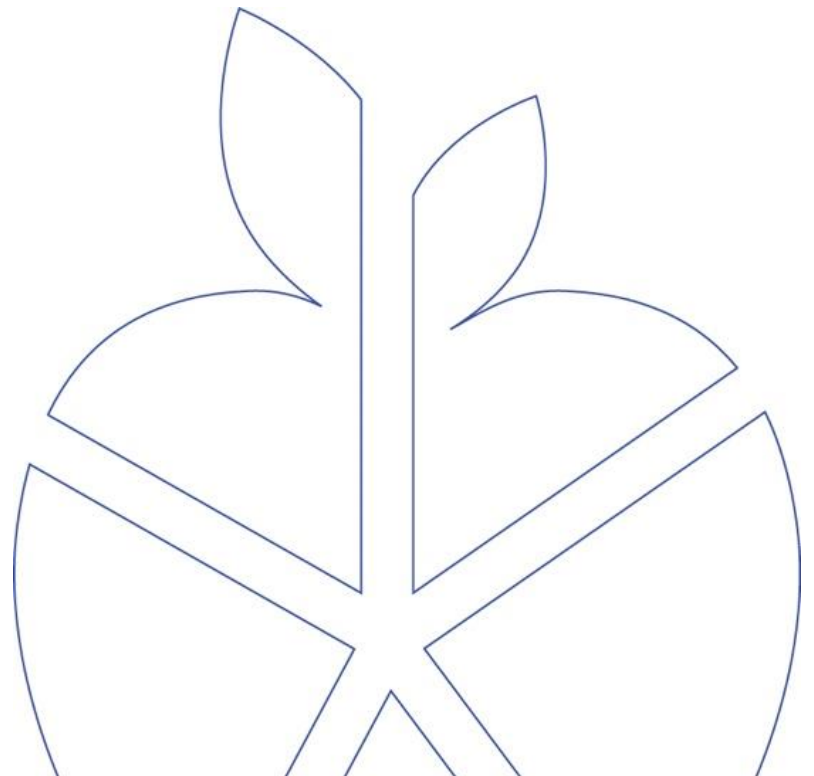# INTERNAL AUDIT TEAM

Ontario East

2023-24 Strategic Risk Assessment Results OE Region Draft Report

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Executive Summary

Overview

The 2023-24 Region-wide Strategic Risk Assessment (SRA) for the Ontario-East Region was conducted by the Regional Internal Audit Team (RIAT) in accordance with the Institute of Internal Auditors Standards. The assessment involved eight district school boards (DSBs) and aimed to identify and evaluate strategic risks across the region.

Key Observations

A total of 12 strategic risks were identified and assessed by representatives from each DSB. The risks were ranked based on their likelihood and impact, resulting in a regional risk register. The top three risks identified were:

1. **Attendance Management**: The highest-ranked risk, highlighting challenges in managing staff absenteeism. This issue is widespread and deeply tied to labor agreements, requiring a systemic, province-wide approach for effective resolution.

2. **Recruitment and Retention**: Significant difficulties in attracting and retaining specialized teaching staff, such as French and Technology teachers, as well as Educational Assistants and back-office positions. Salary constraints and the need for higher compensation to attract qualified candidates were noted as major challenges.

3. **IT Security**: Ongoing cybersecurity threats and the need for enhanced IT resilience. Despite progress in decentralizing critical assets and building protective measures, resource and capacity constraints continue to pose vulnerabilities.

Other Notable Risks

4. **Special Education**: High demand and increasing complexity in special education needs, leading to overspending and the need for adaptable responses.
5. **Student Equity and Inclusiveness**: Challenges in supporting a diverse and racialized student population, with efforts focused on creating inclusive environments.
6. **Classroom Practices and Pedagogy**: Impacted by staff shortages and the need for continuous professional development.
7. **Financial Management**: Systemic financial pressures and deficits, with a strong internal control environment but external funding challenges.
8. **Transportation**: Oversight of third-party transportation services, with issues such as driver shortages and contract disruptions.
9. **IT Governance and Information Management**: Need for improved data classification, information governance, and staff training.
10. **Safe Schools and Student Health & Safety**: Ensuring compliance with safety legislation and addressing rising mental health challenges post-COVID.

Internal Controls

Internal controls aim to mitigate the identified risks and enhance the overall risk management framework for the Ontario-East Region school boards. For the top three risks, the following controls were highlighted as in use across the Province:

1. **Attendance Management**:
   - Setting attendance thresholds and utilizing data analytics.
   - Developing clear policies and procedures.
   - Providing training and support programs.

2. **Recruitment and Retention**:
   - Structured recruitment processes and background checks.
   - Diversity and inclusion policies.
   - Comprehensive onboarding and professional development plans.

3. **IT Security**:
   - Strong access controls and data encryption.
   - Regular security audits and incident response plans.
   - Asset management and change management processes.

We would like to thank the Directors of Education, their Executive Leadership team and the Managers for their assistance and participation during this engagement.

Standards

This engagement was conducted in conformance with the International Standards for Professional Practice of Internal Auditing.

Limitation on Use of Internal Audit Report

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Detailed report

Region-Wide Risks

The following table is organized by risk ranked across the Ontario-Eats Region and presents the risk and summary of the School Boards' comments.

Attendance Management Risk: *that Board is not able to manage staff absenteeism.*
Attendance Management issue is a provincial, well-known issue, a particular challenge for school administrators that impacts health and wellbeing. While most Boards actively discuss and have an Attendance Management Plan in place, their ability to address the issue is limited. The resolution requires a systemic, province-wide approach, as the issue is deeply tied to labour agreements and cannot be effectively remedied at the local level. The Province's upcoming attendance support plan may provide some relief, but significant change is unlikely in the near future.

Recruitment and Retention Risk: *that the Board is not able to attract or retain the talent necessary to achieve their objectives.*
The **recruitment and retention challenges** faced by some Boards are part of a broader provincial issue, with difficulties in attracting and retaining specialized teaching staff, such as French and Technology. This extends to Educational Assistants, as well as back-office positions in the IT, HR, and Finance departments. While some Boards benefit from proximity to local universities but hiring often requires higher compensation which are occasionally filled by less-qualified individuals, potentially impacting educational outcomes. Workforce diversification is a positive development but attracting specialized talent in both instructional and corporate areas remain challenging, with salary constraints adding to retention difficulties.

IT Security Risk: *that the Board is not able to safeguard IT systems to protect information and avoid service disruptions.*

The **cybersecurity and IT resilience** challenges facing the Boards reflect broader issues across the public sector, with a continually evolving and increasingly complex threat environment. Despite a solid control environment and recent efforts to enhance resilience—such as decentralizing critical assets and building protective measures—cyber threats persist and continue to grow in sophistication.

The Boards have made substantial progress but remain vulnerable, largely due to resource and capacity constraints.

Like other public entities, the focus is on keeping pace with threats to the extent resources allow, with the understanding that ongoing vigilance and adaptation are essential.

Special Education Risk: *that the Board is not able to effectively plan for and deliver on special education needs.*

The **Special Education (Spec Ed) programs** at Boards face high demand and increasing complexity, driven by unprecedented levels of need among students.

Despite established policies and dedicated teams, Boards consistently overspend in this area to meet students' requirements, balancing fiscal responsibility with necessary accommodations.

Challenges include rising expectations from families relocating from larger centers, rural recruitment limitations, and the need for appropriate accommodations.

Funding changes and evolving delivery models add uncertainty, requiring adaptable responses from staff.

Boards are also focused on aligning practices with leading standards, updating infrastructure for accessibility, and maintaining a positive reputation amid these efforts.

Student Equity and Inclusiveness Risk: *that the Board is not able to appropriately support equity and inclusiveness for its student population.*

Boards face ongoing challenges in creating a "safe or brave space" environment that supports its increasingly diverse and racialized student population.

Although progress has been made through initiatives (examples: equity framework, EDI committee, and appointing a Principal of Equity and Inclusiveness), significant work remains.

Board's teachers' demographics have not kept pace with student diversity, underscoring the importance of representation and cultural reflection in education.

Efforts include additional funding, organizational culture shifts, and leveraging supports like the Human Rights and Equity Advisor through Council of Ontario Directors of Education (CODE).

As the student population evolves, Boards are focused on fostering inclusive spaces that reflect and meet diverse student needs.

Classroom Practices Risk: *that schools are not able to institute and promote effective classroom practices.*

The **curriculum and classroom practices** at Boards are heavily impacted by recent ministerial announcements and a shortage of trained staff, which leads to increased absenteeism and reliance on uncertified staff.

Despite solid systems, policies, and protocols, Boards face challenges in providing continuing professional development due to fluctuating funding and limited resources.

The focus remains on "Raising the Floor" to uphold high standards in classroom practices, though variability in implementation affects outcomes.

While Boards are committed to guidance and development, these limitations introduce operational risks and reputational impacts from differing perspectives among students, parents, and Boards.

Pedagogy and Curriculum Risk: *that the Board is unable to create and maintain academic programs which will meet the needs of students and achieve strong outcomes.*

A**cademic programming** faces challenges in balancing diverse needs across urban and rural schools, with demographics and funding as significant factors.

While there is a solid structure and skilled resources to support development and professional learning, limited staffing in key areas like French and Technology impacts program consistency.

Smaller schools, particularly rural high schools, struggle to maintain offerings due to (i) funding linked to students enrolment and (ii) difficulties recruiting specialized teachers.

Some Boards see an opportunity for school administration to adopt more strategic, creative approaches to programming within available resources.

The overall concern is that potential funding cuts could degrade program quality over time, emphasizing the need to define academic programs clearly and sustainably.

Financial Management Risk: *that the Board is not able to effectively manage its financial requirements.*
The Boards **financial management** challenges , reflect a systemic issue across Ontario, with many Boards running deficits. Despite a strong internal control environment, skilled staff, and accumulated surplus reserves, financial pressures stem from external factors. The funding model complicates budget planning and creates significant operational pressures, especially in transportation and sick leave. Some Boards face challenges in staffing their finance department and managing manual processes but anticipate improvements with a forthcoming Enterprise Resource Planning (ERP) system. Transparency is maintained with regular reporting, a "no surprises" approach, and contingency reserves. However, ongoing funding formula uncertainties and political factors continue to add complexity and reputational risk.
Transportation Risk: *That the Board does not have the appropriate controls and capabilities to manage and provide oversight to third parties providing transportation services.*
Boards are part of a **transportation consortium**, sharing oversight of bus services, which can be challenging. Some consortiums have historically dealt with a litigious group of transport providers, and while influence over outcomes is sometimes limited, certain Boards have successfully leveraged their position when necessary. Challenges include rural route service consistency, driver shortages, and occasional contract disruptions, all of which can impact a Board's reputation. Issues, such as last summer's near-contract lapse and current petitions, highlight transportation challenges faced by some Boards within the region.

IT Governance and Information Management Risk: *that the Board does not have the appropriate controls and capabilities to govern its IT systems and manage data.*

Boards face **IT and information management challenges** largely due to limited IT staffing and varying levels of tech-savviness among users.

While core systems like finance and student information are in good shape, other areas require more attention, particularly in data classification, information governance, and staff training.

Some Boards are gradually establishing governance frameworks and plan to implement an Enterprise Resource Planning (ERP) and Student Information System (SIS), which should help streamline processes.

Staffing shortages continue to impact progress for some Boards, though Boards have strong teams and structures focused on enhancing controls and procedures to improve overall information management.

Safe Schools Risk: *that the Board is not able to effectively deliver on and promote Safe Schools.*

Boards have made significant progress in enhancing Safe Schools through updated policies, procedures, and increased financial investment.

Some Boards have a designated Principal of Safe Schools to oversee a robust tracking and monitoring system, which is reviewed monthly by a committee to ensure alignment with legislation.

Although Boards have a strong framework and committed staff, external pressures—such as rising student behavioral issues and increasing suspension rates—are challenging the ability to maintain a safe environment.

Boards continue to focus on compliance with Safe Schools legislation, dedicating considerable resources to manage escalating needs and ensure safety measures are consistently upheld.

Student Health & Safety Risk: *that the Board does not have appropriate controls and capabilities to best ensure student health, well-being and safety.*
Boards have a **strong control environment for health and safety**, with established policies, well-trained staff, and regular inspections conducted by Health & Safety officers. Boards have a dedicated Health and Safety Committee to review protocols. While physical health controls are robust, mental health challenges have grown significantly, especially post-COVID, amid decreasing community support. This shift has led to an unusual increase in health-related issues, highlighting the need for continued focus on mental health within health and safety efforts.

Internal Controls for the top three risks

The following table lists controls that most school boards have in place to mitigate each of the top three risks identified in the Ontario-East Region.

Risk 1: Attendance Management
Attendance Thresholds: Setting attendance thresholds to identify employees who may need early intervention. These thresholds should be based on empirical data, such as actual sick leave usage and averages, and reviewed annually.
Data Analysis: Utilizing data analytics to monitor attendance patterns and identify trends or anomalies. This helps in early detection of potential issues and enables timely interventions.
Policy and Procedures: Developing and enforcing clear policies and procedures for attendance management. This includes defining acceptable attendance levels, reporting requirements, and consequences for non-compliance.
Training and Awareness: Providing training for staff and management on attendance policies, the importance of regular attendance, and the procedures for reporting and managing absences.
Employee Support Programs: Implementing support programs such as Employee Assistance Programs (EAPs) to help employees address personal issues that may affect their attendance.
Regular Reporting: Ensuring regular reporting of attendance data to senior management and the audit committee. This promotes transparency and accountability.
Risk 2: Recruitment & Retention
Recruitment
Structured Recruitment Process: Establish a standardized recruitment process with clear guidelines and criteria to ensure consistency and fairness in hiring.
Background Checks: Implement thorough background checks and reference verifications to ensure the suitability of candidates.
Diversity and Inclusion Policies: Develop and enforce policies that promote diversity and inclusion in the hiring process to attract a broad range of candidates.
Recruitment Metrics: Track and analyze recruitment metrics such as time-to-hire, cost-per-hire, and candidate quality to identify areas for improvement.

Partnerships with Educational Institutions: Form partnerships with universities and colleges to create a pipeline of qualified candidates.

Recruitment Marketing: Use targeted marketing strategies to attract potential candidates, including social media campaigns, job fairs, and online job boards.

Retention

Onboarding Programs: Develop comprehensive onboarding programs to help new employees acclimate to the school board environment and culture.

Professional Development Plans: Create individualized professional development plans to support employees' career growth and skill enhancement.

Performance Evaluations: Conduct regular performance evaluations to provide feedback and identify areas for professional development.

Employee Engagement Surveys: Regularly survey employees to gauge job satisfaction and identify areas for improvement.

Recognition Programs: Implement recognition programs to acknowledge and reward employees for their contributions and achievements.

Work-Life Balance Initiatives: Promote work-life balance through flexible scheduling, wellness programs, and support for personal and family needs.

Exit Interviews: Conduct exit interviews with departing employees to understand their reasons for leaving and identify potential retention strategies.

Risk 3: Information Technology controls

ICT Governance and Management

ICT Policies and Procedures: Establish comprehensive ICT policies and procedures to guide the use, management, and security of technology resources.

ICT Governance Committee: Form an ICT governance committee to oversee ICT strategy, investments, and compliance with policies.

Strategic Planning: Develop a strategic ICT plan aligned with the school board's educational goals and objectives.

Security Controls
Access Controls: Implement strong access controls to ensure that only authorized personnel can access sensitive information and systems.
Data Encryption: Use encryption to protect sensitive data both in transit and at rest.
Regular Audits: Conduct regular security audits and vulnerability assessments to identify and mitigate risks.
Incident Response Plan: Develop and maintain an incident response plan to address potential security breaches promptly.
Operational Controls
Asset Management: Maintain an up-to-date inventory of all ICT assets, including hardware, software, and licenses.
Change Management: Implement a change management process to ensure that all changes to ICT systems are documented, tested, and approved.
Backup and Recovery: Establish robust backup and recovery procedures to ensure data integrity and availability in case of system failures.
User Training and Support
Training Programs: Provide regular training programs for staff and students on the proper use of ICT resources and cybersecurity best practices.
Help Desk Support: Set up a help desk to provide technical support and resolve ICT-related issues promptly.
Compliance and Monitoring
Compliance Checks: Regularly check compliance with relevant laws, regulations, and standards, such as privacy laws and educational technology standards.
Monitoring and Reporting: Implement monitoring tools to track ICT usage and generate reports on system performance, security incidents, and compliance.