

BACKGROUND

- 6.1** This audit is the final phase of our examination of Special Education expenditures in the Province. We reported on the first two phases in Chapter 4 of our June 2005 Report. Those two phases consisted of audit work at the Department of Education and two Regional School Boards (RSBs).
- 6.2** The Atlantic Provinces Special Education Authority (APSEA) is an inter-provincial co-operative agency established in 1975 by joint agreement among the Ministers of Education of New Brunswick, Newfoundland and Labrador, Nova Scotia, and Prince Edward Island. Legislative authority for the operation and administration of APSEA in Nova Scotia is derived from the Nova Scotia Handicapped Persons Education Act and Regulations.
- 6.3** APSEA is governed by a 12-member Board of Directors, with three members from each province. The Deputy Minister of Education from each province is a permanent member of the Board. The two additional members from each province are appointed for two-year terms. The Superintendent is responsible for the management of APSEA.
- 6.4** The philosophy of how to best support the educational needs of students with special needs has changed significantly since APSEA's creation in 1975. The provincial partners now promote an inclusive schooling model where services and programs for students with special needs are provided in a non-segregated setting in the students' community schools. This differs from the approach in 1975 when special education students with similar needs tended to be educated in segregated facilities.
- 6.5** This philosophical change has resulted in the evolution of APSEA's service delivery model from one where teachers would be located at a segregated facility to the much more decentralized approach in place today.
- 6.6** Programs and services offered by APSEA provide support for children and youths up to age 21, residing in Atlantic Canada, with low incidence sensory impairments. This includes children and youth who are deaf, deaf-blind or hard of hearing (DHH) and blind or visually impaired (BVI). The majority of students receiving APSEA services are registered with the school districts in the province of residence. The services provided by APSEA are in addition to the education services the students receive in their own schools. Services can also be provided to preschool children, and students enrolled in private and First Nations schools.
- 6.7** Individual school districts have responsibility for the education of school age children. APSEA programs and services are designed to assist school districts in the

provision of adaptations required by students. These adaptations allow students with sensory impairments to be taught with their peers in community schools. Exhibit 6.1 provides a description of the types of services and programs provided by APSEA.

- 6.8** The majority of services offered by APSEA are provided to students in their own communities by itinerant teachers. APSEA does not have full-time students. It does, however, offer various short-term programs ranging from two days to five months where students attend the APSEA Centre on a full-time basis. During the 2003-04 school year, 271 students were enrolled in short-term programs (see Exhibit 6.4).
- 6.9** The APSEA Centre is located in Halifax and consists of two buildings. The school building houses the classrooms and the administration function. The second building includes both the residence and resource services.
- 6.10** APSEA's total operating fund expenditures for the year ended March 31, 2005 were \$16,018,732 (see Exhibit 6.3). APSEA receives operating funding from the four provincial partners. General operating costs are allocated to the provinces based on cost-sharing formulae included in the APSEA Agreement (see Exhibit 6.2 for 2004-05 allocation). Costs associated with provincial programs for BVI and DHH are 100% funded by each province based on the actual costs incurred by APSEA in providing the service in that province.
- 6.11** APSEA holds trust funds which have been donated over many years and are internally restricted. Trust fund income is derived from interest earned on investments as well as donations and bequests. For the year ended March 31, 2005, the DHH trust funds earned investment income of \$103,875 on investments with a book value of \$1.5 million. For the same fiscal year, the BVI Trust funds earned \$243,071 in interest income on investments with a book value of \$6.1 million.
- 6.12** Two Trust Fund Committees (BVI and DHH) are responsible for recommending how the various trusts are to be distributed using specific criteria. Management of the funds' investments is contracted to an external investment manager. The APSEA Board of Directors is the final authority for the administration of trust funds.
- 6.13** In December 2004, consultants engaged by the Executive Committee issued a report on their review of the APSEA administrative structure. In response to that report, the Board initiated an internal review, termed the *Go Forward Process*, which focuses on delivery and support for services provided by APSEA. The internal review is scheduled to be completed in 2006.
- 6.14** We examined documents which corroborate the high quality of services delivered by APSEA. For example, a consultant recently reported to the New Brunswick government that *"The quality of the services provided and the APSEA approach are now internationally renowned and many young people with visual or hearing impairments have benefited."* (*Connecting Care and Challenge: Tapping our Human Potential – Inclusive Education: A Review of Programming and Services in New Brunswick*, A. Wayne MacKay, January 2006, page 104).

RESULTS IN BRIEF

- 6.15** The following are the principal observations from this audit.
- The legislation governing APSEA in Nova Scotia is outdated and does not reflect current operations. In addition, it does not link to the provincial Special Education policies.
 - The Board of Directors needs to improve certain aspects of its governance of APSEA.
 - Information provided for both financial and performance reporting needs to be improved. Information systems need to be updated to provide the information required by management and Board members to fulfill their responsibilities.
 - APSEA should expand its planning processes to include a long-term strategic plan and an annual business plan.
 - The high quality of services offered by APSEA was noted by consultants reporting to APSEA and one of the participating provinces. APSEA is following its policies in assessing student eligibility for services, preparing service plans, and developing itinerant teacher caseloads and schedules.
 - Itinerant teacher travel claims represent a significant expenditure for APSEA. The approval and monitoring process in this area should be improved.
 - An appropriate level of information regarding the costs of program and service delivery is required to adequately assess the effectiveness and efficiency of programs and services. For example, the costs per student by service or program area are not being tracked. The lack of readily available information limits APSEA's ability to compare its operations to other models as well as monitor its own performance.
 - APSEA needs to perform a detailed analysis of its current service delivery model, including comparison against alternative models, to ensure that programs and services are being delivered with due regard for economy and efficiency. An internal review is underway and is scheduled to be completed in 2006.

AUDIT SCOPE

- 6.16** The major objectives of our audit of APSEA were to:
- document and assess the accountability framework and related performance reporting within APSEA and externally to stakeholders;

- review and assess APSEA's Board governance function;
- review and assess adequacy of planning processes (strategic, operational and financial);
- determine whether adequate systems are in place to provide for internal financial reporting and monitoring;
- determine whether certain aspects of operations (allocation of resources, travel costs and space utilization) are being managed with due regard for economy and efficiency; and
- review and assess policies and procedures for determining eligibility and provision of services to students.

- 6.17** Our audit field work was conducted at the APSEA Centre during the fall of 2005. Our audit procedures included interviews with management, surveys of board and committee members, review of relevant documentation, including assessments, and the testing of expenditures.
- 6.18** As in the first two phases of the Special Education audit, we did not assess whether or not the services provided to the students were appropriate. We also did not attempt to assess whether itinerant teachers were actually providing the services to students as detailed in the APSEA service plans.
- 6.19** Audit criteria were taken from recognized sources including the CICA Criteria of Control Board's *Guidance on Control*, the Office of the Auditor General of Canada's *Modernizing Accountability Practices in the Public Sector*, *Financial Management Capability Model*, and *Auditing of Efficiency*, CCAF-FCVI Inc.'s *Public Performance Reporting-Reporting Principles*, the Handbook of the Canadian Institute of Chartered Accountants, and APSEA publications and related regulations.

PRINCIPAL FINDINGS

Legislation

- 6.20** As indicated in paragraph 6.2, Nova Scotia legislative authority for APSEA has been established through the Handicapped Persons' Education Act. This Act has not been updated in several years and does not reflect current operations at APSEA. For example, the Act indicates the existence of separate student resource centers for BVI and DHH although the Amherst site has been closed since 1995. The legislation also does not recognize the need for APSEA to comply with applicable Nova Scotia Special Education policies and procedures. The special education policies and guidelines of each province should be followed in the specific jurisdictions; and this requirement should be reflected in the inter-provincial agreement. Because this link is absent, there is no assurance that APSEA is following the policies and guidelines governing the delivery of special education in Nova Scotia or the other partner provinces.

Recommendation 6.1

We recommend that the Nova Scotia Department of Education pursue changes to both the Handicapped Persons' Education Act and the related inter-provincial agreement to ensure they reflect current APSEA operations.

Accountability

- 6.21** Roles and responsibilities of senior positions at APSEA are documented in policy manuals, legislation and/or teacher handbooks. These documents outline each position and list the overall duties that are expected of staff, Board and committee members.
- 6.22** Accountability to each of the funding partners is accomplished in part through the participation of the Deputy Ministers of Education on APSEA's Board. The Deputy Ministers of each of the provinces form the Executive Committee of the Board.
- 6.23** Responsibility for the overall management of APSEA resides with the Board-appointed APSEA Superintendent. In November 2005, a new Superintendent was appointed. The Superintendent is supported by four Directors; two have Provincial program responsibility (one each for BVI and DHH), one is responsible for Resource and Assessment, and one for Finance and Administration (see Exhibit 6.6).
- 6.24** The Board has not established policies in certain critical areas such as conflict of interest and a code of conduct.
- 6.25** Overall, roles and responsibilities are well documented and understood at APSEA.

Governance

- 6.26** **Governance survey** - As part of our audit, we sent governance surveys to all voting members of the Board of Directors as well as the members of the Trust Fund Committees. The objective of the survey was to obtain members' opinions on several critical dimensions of APSEA Board functions. The survey included several questions under the following five sections:
- Background Information
 - Board Composition and Development
 - Responsibilities and Accountabilities
 - Board Structures and Processes
 - Comments
- 6.27** The Trust Fund Committee members all responded to the survey. Nine of the 12 Board members responded. We requested that any Board members who had served on the Board for less than one year return the survey without completing it; this was the case in one of the nine surveys returned. Responses from the surveys were summarized by our Office and used as audit evidence.

6.28 *Frequency of board meetings* - Section 5 (1) of the Handicapped Persons' Education Act defines the role of the Board as "the administration, management, general direction and control of the affairs of the Authority shall be vested in the Board of Directors consisting of 12 members." Section 15 of the Handicapped Persons' Education Regulations requires that the Board have regular monthly meetings although the Board Chair can formally decide that monthly meetings are not required. Based on our discussions with management and a review of Board minutes, meetings have been infrequent. For the 2004-05 fiscal year, there were only three Board meetings. Based on the results of the governance survey, seven of the eight respondents indicated that there were too few regular Board meetings.

6.29 We understand, through discussions with APSEA management, that the busy schedules of Board members, especially the Deputy Ministers of Education, create a significant obstacle in arranging meeting times. We are concerned that infrequent meetings may jeopardize the Board's ability to effectively govern APSEA. For example, the 2004-05 financial statements had still not been approved by the Board nine months after year end. The 2004-05 and 2005-06 budgets were not approved until June 23, 2004 and May 4, 2005, respectively.

Recommendation 6.2

We recommend that the APSEA Board improve its governance practices as follows:

- more frequent Board meetings; and
 - cyclical review of policies to ensure they are current and include important areas such as conflict of interest and a code of conduct.
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6.30 *Performance of the Superintendent* – Section 10 of the Handicapped Persons Education Regulations defines the role of APSEA's Superintendent as the Chief Executive Officer of the Board. As CEO, the Superintendent is responsible and accountable to the Board of Directors for the operation of all APSEA programs. Board members agree that this is a very important responsibility and seven of the eight survey respondents believe the Board should be evaluating the performance of the Superintendent.

6.31 Based on our review of Board minutes and discussions with APSEA management, we concluded that no regular evaluation of the Superintendent has been taking place. No goals or performance targets have been established for use in assessing the Superintendent's performance. We believe it is essential for the Board to evaluate the Superintendent's performance annually.

Recommendation 6.3

We recommend that the Board establish an annual performance evaluation process for the Superintendent which includes an assessment of performance against Board-approved performance targets and goals.

- 6.32** In November 2005 a new Superintendent was hired by APSEA. A personal services contract was signed in February 2006 between APSEA and the Superintendent which includes provision for an annual performance appraisal to be performed by the Board on or before the anniversary date of the contract. Inclusion of the performance appraisal provision in the contract is a good first step, but the Board still needs to implement a process. We also believe that employment contracts should always be in place prior to the first day of employment.
- 6.33** *Setting strategic directions and goals* – APSEA Board members, in responses to our survey, indicated that setting strategic direction and goals and monitoring the achievement of goals and objectives are very important responsibilities of the Board.
- 6.34** Management and the Board at APSEA prepared a planning document including five goals for the organization (see Exhibit 6.5). This document includes measures, actions, and progress to date. The date on the document is January 2003 and the status of progress was updated in January 2005. The original goals and objectives and the status update were both provided to the Board. Although this document lists some goals for APSEA, it does not provide a clear strategic direction for the future of APSEA.
- 6.35** Results from the governance survey indicate that some Board members are unclear as to whether a Board-approved strategic plan exists for APSEA. Members were asked whether they agreed with the following statement, “APSEA has a formal strategic plan which has been approved by the board.” Of the eight respondents, three disagreed, one was not sure, and four agreed with the statement.
- 6.36** APSEA is currently in the process of conducting an extensive internal review of its organization, termed the *Go Forward Process*, which is expected to be completed in 2006. The Board of Directors directed the provincial Student Services Directors and APSEA Program Directors to conduct the review. The scope of the review is quite broad and may lead to significant changes in the way APSEA delivers its programs and services. The review includes the following objectives:
1. “To ensure the educational outcomes for students are clearly identified and monitored such that students will achieve to their full potential;
 2. To ensure all four provincial partners are well served by APSEA in coordination with associated provincial services;
 3. To improve the administrative, financial and governance structures of APSEA;
 4. To identify an accountability framework to ensure ongoing assessments of educational outcomes, client services and operational efficiencies.”

Recommendation 6.4

We recommend that the Board update the strategic plan for APSEA.

- 6.37** **Board planning and self-evaluation** - In addition to evaluating the performance of the organization being governed, it is important that board members establish a process to plan and evaluate their own performance annually. It is also important that an orientation session be provided for new board members so that they have a sound understanding of the organization being governed. While there is an information package sent to new members of the APSEA Board, it does not appear that there is a comprehensive orientation for new Board members.
- 6.38** **Advisory committees** - The Board is supported by two Advisory Committees (Programs and Finance) comprised of the respective Program and Finance Directors employed by the Departments of Education of the funding partners. The role of the Advisory Committees is documented in APSEA's policy manual, and includes providing advice to the Board in the areas of program and service delivery and financial management. Members of the Advisory Committees are not always members of the Board.
- 6.39** Through discussions with members of the Financial Advisory Committee (FAC), we concluded that there is some inconsistency between the role defined in APSEA policy manuals and the actual role being performed by FAC. Members indicated that their primary contact is with APSEA management through the Director of Finance and that they have limited direct communication with the Board as a whole. The FAC members are also accountable to their respective Provincial Deputy Ministers, who serve on the Executive Committee and the Board.
- 6.40** The current FAC role appears to have evolved into providing advice to APSEA management and individual Deputy Ministers as opposed to the Board as a whole. The current role of the Committee compromises its effectiveness as an advisory body for the Board.

Recommendation 6.5

We recommend that the role and responsibilities of the Financial Advisory Committee be reviewed and clarified.

- 6.41** **Governance of trust funds** – As indicated in paragraph 6.11, there are trust funds for children who are blind or visually impaired as well as for children who are deaf, deaf-blind, or hard of hearing.
- 6.42** In the survey responses, members indicated that there is a clear mission for each trust and that performance targets have been set. In addition, the majority of members understand their roles and responsibilities and accountabilities. The

members were also asked about their satisfaction with the information they receive about the trust funds. Some members indicated they would like additional financial information to help assess the return received on fund assets.

- 6.43** The APSEA Board and Trust Fund Committee members should be accountable to donors for stewardship of the donated funds. One committee member raised concerns about the makeup of the committee (majority is APSEA staff) and about potential erosion of the fund principal because the rate of return on investments has not been sufficient to cover planned trust fund expenditures. Prior to the last few years, annual income had been sufficient to offset expenditures and preserve principal. The APSEA Board currently has the power to make the final decisions regarding the use of the trust funds and APSEA staff form the majority of the Trust Fund Committee. The APSEA Board should formally consider the current Trust Fund governance structure to determine whether alternate governance arrangements would improve the accountability to donors.

Recommendation 6.6

We recommend Trust Fund Committee members assess their information needs and obtain the required information from management. The APSEA Board should formally consider the current Trust Fund governance structure to determine whether alternate governance arrangements would improve the accountability to donors.

Performance Reporting

- 6.44** **APSEA external reporting** - Currently, there is no mechanism in place for APSEA to table its financial statements or annual reports to the Nova Scotia House of Assembly. Reporting to the provincial funding partners is limited to the information obtained by the Deputy Ministers as members of APSEA's Board. Reporting relationships should be formalized to strengthen accountability.

Recommendation 6.7

We recommend that APSEA's legislation be modified to include a requirement to report annually to the House of Assembly.

- 6.45** **APSEA Directors' reports to the Board** – Directors prepare monthly reports of activity for their responsibility areas which are provided to the Board prior to regular meetings. In addition, an annual report is prepared for the Board which summarizes the monthly activity for all program and service areas offered by APSEA.
- 6.46** As part of our audit procedures, we examined sample copies of both the monthly and annual reports provided to the Board. Although there is a considerable amount of information provided, we believe that it is of limited value in

assessing APSEA's organizational performance. The focus of the information is on operational outputs such as the number of students receiving a particular service in a specific month or year. For example, the reports generally do not compare APSEA's performance against predetermined performance targets or measures. The reports do not contain statistical information on enrollments or wait lists. This information would be important for Board members when determining the strategic direction for APSEA and assessing organizational performance. Recently, the Board has received reports related to achievement of individual outcomes for a sample of BVI students. We believe this information is a key measure of success for APSEA.

- 6.47** As part of our governance survey we asked Board members whether they agreed that "The information provided was sufficient to allow an evaluation of how well APSEA has performed." Of the eight who responded, six were not sure and two disagreed. Board members need to document and communicate their information needs to management so that relevant and meaningful information is received.

Recommendation 6.8

We recommend that APSEA management and the Board develop performance indicators and measures which include student outcomes, and establish an annual process for reporting progress.

- 6.48** **APSEA internal performance reporting** – Typical information reported to Program Directors by itinerant teachers includes case loads and schedules, as well as copies of APSEA service plans for each student and student progress reports. Additional information is also provided to Directors on an ad hoc basis as requested.

- 6.49** For BVI, we noted that provincial supervisors began a process of reporting on a sample of students' progress in meeting the outcomes detailed in individual service plans. For example, the report identified the number of outcomes met, those which were not met, and included possible explanations. These explanations appeared to be very useful in isolating areas where APSEA staff should concentrate their efforts. Although we realize that this reporting model is under development and needs to be refined, we believe that this type of approach to reporting on performance is a best practice and should be adopted in other areas of APSEA's operations.

Recommendation 6.9

We recommend that the BVI program model for reporting student outcomes, currently under development, be adopted where appropriate in other areas of APSEA operations.

- 6.50** **APSEA reports to school districts** – APSEA staff regularly report on individual student performance to the school districts. Itinerant teachers are members of the

school-based program planning teams where student performance is regularly monitored. Also, reports are prepared for students attending short-term programs as well as twice per academic year for those students receiving regular itinerant services.

- 6.51** **Student information system** – Currently APSEA has a student information system known as ZIM. The system is used to track detailed information on students receiving services from APSEA. Based on our discussions with users of the system, the information is frequently inaccurate which limits its usefulness. Various factors contribute to ZIM’s inadequacies including system deficiencies and delays in data entry. Also, it appears that the system is not very flexible with respect to the reports that it can produce. APSEA management has indicated it plans to address the system weaknesses in the near future.

Recommendation 6.10

We recommend that management address the weaknesses in the student information system to ensure that requirements of users are met.

Planning and Budgeting

- 6.52** **Annual business plan** - APSEA does not prepare an annual business plan. However, the goals and objectives document provides high level descriptions of actions required and expected timelines. This document should be used as the foundation for the annual business plan. There should also be a more detailed operational plan including actions required, specific timelines, resources and reporting requirements. The Nova Scotia Department of Education requires all Regional School Boards to submit annual business plans using the template provided. This template may be useful to APSEA in preparing its own business plan for approval by the Board.

Recommendation 6.11

We recommend that APSEA management prepare an annual business plan for approval by the Board.

- 6.53** **Budgeting** - As noted in Exhibit 6.3, in the 2004-05 fiscal year salaries represented 83% of APSEA’s expenditures. The preparation of the annual budget focuses on the estimate of the salary expense for the year. The Director of Finance receives staffing requirements from the BVI and DHH Directors and calculates the salary budgets using wage levels included in the various union agreements. The submissions also include estimates of numbers of students and level of service expected. Once salary budget requirements are known, amounts for other areas including equipment, professional development, and maintenance are determined by the Director of Finance through trend analysis and discussions with staff.

- 6.54** The Financial Advisory Committee (FAC) reviews and challenges the budget prepared by the Director of Finance. FAC members also communicate budget issues to their provincial members on the Board. Once FAC completes its review, FAC recommends the budget to the Board for final approval.
- 6.55** We reviewed detailed support for APSEA's 2005-06 budget, including budget submissions, and interviewed certain APSEA staff. We noted that in some cases the staffing requirements in the budget submissions were different than the final approved staffing levels in the budget. Although there was no formal documentation reconciling the differences, management provided us with explanations supporting the final budget amounts.
- 6.56** We noted that support for some significant budget line items such as building maintenance is not well documented. There does not appear to be any planning document which supports how the building maintenance budget is going to be spent. In addition, key assumptions and other calculations supporting non-salary budget line items are not well documented. Communication of key assumptions and planning documents is required to ensure that Board members fully understand the basis on which the budget has been developed.

Recommendation 6.12

We recommend that APSEA management submit written support for all key budget assumptions and line items to the Board as part of the budget package.

Financial Reporting and Monitoring

- 6.57** **Financial reporting to the Board** – Financial reporting to the Board consists primarily of the annual budget and audited financial statements. In addition, financial information is provided where there is potential for significant impact on APSEA operations, such as when Newfoundland and Labrador decided to reduce its annual funding to APSEA in 2004-05.
- 6.58** The results of the governance survey indicate that most Board members are not satisfied with the type of information that they are receiving from APSEA. There is confusion as to how the financial information provided links to the goals, objectives and operational plans. Also, Board members desire additional information with respect to the cost of various service delivery models as well as individual programs and services.
- 6.59** **Monthly variance analysis** - APSEA's policies and procedures require production of monthly financial reports which detail expenditures for the month and year-to-date, commitments, free balances, and explanations of budget variances. These reports are to be made available to APSEA management as well as the Board. Through our discussions with management, we noted that the formal financial reporting detailed in the APSEA policies and procedures manuals is not taking place, with the exception of regular reporting on travel expenditures.

- 6.60** APSEA's Director of Finance monitors actual expenditures against the budget throughout the year. Where required, the Director of Finance will investigate, through informal communication with staff, explanations for significant variances. Overall, management indicated that it was satisfied with the level of financial information being provided. Where required, management requests specific financial information from the Director of Finance.
- 6.61** **Itinerant teacher travel claims** - Itinerant teachers are required to travel throughout the provinces in order to provide APSEA services. Consequently, travel expenditures represent a significant cost for APSEA. See Exhibit 6.7 for a summary of the kilometers traveled by itinerant teachers in 2004-05. Note that the vast majority of APSEA's itinerant teachers travel between 5,000 and 25,000 kilometers annually.
- 6.62** Itinerant teachers are reimbursed for travel expenses based on the Province of Nova Scotia's travel policy. Claims for reimbursement are to be submitted by teachers monthly and approved for payment by the Program Directors. Claims submitted are assessed for compliance against the travel policy and in certain cases kilometers claimed are compared to the teacher's schedule and approved caseload for reasonableness. The Program Directors also receive a monthly report of expenses claimed by each of their staff members.
- 6.63** We examined a sample of individual travel claims for compliance with the travel policy. We found no cases of non-compliance.
- 6.64** In addition to the detailed testing of travel claims, we analyzed itinerant teacher travel over a one-year period and obtained explanations from management for any anomalies noted. As a result of this analysis, we found one situation where the number of kilometers claimed was inconsistent with the geographical location of the students on the teacher's caseload. Management indicated that they would be investigating further and recovering the amount of any overpayment. The teacher had been paid \$6,821 for 21,055 kilometers traveled during the 2004-05 academic year.
- 6.65** Although Program Directors currently approve itinerant teacher travel claims for payment, Provincial Supervisors have more intimate knowledge of specific teacher travel requirements and should be involved in the assessment of the reasonableness of travel claims. Also, reviewing teachers' travel claims on an annual basis and comparing kilometers traveled to schedules and caseloads would be an effective control to ensure that claims paid are reasonable. Itinerant teacher travel is a significant expense for APSEA and improvements in the payment and monitoring process currently in place are required.

Recommendation 6.13

We recommend that Provincial Supervisors approve itinerant teacher travel claims and that a process be established to assess the reasonableness of claims paid.

- 6.66** **Program and service delivery costs** - To adequately assess the effectiveness and efficiency of programs and services, an appropriate level of information regarding the costs of program and service delivery is required. Currently at APSEA, such information is not being reported either to staff or Board members. For example, costs per student by service or program area are not being tracked. The lack of readily available information limits APSEA's ability to compare its operations to other models as well as monitor its own performance.
- 6.67** APSEA's total expenses for 2003-04 were \$15,741,320 as reported in its audited financial statements. During that year, APSEA served 1,749 students (from Exhibit 6.4) leading to a basic cost per student of \$9,000 for APSEA services. We acknowledge that this is a simplistic analysis and that there would be a wide range of costs for services provided to individual students depending on the assessment of needs.
- 6.68** **Management information system** - The current accounting program that is used at APSEA is not sufficient to meet its information needs. Many of the required reports have to be prepared manually. The Director of Finance has stated that APSEA is in the process of investigating the purchase of a new system. APSEA has also hired a new staff member to focus on administrative information technology requirements. It is important that, as part of the process to acquire a new management information system, APSEA staff and the Board determine their information requirements and incorporate these in the assessment of potential new systems.

Recommendation 6.14

We recommend that APSEA determine its financial and operational information needs and ensure appropriate systems are put in place to meet those needs.

Eligibility for Services, Service Plans and Teacher Caseloads

- 6.69** **Student eligibility** - APSEA has established criteria to determine students' eligibility for service and these are documented in its policy manuals for both BVI and DHH. Students potentially requiring services are identified by the school teams which contact APSEA for assessment. The initial assessment is performed by an itinerant teacher. If the criteria for receiving services have been met, an additional assessment by the Provincial Supervisor is performed to determine the level of service to be provided. In cases where the appropriate level of service required is difficult to determine, the student is brought to the APSEA Centre for more in depth review by APSEA assessment specialists.
- 6.70** We tested a total sample of 25 BVI and DHH student files to assess whether students met APSEA's criteria for receiving services. We found no instances of non-compliance with established criteria.

- 6.71** **APSEA service plans** - Once the student's level of service has been determined, the student is assigned to an itinerant teacher who prepares an APSEA service plan. Included in the service plans are the frequency and description of the service to be provided, goals and outcomes, appropriate approvals and reporting requirements. We reviewed the service plans for the 25 students mentioned in paragraph 6.70 for compliance with APSEA policy requirements. We found no instances of non-compliance with the policy.
- 6.72** **Itinerant teacher caseloads and schedules** – Creating itinerant teacher caseloads and schedules can be difficult. The geographical location of the students, length of session, and the availability of the student are some of the factors that must be considered. Schedules are created so itinerant teachers meet with students during “non-core” curriculum classes. In addition, caseloads and schedules must comply with the teachers’ collective bargaining agreements. For these reasons, APSEA has indicated that establishing a set formula to determine how itinerant teacher caseloads and schedules are set is not practical. General guidelines exist for the BVI program, although ultimately caseloads and schedules are based on the professional judgement of management.
- 6.73** Caseloads and schedules are reviewed and approved by the Provincial Supervisors with copies provided to Program Directors. We reviewed the caseloads and schedules of 20 itinerant teachers in both the DHH and BVI programs and assessed them against the general guidelines established for the BVI program. For those teachers whose caseloads appeared to be inconsistent with the general guidelines, we obtained reasonable explanations from management.
- 6.74** There are currently no students waiting for itinerant teacher service from APSEA. When a child has been identified as requiring service, he/she is immediately assigned an itinerant teacher. The provincial supervisors adjust the case loads of the itinerant teachers in order to accommodate these new students. There are no student wait lists for assessment at the Centre.
- 6.75** Students are sometimes referred to short-term programs but may be unable to attend in the year of referral. Cancellations by students account for most of the BVI wait list. However, DHH management has indicated that the majority of the wait list in those programs is due to staff shortages and lack of available space. APSEA tracks referrals to programs and students who do not receive service in the year of referral will eventually receive the desired courses in upcoming sessions.
- 6.76** The number of students requiring BVI and DHH services varies with changes in the incidence of these medical conditions. Teachers specialize in working with either BVI or DHH students. Therefore, maintaining the optimum number of teachers for the nature of services required by the current student population is a challenge.

Due Regard for Economy and Efficiency

- 6.77** **Current service delivery model** - The philosophy of how to best support the

educational needs of students with special needs has changed significantly since APSEA's creation in 1975. The provincial partners now promote an inclusive schooling model. Services and programs for all students with special needs are provided in the community schools, where the students reside, in a non-segregated setting. This differs from the approach in 1975 when special education students with similar needs tended to be educated in segregated facilities.

- 6.78** This philosophical change has resulted in the evolution of APSEA's service delivery model from one where teachers would be located at a segregated facility attended by students to the much more decentralized approach in place today. The various options for service delivery have cost implications. Residential schools were costly. The current service delivery model, although less costly than residential schools, provides a high level of service to eligible students but also has a high cost per student. We acknowledge that there are real challenges in providing services to a low incidence, widely-dispersed student population with high needs. However, we believe that the high costs warrant detailed analysis of possible alternative delivery models. In the following paragraphs, we give examples of the costs associated with the current delivery model.
- 6.79** **Costs per student** – In 2003-04 APSEA reported total operational costs of approximately \$15.7 million. For the same year APSEA provided services and programs to 1,749 students. This equates to a per student cost of approximately \$9,000. We acknowledge that there would be a wide range of actual costs per student depending on the nature and frequency of services provided. However, this average serves to illustrate the magnitude of the costs. These students would also attend regular classes in their home school district; the APSEA costs represent additional service. Consider that, in Nova Scotia, the RSBs receive about \$5,563 per student through regular formula funding and an additional \$320 for all students to be used for Special Education.
- 6.80** We noted that the approximate cost of \$9,000 per student quoted above is in the same range as the funding provided by the Manitoba government for eligible students with severe hearing loss which has affected language development or vision impairment requiring extensive adaptations to print medium. APSEA has recently received a report indicating that the funding in Manitoba would be \$8,565 per eligible student in such cases with additional funding provided for those with profound needs (*Background Research on Program and Service Delivery Models for Children and Youth who are Blind or Visually Impaired, Deaf or Hard of Hearing, Deafblind*, May 2006, page 15).
- 6.81** **Cost of itinerant teacher travel** - Provincial Supervisors indicated that schedules are set with a goal of maximizing the number of hours teachers spend with students each day. Exhibit 6.8 provides a breakdown of a typical weekly schedule for an itinerant teacher based on a 7-hour day (note that the regular school day is a minimum of 5 hours teaching time according to Regulations under the Education Act). This exhibit shows that during the week, the teacher spent 16.25 hours or 46% of the 35-hour week directly with students (65% if based on a 25-hour teaching week). APSEA has a recommended maximum caseload of 20 hours per

week. Our sample teacher's caseload of 16.25 hours represents 81% of APSEA's maximum. APSEA indicates that the itinerant teacher's opportunity for time with students is limited by the students' schools and grade levels. Travel time was 8.67 hours or 25% of the 35-hour week. The average APSEA teacher's salary for the 2004-05 fiscal year was \$65,622. We estimate the cost of a typical teacher's travel time to be approximately 25% of the annual salary or \$16,406.

6.82 Exhibit 6.7 provides the distribution of kilometers traveled by itinerant teachers in 2004-05. The majority of itinerant teachers travel between 5,000 and 25,000 kilometers per year. The teacher discussed in paragraph 6.81 above traveled approximately 15,000 kilometers during the year.

6.83 **APSEA Centre space utilization** - The APSEA Centre was designed to provide full-time academic services and residence facilities to students. Currently, DHH and BVI students use the APSEA Center only for short-term programs. The APSEA Board engaged a firm of architects to conduct a space utilization study to address some of the concerns reported in the management review of the organization (see paragraph 6.13). The consulting architect issued a report on May 11, 2006 which has been provided to the Board for review. The following extract from the consultant's review is typical of the observations and conclusions.

"The deployment of facilities at APSEA Centre appears to be a direct reflection of the APSEA operational mode. While there are inevitably opportunities for improved space efficiency in most organizations, it is unlikely that dramatic changes in space utilization can be achieved at the APSEA Centre in the absence of significant changes to an operational model that is held in high esteem." (Space Utilization Study for the APSEA Centre, Final Report, Barrie and Langille Architects Ltd., May 11, 2006, page 10)

6.84 The residence and Resource Services building has six floors. The Resource and Assessment branch of APSEA occupies the first two floors. This includes office space, assessment rooms and libraries. The cafeteria is also on the first floor. One floor of the residence is rented to the IWK Health Center. Another floor is residence strictly for students who are attending short-term programs. The remaining two floors contain apartments that are rented to staff and are available for visiting staff and families of students when necessary. There are also two apartments available for students learning to live independently.

6.85 The rate charged to the IWK Health Center was \$150,000 for the 2005-06 school year. The rate was discussed and approved by APSEA's Board and was determined through studies of costs per square foot in that area of the city as well as through discussions with Nova Scotia's Department of Transportation and Public Works.

6.86 The rental rate charged to staff for the apartments had not been increased in the past ten years. The current rental rates are \$550 per month and \$250 per month depending on the apartment. Management has indicated that tenants have been notified of increases of 12% on September 1, 2006 and 8% on September 1, 2007. In the future, annual increases based on cost of living increases are planned.

- 6.87** Academic services are provided in classrooms within the main school building. This building also includes a small gymnasium, a therapeutic swimming pool and a music area. These facilities are used in short-term programs and also available to students staying in the residence after school hours.
- 6.88** We reviewed the usage of the facility for a four-week period. We compared the residence schedule to the number of available beds on the one floor designated for students attending short-term programs. We found that an average of 14 to 15 students stayed in residence each week utilizing 48% of the 30 available beds during our observation period. There are factors that reduce the number of beds that can be assigned below the 30 available. Staff must consider the gender of students, medical needs and privacy requirements as well as age.
- 6.89** We then compared the individual students' schedules against the 10 available academic classrooms and found that those rooms were utilized an average of 32% of the available time for instruction of students. When there were no classes in session, those rooms were often used for other purposes such as office time and consultations. The total number of students enrolled in short-term programs over the four weeks was 51, with an average of 17 students attending each week.
- 6.90** Exhibit 6.9 shows the utilization of the entire residence and Resource Services building. APSEA uses the majority of the building for its operations (39%) consisting mainly of the resources and assessment department and libraries. Apartments rented to staff and or used by visiting staff are another major use of the residence building (23%). Exhibit 6.9 also shows that the 48% occupancy rate for student beds on the one designated floor (from paragraph 6.88) equates to 8% of the entire residence building.
- 6.91** APSEA's service delivery model has evolved over time. It has elements of both a segregated, centralized model (e.g., short-term programs) and an inclusive, decentralized model (e.g., itinerant teachers). In order to ensure that due regard for economy and efficiency is achieved, APSEA needs to identify and analyze alternative delivery models. We understand that the internal review which is currently being conducted may include such an analysis.

Recommendation 6.15

We recommend that APSEA conduct a detailed review of its existing service delivery model to examine opportunities for cost savings and more efficient allocation of resources.

CONCLUDING REMARKS

- 6.92** The services and programs provided by APSEA are known to be of high quality. The model being used to delivery the service is expensive in comparison to

programs delivered by regional school boards as discussed in paragraph 6.79 above. At this time, there is limited information available to compare the BVI and DHH programs of APSEA with similar programs in other jurisdictions but APSEA has begun to collect some of this information through the *Go Forward* review and related research. A comprehensive analysis of alternative options for service delivery is required to ensure that due regard for economy and efficiency is being achieved.

- 6.93** We acknowledge that the Board has initiated an internal review which may ultimately address some of the recommendations included in our Report.
-

Summary of Programs and Services offered by APSEA

CORE PROGRAMS AND SERVICES

Preschool Services

A preschool program is designed to provide home-based programs for children prior to school entrance. Services are intended to focus on the child's individual needs and to assist parents/guardians in learning how to teach their child.

Itinerant Teacher Direct Services

Direct service is provided to DHH and BVI students with a focus of providing instruction in disability-specific skills. This service is provided in the student's school and includes regular weekly visits usually lasting one hour per day.

Itinerant Teacher Consultative Services

Consultative services include the provision of technical support in the care and use of a student's disability specific equipment and technology. In-services and consultative service is also provided to school district personnel.

Short-Term Residential Programs

Focus on the mastery of specific skills or addresses specific learning or behavioral difficulties which are difficult to incorporate into an integrated setting.

Students stay in the residence at the Center and the time can vary in length to a maximum of one semester.

Assessment Support

The DHH & BVI assessment teams are made up of a variety of professionals who specialize in the evaluation of the skills of students with low incidence sensory impairments. Assessments range in length from 1.5 days to 4 days.

SUPPORT SERVICES

Amplification and Technical Support

Maintain hearing aids and FM hearing aid systems for students. Also provides technical computer support to itinerant teachers.

Consultation for Educational Assistant/Interpreters

Provide in-services and support to school districts on the Educational Assistant and Interpreter services.

Consultant for Students who have Multi-needs

Assesses the student and the school environment, reports on student progress, and collaborates with student's program planning team.

Auditory/Verbal Therapist

Provides individual assessments and structured programming in auditory skills development, as well as collaborates with student's program planning team.

Family/Student Counselor (BVI and DHH)

Visits schools and home settings to assist students, teachers and parents deal with behavioral disorders and cultural isolation.

Orientation and Mobility: assessment, consultation and direct service

Teaches students in the BVI program how to safely be mobile in their environment.

Transition Planning

Establishes future goals with students and parents and advocates for adaptations and modifications to post secondary programs to meet individual needs.

Resource Room Teacher Services

Provides support for students whose current linguistic and communicative needs require intensive intervention.

Resource Services Team (library services, Braille services, technologists)

Include library services, Braille services, and technologists.

Source: APSEA website <http://www.apsea.ca>

**Atlantic Provinces Special Education Authority
Schedule of Continuity of Amounts Owing to Provinces
For the Fiscal Year ended March 31, 2005**

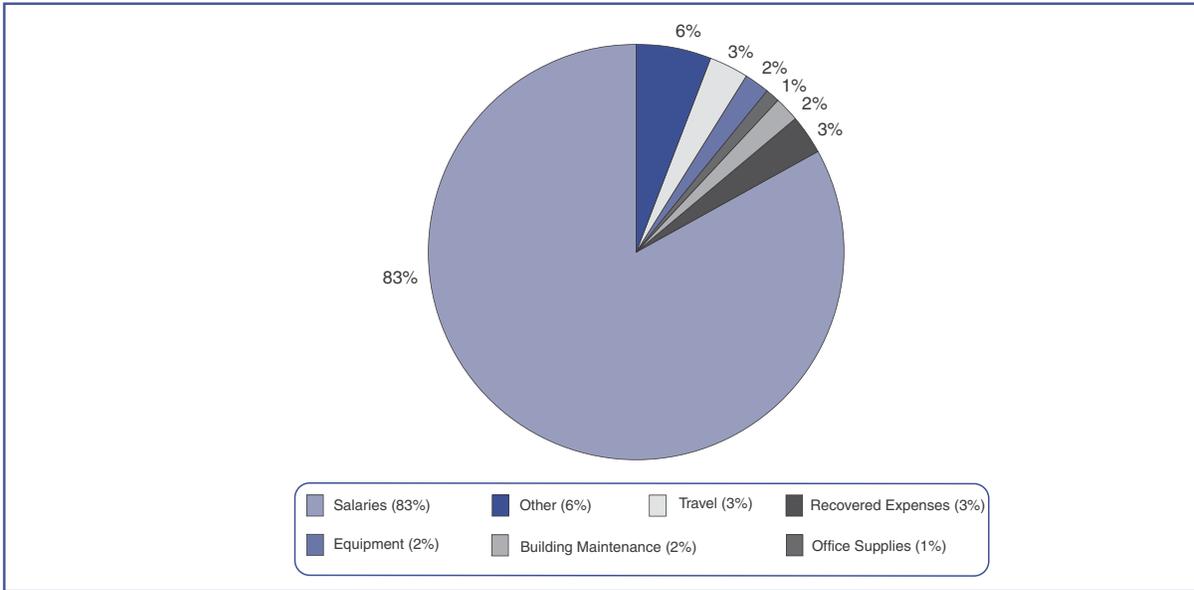
Exhibit 6.2

	Nova Scotia	New Brunswick	Newfoundland and Labrador	Prince Edward Island	Total 2005
Balance, beginning of year	\$ 25,379	\$ 194,898	\$ 3,005	\$ 264,650	\$ 487,932
Add: Payments received	8,490,300	5,512,740	559,000	593,911	15,155,951
Deduct: Distribution of total expenditures					
Administration and consultation (4 provinces)	628,398	504,935	356,145	93,389	1,582,867
Administration and consultation (3 provinces)	227,132	182,770	-	33,715	443,617
Assessment services	385,901	220,718	59,808	45,568	711,995
Centre based programs	1,581,799	641,673	109,433	154,200	2,487,105
Provincial programs	5,369,236	3,947,067	-	403,500	9,719,803
Transportation – DHH	-	-	-	-	-
Early retirement incentive program	-	33,379	10,570	7,288	51,237
Depreciation	8,601	3,493	595	838	13,527
Total expenditures	8,201,067	5,534,035	536,551	738,498	15,010,151
Balance, end of year	\$ 314,612	\$ 173,603	\$ 25,454	\$ 120,063	\$ 633,732

Note: The expenditure amounts shown are net of revenues which total \$1,008,581. Gross expenditures total \$16,018,732.

Source: APSEA's audited financial statements for the year ended March 31, 2005.

2004-2005 Operating Fund Expenditures by Type



Notes: (1) Total APSEA operating expenditures per the 2004-05 audited financial statements were \$16,018,732.

(2) Other - Some of the expenses included in this category are amortization, conveyance, catering costs, library operations, etc.

Source: APSEA's 2004-05 financial records.

Statistical Information on APSEA's Operations 2003-2004

Preschool Services						
	NS	NB	PEI	N/L	Total	
DHH	45	34	0	0	79	
BVI	60	38	6	13	117	
Total	105	72	6	13	196	
Students served by Itinerant Teachers						
	NS	NB	PEI	N/L	Total	
DHH	572	360	0	0	932	
BVI	249	193	32	147	621	
Total	821	553	32	147	1,553	
Total Children served by APSEA						
	NS	NB	PEI	N/L	Total	
Preschool	105	72	6	13	196	
Served by Itinerant Teachers	821	553	32	147	1,553	
Total	926	625	38	160	1,749	
Itinerant Teachers						
	NS	NB	PEI	N/L	Total	
DHH	26	20	0	0	46	
BVI	19	13	4	0	36	
Total	45	33	4	0	82	
Transition Planning Services						
	NS	NB	PEI	N/L	Total	
DHH	59	51	0	0	110	
BVI	74	56	14	0	144	
Total	133	107	14	0	254	
Assessments						
	Referred	NS	NB	PEI	N/L	Total assessed
DHH	53	21	26	2	0	49
BVI	51	26	9	2	1	38
Total	104	47	35	4	1	87
Short-Term Programs						
	Referrals by Province				Total Referrals	Total Enrolled
	NS	NB	PEI	N/L		
DHH	117	72	8	0	197	97
BVI	122	87	26	9	244	174
Total	239	159	34	9	441	271

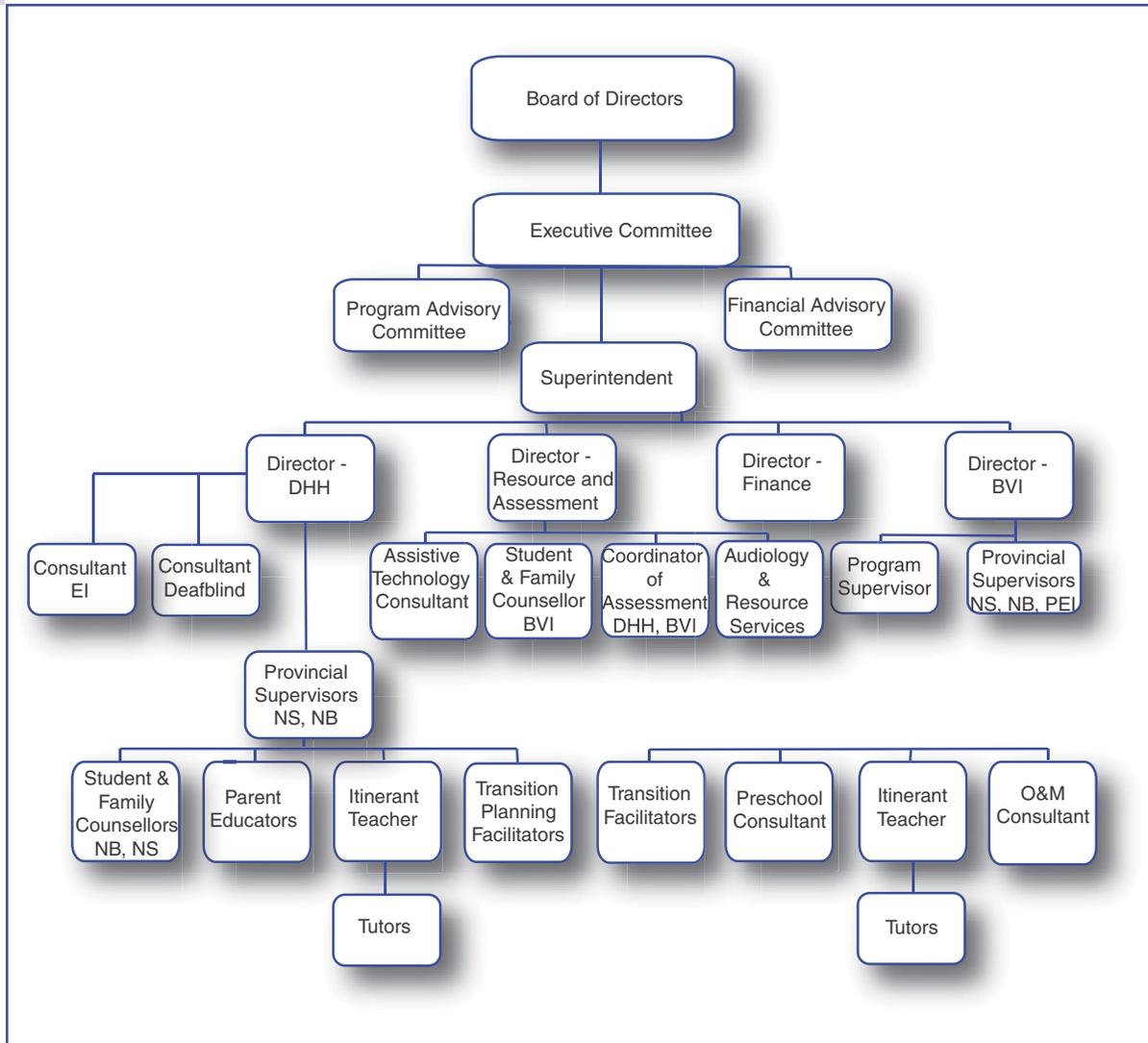
Source: APSEA's 2003-04 Annual Report

APSEA's Goals

1. Recognizing on going curricula and rapid advances in technology, APSEA will improve timely access to alternate format material to enhance the learning of students who are blind or visually impaired by June 30, 2005.
2. APSEA will promote participation in research relevant to best practices for education programming and service delivery target for students with sensory loss.
3. To support the maintenance of expertise and appropriate level of services, APSEA will develop a preliminary human resources/ succession plan outlining the projected staff and expertise needed over the next five years.
4. Recognizing the importance of APSEA services to the future success of students who are blind or visually impaired, deaf blind, deaf or hard of hearing, APSEA will, by 2006, develop a process to evaluate student achievement in the relevant disability skill area.
5. To inform decision making, develop and conduct an environmental scan/ needs assessment to determine to what extent APSEA is meeting its mandate and proposed future directions by 2006.

Source: APSEA strategic plan, titled "APSEA Goals and Objectives", dated January 2003

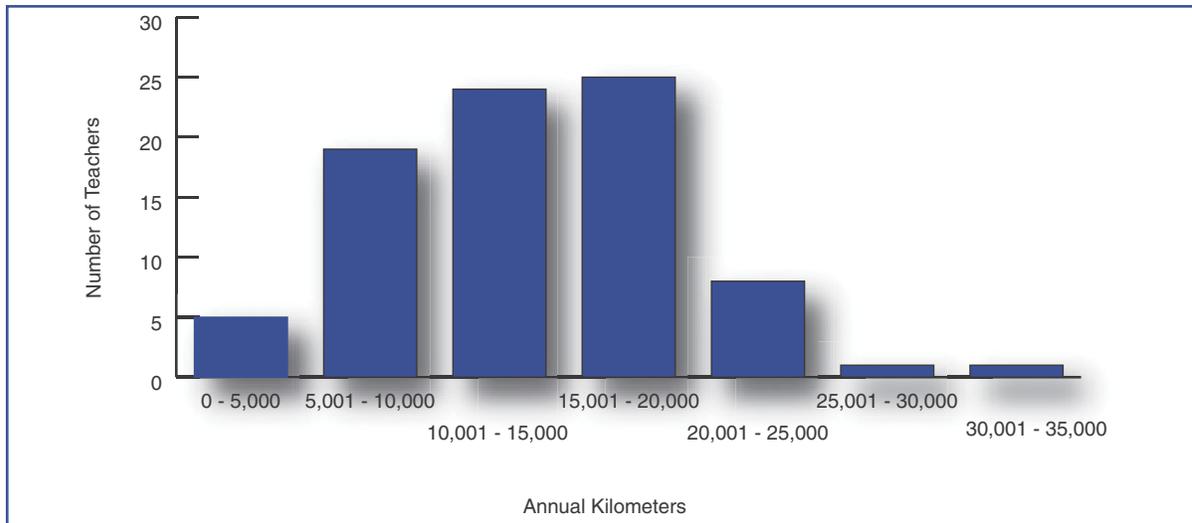
Exhibit 6.6 APSEA Organizational Chart



Source: Information provided by APSEA

Range of Annual Kilometers Traveled by Individual Itinerant Teachers 2004-05

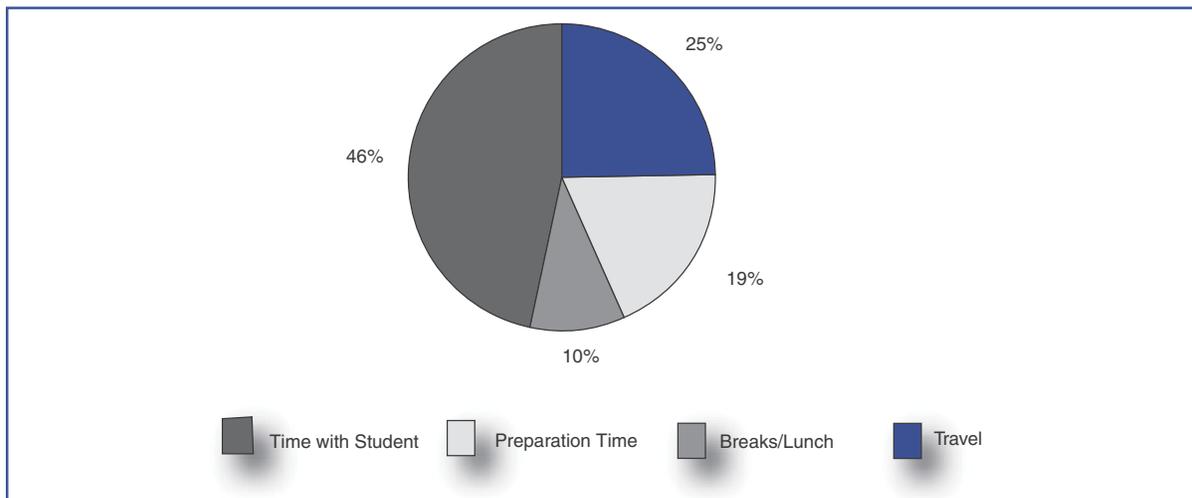
Exhibit 6.7



Source: APSEA

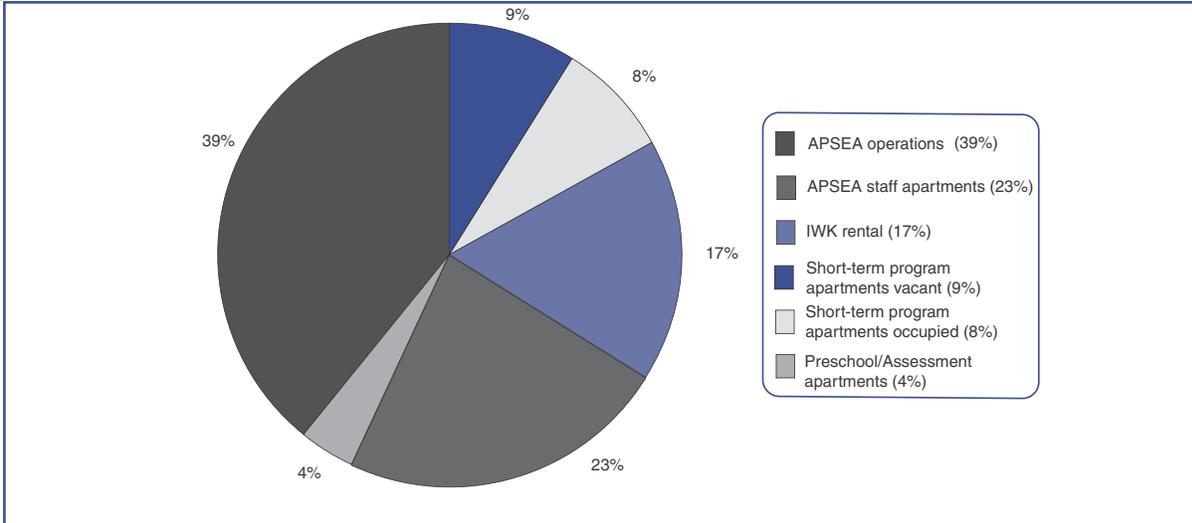
Breakdown of Typical Itinerant Teacher Week (based on 35 hour week)

Exhibit 6.8



Source: Weekly schedule submitted by an itinerant teacher to APSEA management

Space Utilization of APSEA Residence and Resource Services Building



Source: APSEA documents

ATLANTIC PROVINCES SPECIAL EDUCATION AUTHORITY'S RESPONSE

Thank you for the opportunity to comment on the reported results of the broad-scope audit of the Atlantic Provinces Special Education Authority. We appreciate both the endorsement of our current operations and the recommendations for improvement. This first broad scope audit of APSEA by the Auditor General provides an external perspective and assessment of our policies and practices.

A number of the recommendations in the report have already been addressed. Others will form an integral part of APSEA's strategic planning process. We acknowledge the importance of strengthening accountability through improving efficiency and effectiveness.

The professionalism of the team who conducted the audit made the process a positive experience for APSEA.