings of both of these reports can help strengthen board governance and decision-making across the province.



JOHN DOYLE, MAcc, FCA
Auditor General

¹ Crown Agency Board Governance - <http://www.bcauditor.com/pubs/2012/report2/crown-agency-board-governance>

I would like to thank everyone involved for the cooperation and assistance they provided to my staff during these examinations. Each organization has provided a response to our examination findings, and I look forward to receiving updates through our established follow-up process.



John Doyle, MAcc, FCA
Auditor General of British Columbia

April 2013

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Ministry of Education

We recommend that the Ministry of Education:

- 1** Work with the Board Resourcing and Development Office to customize and communicate expectations for school board governance practices, including financial and risk management, competency assessment, and board and superintendent evaluation.
- 2** Look at enhancing orientation and professional development opportunities for trustees concerning good practices in board governance in collaboration with stakeholders such as the School Trustees Association.
- 3** Improve its direct communication with school boards to ensure that school district performance expectations are clearly understood.

School District 27 – Cariboo-Chilcotin

We recommend that the Cariboo-Chilcotin school board:

- 1** Create a formal whistleblower policy and a conflict-of-interest policy.
- 2** Review its governance activities continually and ensure that it is sufficiently delegating operational activities to management.

School District 36 – Surrey

We recommend that the Surrey school board:

- 1** Formally publish a complete code of conduct and ethical standards for the school district.

School District 75 – Mission

We recommend that the Mission school board:

- 1** Ensure that management provides information to the board about the school district and its operations that is sufficient, appropriate, readily accessible and useful for supporting effective decision making.
- 2** Ensure that management has a financial management framework in place, including well-designed and effective internal controls.
- 3** Review its governance activities continually and ensure that it is sufficiently delegating operational activities to management.

WE CHOSE TO FOCUS on school districts for our second compendium report on Crown agencies board governance. In this section we present findings that were common to all of the three school districts we examined. These findings are not repeated in the individual School District sections of this report.

The school boards we examined were all found to be following board governance good practices in terms of defining the roles and responsibilities of the board, and ensuring an appropriate communications strategy exists for external stakeholder relations.

Shared areas of board governance we identified that need to be strengthened at all three school districts include: board competency assessment and annual board evaluations, as well as use of board committees, financial and risk management, and conducting annual superintendent evaluations.

We also found that board orientation documentation and professional development opportunities could be strengthened. This is an area where the British Columbia School Trustees Association (BCSTA) could provide even more guidance and support to boards.

In terms of the Ministry, an area we found could be strengthened was direct communication with boards. We found the Ministry communicates more with school district management than with boards, relying heavily on Superintendents and Secretary Treasurers to communicate ministry performance expectations and accountabilities. The Ministry does monitor school district performance, and does work collaboratively with school district management to resolve performance issues.

INTRODUCTION

What is board governance?

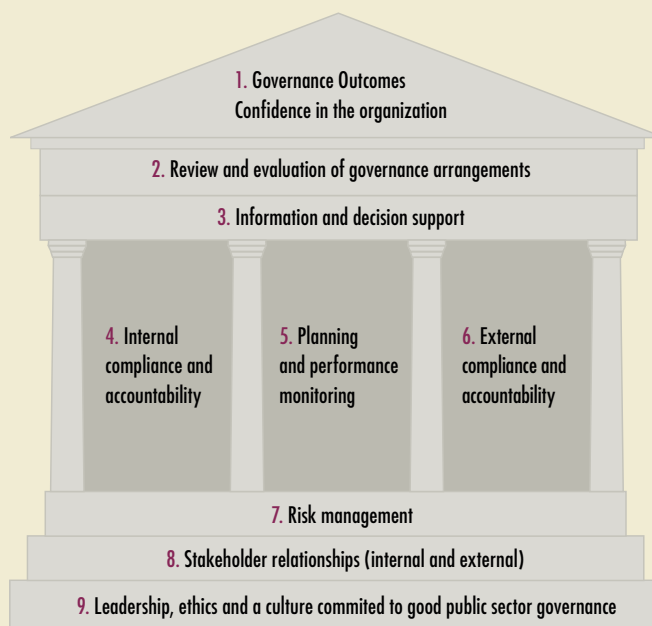
“Governance” refers to the structures and processes that direct, control and hold an organization to account. For most organizations, the governing body is a board of trustees made up of people elected or appointed to provide organizational oversight. In the public sector, the Legislature, the responsible minister, government ministries, central government agencies and public stakeholders also play a role in governance.

Whether in the private or public sector, good governance is achieved when an organization’s structures, processes and actions enable it to:

- ♦ deliver goods, services, or programs effectively and efficiently; and
- ♦ meet the requirements of the law, regulations, published standards and community expectations of accountability and openness.



Exhibit 1: House of Governance



Source: Australian National Audit Office, “Public Sector Governance”, 2003

Why is good governance important?

Good governance is the foundation from which an organization can achieve its objectives. Good governance ensures that an organization is allocating resources wisely and serving the public interest openly and transparently. In turn, this builds and maintains citizens’ confidence in the organization (see Exhibit 1).

Poor governance increases the risk that the organization will not deliver on its mandate effectively and efficiently.

In the past decade, principles of good governance have come to be adapted and applied to public sector governance. Guidance that has been developed for the British Columbia public service includes:

- ◆ the *Shareholder’s Expectations Manual for British Columbia Crown Agencies*, prepared by the Crown Agencies Resource Office (2010).
- ◆ *Best Practice Guidelines—BC Governance and Disclosure Guidelines for Governing Boards of Public Sector Organizations* (prepared by the BC Board Resourcing and Development Office, February 2005).
- ◆ *Crown Agency Corporate Governance: A Good Practices Checklist* (prepared by BC Crown Agencies Secretariat and the Board Resourcing and Development Office).
- ◆ *Crown Agency Risk Management and Internal Controls: A Good Practices Checklist* (prepared by BC Crown Agencies Secretariat and the Board Resourcing and Development Office).

BRITISH COLUMBIA'S SCHOOL DISTRICTS AND BOARD GOVERNANCE

British Columbia's 60 school districts are responsible for educating K–12 children in the province. Each district has an elected board of education (or school board), which governs the district in accordance with the *School Act*. Elections are held every third year.

Some of the items school boards are responsible for include:

- ♦ establishing and closing schools subject to the order of the Minister of Education;
- ♦ managing schools and school property;
- ♦ managing student enrolment;
- ♦ providing educational programming;
- ♦ managing class size, school calendars and student records;
- ♦ preparing achievement contracts; and
- ♦ submitting approved achievement reports to the Minister.



SCOPE OF OUR EXAMINATION

We conducted this examination to assess how well school board governance structures and activities are designed and how effectively they are operating. Our work was carried out under Section 13 of the *Auditor General Act*.

We selected a sample of three school districts: School District 27 (Cariboo-Chilcotin), School District 36 (Surrey) and School District 75 (Mission).

It is not possible to select a representative sample of school districts because board governance will differ for each district. Our selection was based on:

- ♦ a review of potential governance issues or good practices in candidate school districts, based on discussions with the Ministry of Education and a review of media reporting;
- ♦ consideration of financial significance;
- ♦ consideration of geographic location (we ensured that at least one urban and one rural school district were included in the sample); and
- ♦ coverage of school districts from among those our Office does not directly audit.

OBJECTIVES OF OUR EXAMINATION

We focused on three objectives, explained in further detail below:

1. Examining board governance structure
2. Examining board roles and responsibilities
3. Examining government oversight and collaboration with school districts

All three objectives are consistent with those we used in our first compendium of governance examinations.¹ However, the first objective was adjusted to reflect that school boards are elected and there is no appointment process.

The three primary sources of criteria we used to conduct our examination were:

- ◆ the *Best Practice Guidelines—BC Governance and Disclosure Guidelines for Governing Boards of Public Sector Organizations*;
- ◆ the *Crown Agency Governance: Audit Objectives and Criteria*, prepared by the Canadian Council of Legislative Auditors (2011); and
- ◆ the *Shareholder's Expectations Manual for British Columbia Crown Agencies*, prepared by the Crown Agencies Resource Office (2010).

Secondary sources for criteria included other British Columbia government guidelines and policies, and good practice guidelines from other Canadian and international jurisdictions.

Objective 1: Examining board governance structure

With this objective we sought to answer the question:

Is board size and composition reasonable given the assigned roles and responsibilities?

We looked for evidence that:

- ◆ the size of the boards complied with the requirements of the *School Act*;
- ◆ the boards assess the competencies they require for effective governance;
- ◆ the boards obtain the expertise they need to address competency gaps; and
- ◆ the boards have structured themselves effectively to fulfil their governance responsibilities.

Boards are only as effective as the people who serve on them, and each board needs to plan strategically to identify the skills and experience it requires to best support the organization. Unless otherwise required by legislation or directed by Cabinet, government considers an appropriate board size to be 9 to 11 members.² However, in the case of school boards, the *School Act* states that a school board may consist of 3, 5 7 or 9 trustees by order of the Minister.

¹ Auditor General of British Columbia (2012), *Crown Agency Board Governance*

² Crown Agencies Resource Office (2010). *Shareholder's Expectations Manual for British Columbia Crown Agencies*.

Objective 2: Examining board roles and responsibilities

With this objective we sought to answer the question:

Is the board taking the necessary steps to fulfil its roles and responsibilities, thereby providing effective governance for the school district?

To foster the short- and long-term success of a public sector organization, the entity's board has a range of governance responsibilities. Provincial guidelines recommend that each board develop and make public a charter that specifies its roles and responsibilities. This provides a standard against which the board can assess its performance each year, and against which the public can hold the board to account.

Roles and responsibilities may differ from board to board. However, some of the general responsibilities all boards are expected to fulfil include:

- ◆ Ensuring board trustees receive the orientation and training they require to understand the organization's business and their own governance roles.
- ◆ Establishing a governance structure to support the fulfilment of trustees' roles and responsibilities, including setting up committees as needed.
- ◆ Ensuring the organization they serve is appropriately managing risks.
- ◆ Ensuring they receive appropriate information to support their decision-making and oversight roles.
- ◆ Managing external stakeholder relationships and communication effectively.
- ◆ Fulfilling their accountability responsibilities to the shareholder (the ministry in question) and public.
- ◆ Evaluating their own performance and making changes as necessary to improve their effectiveness.

Each board should function professionally, which includes ensuring that all trustees attend meetings and are prepared and able to participate fully in respectful board discussions. As well, any conflict must be resolved appropriately. Trustees are expected to be loyal and to act honestly, in good faith and in the best interests of the organization.

The board chair often plays a key role in ensuring an effective board culture. The chair also facilitates a good working relationship between the board and management, ensuring that each group understands its role and does not interfere in the responsibilities of the other.

These aspects of governance are crucial to a board's ability to function well and fulfil its responsibilities. A board may have all the required governance structures in place, but if good teamwork and positive working relationships among board members and with the organization's management are lacking, the board is unlikely to govern effectively.

Objective 3: Examining government oversight and collaboration with school districts

With this objective we sought to answer the question:

Does government clearly communicate performance expectations, monitor for compliance, and work collaboratively with school districts to resolve issues?

The *School Act*, in addition to the regulations and reporting guidelines that support it, is the principal mechanism government uses to convey policy direction and high-level performance expectations to school boards. For example, the accountability framework in the *School Act* sets out the expectations for school district performance and accountability.

To exercise effective oversight, it is also critical that government maintain open, timely and effective communication with school districts, monitor the achievement of results, and work closely and collaboratively with the districts to resolve issues.

KEY FINDINGS

From our examination of the three school districts in our sample, we identified four key areas in which all of these boards need to strengthen their governance practices.

These common findings, we believe, should serve to inform all school districts in the province about where weaknesses in governance may lie and how to improve in those areas.

1. Board competency assessment and performance reviews

Competency assessment

Good practice guidelines call for boards to create a competency matrix and conduct a needs assessment to determine whether they have all of the competencies required to govern effectively. It is also important for boards to hire external expertise when necessary to address their competency gaps.

None of the boards we reviewed has created a competency matrix or conducted a needs assessment. Little evidence was available to demonstrate boards obtain external expertise as needed to address competency gaps. Board members told us that, overall, they feel they have the competencies needed to provide effective governance.

Performance evaluations

Consistent with good practices, boards should evaluate their own performance and that of the superintendent.

None of the boards we reviewed has been evaluating its own performance in fulfilling its governance responsibilities, or conducting annual evaluations of superintendent performance. One district does, however, conduct a thorough review of its superintendent every three years.

2. Board orientation and professional development

Orientation

In the school districts we reviewed, orientation documentation is provided to trustees when they join the board, but the documentation provided does not fully meet good practices.

Trustees can also receive orientation through the Trustee Academy of the British Columbia School Trustees Association, and targeted training for individual boards is available as well. In addition, some school districts have arranged for a governance specialist to provide individualized orientation to their boards. This individualized training is well received by the trustees involved.

Professional development

Board members surveyed were generally satisfied with the orientation they received and are generally satisfied with ongoing professional development opportunities. However, not all senior administrators were confident that the orientation and ongoing professional development provided to trustees is sufficient to ensure that board members develop the knowledge and capacity they need to effectively fulfil their governance responsibilities.

3. Board use of committees

According to government good practice guidelines for governing boards of public sector organizations, the four most common core committees for boards are: Finance; Governance; Human Resources and Compensation; and Audit. The guidelines state that boards may establish other committees where those committees are relevant to have.

Most of the board members we surveyed felt they have structured themselves effectively to fulfil their governance responsibilities. In terms of the core committees, we found that all three districts have a “finance and budget” committee, but none has an audit committee. Each district also had either one or more other types of committees. Overall, it seems the boards favoured operating as committees of the whole.

It is important that trustees understand good practices about the use of committees, and work to establish the right balance based on the needs of the board and the school district.

4. Risk management

Good practice guidance calls for boards to have a formal risk management framework to ensure that appropriate systems of control are in place to mitigate risks.

We found that two of the school districts have not developed such a framework. Only one school district has an internal audit and risk management unit, but time and resource constraints have prevented the unit from carrying out an enterprise risk management assessment.

THE OFFICE INTENDS to conduct additional governance examinations of Crown agencies in the future, to identify further opportunities for improved governance at the organization level and to assess whether there are issues that require coordinated action by central government.

The office will follow-up with the all of the school districts and the ministry in one year to learn how they have addressed the recommendations in this report, and to determine if further work by our Office is required.



Report 2a: April 2013

BOARD GOVERNANCE EXAMINATION
OF SCHOOL DISTRICT 27 - CARIBOO
CHILCOTIN

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Report 2a: Board Governance Examination of School District 27 – Cariboo-Chilcotin

Response from the Cariboo-Chilcotin School Board

Background

Good Practices: Summary of Findings

Areas for Improvement: Summary of Findings

THE BOARD OF EDUCATION of School District No. 27 (Cariboo-Chilcotin) appreciates the efforts of the Office of the Auditor General of BC in its examination of school district board governance.

As one of three districts directly audited, it must be noted that each school district has a unique background. While school districts conduct themselves in a co-governance model with the Province of BC's Ministry of Education and most districts adhere to their own standards through bylaw and policy, there are no governance standards actually set at a provincial level. Overall, the Board does agree in general with this report and will take into consideration its recommendations.

Recommendation 1: We recommend that the board create a formal whistleblower policy and a conflict-of-interest policy. The Board will consider the establishment of three policies:

1. Code of Conduct - Trustees: to set up expectations and ethical standards for individual trustees
2. Whistleblower: to protect board members and employees
3. Conflict of Interest: to layout guidelines of conflict of interest and perceived conflict of interest regulations.

Recommendation 2: We recommend that the board review its governance activities continually and ensure that it sufficiently delegating operational activities to management.

The Board wishes to note that at the time of this audit, the Board was integrally involved in a public and stakeholder consultation process that required the Board to be fully engaged in this particular business of the Board. That process has been completed. The Board now has the challenge of stepping back into the governance role while staff implement this critical work. Therefore, the Board has begun reviewing its role and looks forward to re-engaging with Mr. Eli Mina, parliamentarian, governance and meeting expert.

The Board fully appreciates the inclusion in the Report recognition of the District's good governance practices that are currently in place and acknowledgment that the Board has diligently strived to be open and transparent in its practices.



Since this audit, the Board has completed and made significant district-changing decisions and is now moving forward, returning to policy building and support of new practices. The Board has committed to review its committee structure with the intention of either streamlining or affirming the current structure.

In conclusion, the Board of Education of School District No. 27 (Cariboo-Chilcotin) believes that the Auditor General's Report has provided useful guidelines and recommendations that will be considered in the future governance of this school district.

BACKGROUND

THE CARIBOO-CHILCOTIN school district is located in the Central Interior of British Columbia. The district includes two larger rural centres in Williams Lake and 100 Mile House, as well as many smaller rural and remote communities.

In 2011/12, this rural school district had a student population of 5,155 full-time equivalent school-aged children, plus 38 full-time equivalent students in adult education high school completion programs. The preliminary budget for 2012/13 is \$62.5 million.

The Cariboo-Chilcotin School Board consists of seven trustees. The board's focus since election has been on school reconfiguration, including school closures. Previous boards have considered these matters but substantial changes have not been made. It is a very important issue because the school district is experiencing declining enrolment.

GOOD PRACTICES: SUMMARY OF FINDINGS

Publicly available documentation outlining the board's roles and responsibilities

We looked for evidence that the board has made publicly available a written charter (or bylaw or terms of reference) that describes its roles and responsibilities, in accordance with the School Act and the Disclosure Guidelines for Governing Boards of Public Sector Organizations. We found that the board has done this and made the documents publicly available for review.

Ability to function professionally

We looked for evidence that the board functions in a professional manner and that all board members attend board meetings. We found that board meetings are professional and managed according to Robert's Rules of Order; and that the relationship between the board and management is positive. We also found that attendance at board meetings has been generally good for most trustees.

Provision of good quality information to the board

We looked for evidence that the board is satisfied that the information it needs about the school district and its operations is sufficient, appropriate and made readily accessible to the board by management. We found the board to be satisfied with the information it receives.

Establishment of a communications plan

We looked to see whether the board has ensured that management has established a communications plan. We found that a communications policy has been established, and that the board consults with stakeholders through public meetings and forums.

AREAS FOR IMPROVEMENT: SUMMARY OF FINDINGS

Board code of conduct and ethical standards

We looked for evidence that the board has set an appropriate “tone at the top” that fosters a strong ethical culture for its members. Doing this in keeping with good practice would involve the board having established: a charter of expectations (or equivalent document) that describes what the board expects of its individual trustees; and a code of conduct and ethical standards, including a whistleblower policy (or equivalent) and a conflict-of-interest policy for board members and staff. We found that no whistleblower policy or signed conflict-of-interest policy has been established.

Proper delegation of roles and responsibilities between the board and management

We looked for evidence that the board has effectively delegated responsibilities for operational decision making to management. We found that the board’s recent role in school reconfiguration planning has increased the workload of trustees beyond what would normally be expected of them in their oversight role. Such a situation could also make it difficult in future for the trustees to exercise effective oversight, because of the challenges they will face in critically reviewing their own work.

RECOMMENDATION 1: *We recommend that the board create a formal whistleblower policy and a conflict-of-interest policy.*

RECOMMENDATION 2: *We recommend that the board review its governance activities continually and ensure that it is sufficiently delegating operational activities to management.*

Report 2b: April 2013

REPORT 2B: BOARD GOVERNANCE
EXAMINATION OF SCHOOL
DISTRICT 36 – SURREY

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Report 2b: Board Governance Examination of School District 36 – Surrey

Response from the Surrey School Board

Background

Good Practices: Summary of Findings

Areas for Improvement: Summary of Findings

THE BOARD ACKNOWLEDGES the statutory role of the Auditor General to review and provide commentary on the operation of school district authorities. The Board appreciated the efforts of the staff of the Auditor General’s office to gain a greater understanding of the school district governance and operational functions.

The Board has considered and discussed the recommendations made by the Auditor General as shared in a draft version of the report. The Surrey Board believes it has the obligation and the capacity to deliver best practice to its public in the areas of governance and oversight of the operational mandate.

- ◆ **Code of Conduct:** The Board agrees with and will comply with the recommendation of the Auditor General to more effectively consolidate and highlight the policy elements associated with “code of conduct” issues. However, the Board also believes it currently does a very credible job of setting a positive ethical tone and holding its staff and students to a high standard. The elements associated with a consolidated and more comprehensive code of conduct are present in Board Policy and in other guiding and governing resources including, but not limited to: The School Act, The Teacher Regulation Branch standards, the code of ethics and other similar commitments as stated in the ethical standards articulated through various employee group charters and by the Teacher Regulation Branch;

- ◆ **Competencies Matrix:** The Board has expressed to the Office of the Auditor General that the concept of a competency matrix for elected board members is a departure from the current governance and operational system norms of boards of education. Elected boards provide governance and overall operational oversight on the operation of the school district. It is expected that senior staff and other employees provide the technical skills and knowledge required to support the district’s effective operation. The Board is interested in monitoring how the competencies matrix expectation will be applied in the governance structure of K-12 education.

The Board will ensure that its current policy revision process includes attention to the “Code of Conduct” issue so that there is a clear, consolidated Policy Statement as well as appropriate Regulations. The Board will bring to BC School Trustees the matter of Board of Education Competencies Matrix to encourage discussion between BCSTA and the Ministry of Education on this issue.

The Board and its staff received many positive and affirming comments and perspectives from the Office of the Auditor General’s staff who were directly engaged in this system audit. The Board appreciates the validation and also recognizes that the questions raised during the audit process allowed trustees and staff an opportunity to share the architecture and the values that represent the framework of the Surrey School District.



As mentioned earlier in this response to the report, staff is engaged in a policy review which will be brought to the Board of Education no later than June 2013. Revisions will include a consolidated Code of Conduct.

In conclusion, the Surrey Board of Education believes that, like any progressive and highly effective organization, we benefit from a regular review of our practices and from the opportunity to explain our governance and operational structures and actions to our public via the Office of the Auditor General. The questions posed by the OAG staff provoked good discussion and thoughtful reflection and will ensure that the district – its elected trustees and its senior staff – continue to engage in best practices in governance and operations.

BACKGROUND

SURREY, ONE OF THE LARGEST CITIES in Canada in terms of area, is located in the southwestern corner of British Columbia about a 40-minute drive from the City of Vancouver.

In 2011/12, Surrey school district had the largest student enrolment in the province: 69,180 full-time equivalent students in K–12, plus 901 full-time equivalent students in adult education high school completion programs.

The district's preliminary budget for 2012/13 is about \$659.5 million. The school board is made up of seven trustees, six of which are long-standing trustees.

GOOD PRACTICES: SUMMARY OF FINDINGS

Publicly available documentation outlining the board's roles and responsibilities

We looked for evidence that the board has, and makes publicly available, a written charter (or bylaw or terms of reference) that describes the board's responsibilities, in keeping with the *School Act* and *Disclosure Guidelines for Governing Boards of Public Sector Organizations*. We found that the board has met these obligations, and that the required information is documented on the school district's website.

Proper delegation of roles and responsibilities between the board and management

We looked for evidence that the board functions in a professional manner and has effectively delegated responsibilities for operational decisions to management. We found that the board understands that its role is to establish policies, approve strategic direction and delegate day-to-day operational control to management.

Monitoring of school district goals and objectives

We checked whether the board monitors management's achievement of organizational goals, objectives and strategies. We found that the board is doing so. Goals are established, affirmed or changed annually. The next year's Student Achievement Contract is then created based on district goals and approved budgets.

Establishment of a communications plan

We checked whether the board has ensured that management has an appropriate communications strategy – one in which transparency is an important feature of public accountability. We found that management has prepared such a strategy, and that the district engages in various types of public communication.

AREAS FOR IMPROVEMENT: SUMMARY OF FINDINGS

Board code of conduct and ethical standards

We looked for evidence that the board has set an appropriate “tone at the top” that fosters a strong ethical culture for its members. Doing this in keeping with good practice would involve the board having established: a charter of expectations (or equivalent document) that describes what the board expects of its individual trustees; and a code of conduct and ethical standards, including a whistleblower policy (or equivalent) and a conflict-of-interest policy for board members and staff.

We found the board is functioning in a professional manner, and has set an appropriate tone that fosters a strong ethical culture. However, the board has not published a charter that outlines expectations of board members, and while an employee conduct policy exists, it does not meet good practice guidance for a Code of Conduct and Ethical Standards. A complete Code of Conduct and Ethical Standards would help to ensure full understanding about what constitutes appropriate professional conduct.

RECOMMENDATION 1: *We recommend that the board formally publish a complete code of conduct and ethical standards for the school district.*

Report 2c: April 2013

REPORT 2C: BOARD GOVERNANCE
EXAMINATION OF SCHOOL
DISTRICT 75 – MISSION

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Report 2c: Board Governance Examination of School District 75 – Mission

Response from the Mission School Board

Background

Good Practices: Summary of Findings

Areas for Improvement: Summary of Findings

THE BOARD OF TRUSTEES and senior management appreciate the efforts of the Office of the Auditor General of British Columbia in their examination of governance within our school district.

Within the context of this report, we will respond to the process, the recommendations and the relevance of this report to our district.

The findings and recommendations were well received by our Board. The one circumstance which could have caused a problem was the fact that our district was in the midst of restructuring. With some senior staff away on leave and some in acting positions, confusion could have taken away the benefit of this process, however, due to the professional nature in which this process proceeded, we believe that the results have been and will be beneficial to our district.

Senior management is now keeping the Board apprised of operations within the district on a regular basis at “Discussion Meetings”, with emails, and by phone. At the “Discussion Meetings” the Board receives updates on current situations in the district which are being managed by management. Board decisions are not made at these meetings but they do assure the Board of current information.

Our financial records are now in order and all reports have been submitted as required. Financial information is readily available to the Board when requested.

Open and frequent communication between senior management and the Board has created a climate of trust and appropriate inclusion. This is allowing our district to move forward in a positive direction.

The Board appreciates the report’s inclusion of good governance practices followed. In addition we would like to indicate some additional areas of good practice that were not highlighted in the report.

- ◆ The BCSTA has been instrumental in the professional development of our Board. Early in our tenure, Stephen Hansen was invited to spend a day with us to address our Board in the area of working cohesively as a Board.
- ◆ Our Board has had extensive input from the BCSTA with creating policy. Their experience and legal advice have been valued.
- ◆ Most of our board members take part in District Professional Development activities. Recently senior staff have arranged for specific training sessions for Principals, Vice-Principals and Human Resources staff. Trustees are invited to attend these events and are supplied with the information shared.



- ◆ This month at the branch meeting of the Fraser Valley there appeared to be a consensus in the value of bringing a speaker from BCSTA to introduce the process of Superintendent and Board evaluations.

I believe this makes it evident that our Board continues to seek training and information which will make us a more effective board.

Since the conducting of this examination, progress has been made in implementing the recommendations. We have hired an exceptional Secretary-Treasurer who now has our financial records in order with transparency to the Board. We have also hired a Superintendent and an Assistant Superintendent who are building a district with a collaborative approach with all staff which is supported by the Board.

The Board is continually taking part in ways to grow in our knowledge and ability to oversee the operation of our school district. We have confidence in our senior staff.

In conclusion the Board believes that the Auditor General's report provides useful guidance on how to improve and we are using the report to inform management of the direction we are taking. We would also like to add that we have a sincere appreciation of the staff who conducted the examination of our district on behalf of the Office of the Auditor General of British Columbia.

BACKGROUND

MISSION IS LOCATED in the Fraser Valley of southwestern British Columbia, about 70 kilometres east of Vancouver.

In 2011/12, Mission school district's full-time equivalent school aged student enrolment was 6,084, plus 37 full-time equivalent students in adult education high school completion programs. The preliminary budget for 2012/13 is \$61 million.

The board consists of five trustees: two are long serving and three were elected in November 2011.

GOOD PRACTICES: SUMMARY OF FINDINGS

Publicly available documentation outlining the board's roles and responsibilities

We looked for evidence that the board has, and makes publicly available, a written charter (or bylaw or terms of reference) that describes the board's responsibilities, in keeping with the *School Act* and *Disclosure Guidelines for Governing Boards of Public Sector Organizations*. We found that the board has met these obligations, and that the required information is documented on the school district's website. The board has provided detailed role descriptions for trustees and the positions of Board Chair and Vice Board Chair.

Board code of conduct and ethical standards

We looked for evidence that the board has established a charter of expectations (or equivalent) for individual trustees, and adopted a code of conduct and ethical standards, including conflict-of-interest and whistleblower policies. We found that the board has adopted a code of conduct, ethical standards and a whistleblower policy.

AREAS FOR IMPROVEMENT: SUMMARY OF FINDINGS

Professional conduct

We looked for evidence that board members are conducting themselves in a professional manner. We learned that, at the beginning of the current term, trustees were unable to achieve consensus on school board business, but are now working to establish collaborative relations. This is a good sign that trustees recognize the need to establish a positive tone at the top, and these efforts should continue.

Monitoring of school district goals and objectives

We looked for evidence that the board has ensured short- and long-term goals, objectives and strategies are in place for the school district, and that it is monitoring progress in their achievement. We found that board members were not satisfied with their involvement in strategic planning. Going forward there are plans to increase board involvement.

Provision of good quality information to the board

We looked for evidence that the board is satisfied that the information it needs about the school district and its operations is sufficient, appropriate and made readily accessible to the board by management. We found that board satisfaction with information provided by management has been poor, but is showing signs of improvement.

Financial management

We looked for evidence that the board has ensured a financial management framework is in place and includes effective internal controls. We found that the district's financial management framework is missing key components, such as assurance over internal controls and adequate information systems. Weaknesses like these increase the risk of financial issues developing. A new Secretary-Treasurer has been hired to help the board address these problems.

Proper delegation of responsibilities to management

We checked for evidence that the board has effectively delegated responsibilities for operational decisions to management. We found that the board has not consistently done this.

RECOMMENDATION 1: *We recommend the board ensure that management provides information to the board about the school district and its operations that is sufficient, appropriate, readily accessible and useful for supporting effective decision making.*

RECOMMENDATION 2: *We recommend the board ensure that management has a financial management framework in place, including well-designed and effective internal controls.*

RECOMMENDATION 3: *We recommend the board review its governance activities continually and ensure that it is delegating operational activities to management.*

Report 2d: April 2013

REPORT 2D: SCHOOL DISTRICT BOARD
GOVERNANCE EXAMINATION -
MINISTRY OF EDUCATION

www.bcauditor.com

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THE MINISTRY OF EDUCATION welcomes the report of the Office of the Auditor General on School District Board Governance.

British Columbia's public education system is co-governed by the Minister of Education and 60 elected Boards of Education. Good governance is an essential foundation for delivering high quality, effective education programs to K-12 students in communities across the province – particularly in a system with shared governance responsibilities.

While the specific findings and recommendations are focused on the Ministry of Education and three Boards of Education, the Ministry believes all boards of education and other education stakeholders can benefit and take guidance from this report.

While we are pleased by the findings that the Ministry and the districts that were subject to this review demonstrated board governance good practices in many areas, we also acknowledge and agree with the findings that there are areas for improvement.

The Ministry will work with the BC School Trustees Association and other key stakeholders to fully implement the recommendations in this report and any other potential improvements that may arise as we pursue our shared commitment to good governance of B.C.'s K-12 sector.

BACKGROUND

THE MINISTRY OF EDUCATION provides leadership and funding to the K–12 education system through governance, legislation, policy and standards. The roles and responsibilities of the ministry are set out in several pieces of legislation and accompanying regulations, such as the:

- ◆ *School Act*
- ◆ *Independent School Act*
- ◆ *Teachers Act*
- ◆ *Library Act*
- ◆ *First Nations Education Act*
- ◆ *Community Care and Assisted Living Act*
- ◆ *Special Accounts Appropriation and Control Act*

The ministry monitors school district performance through district Superintendents of Achievement who help develop leadership at the district level and support districts in their efforts to improve student achievement. The K–12 system in British Columbia serves about 580,000 public school students, 70,000 independent school students, and 2,200 home-schooled children. More than 65,000 First Nations students are included in these numbers, as are more than 4,450 students enrolled in French immersion.

GOOD PRACTICES: SUMMARY OF FINDINGS

Communication of government expectations

We looked for evidence to show that government is clearly communicating performance expectations and accountabilities to school districts. We found that the ministry provides documents on its website that communicate government performance expectations and accountabilities of school districts. Board members also confirmed that government clearly communicates the accountabilities they expect from school districts.

Monitoring of school district performance

The ministry has several methods in place to monitor school district performance. It monitors each school district by reviewing the District Achievement Contracts and Superintendent's Report on Student Achievement. On the financial side, the ministry monitors school district performance through financial reports that the districts must submit to the ministry.

Resolving performance issues

The ministry works collaboratively with school districts to resolve performance issues. The ministry has a robust database through which issues with student achievement can be identified. The ministry can then notify senior management staff to find a solution or, as a last resort and with the Minister’s approval, appoint a special advisor or Official Trustee to the school district if necessary to help resolve problems.

AREAS FOR IMPROVEMENT: SUMMARY OF FINDINGS

Communication between the ministry and the board

We found that ministry communications is primarily with district management, not with the board. While the ministry expects that management will in turn provide the information to the board, some trustees would like to see a more direct communication link established between ministry staff and the board. Insufficient direct communication between the Ministry and boards can lead to miscommunication and misunderstandings.

More direct communication between the ministry and boards is also required to clearly establish and communicate good practice expectations for school board governance. While we did see evidence of good practices in school board governance with school boards, there is much room for improvement.

In our view, the ministry, in collaboration with the Board Resourcing and Development Office, should assume a leadership role in defining and clearly communicating good practice expectations in this regard.

RECOMMENDATION 1: *We recommend that the Ministry of Education work with the Board Resourcing and Development Office to customize and communicate expectations for school board governance practices, including financial and risk management, competency assessment, and board and superintendent evaluation.*

RECOMMENDATION 2: *We recommend that the Ministry of Education look at enhancing orientation and professional development opportunities for trustees concerning good practices in board governance in collaboration with stakeholders such as the School Trustees Association.*

RECOMMENDATION 3: *We recommend that the Ministry of Education improve its direct communication with school boards to ensure that school district performance expectations are clearly understood.*



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