



Appendix one – Response from agencies

Response from Department of Education



Mr Ian Goodwin
Acting Auditor-General of NSW
Audit Office of NSW
GPO Box 12
SYDNEY NSW 2001

DGL18/250

Dear Mr Goodwin

Thank you for your letter of 5 April 2018 inviting a response from the Department of Education to the final NSW Auditor-General's Report, Performance Audit – Grants to non-government schools (your reference: PA6609).

The department welcomes the report as an opportunity to review and ensure there is appropriate accountability and transparency over State funding invested in non-government school education, and supports its recommendations.

I note the constructive suggestions made in the recommendations of the report and attach a formal response from the department to be incorporated into the published report.

I would like to thank the review team of the Audit Office for working with officers from the department to make this audit a worthwhile and constructive exercise.

Yours sincerely

Mark Scott AO
SECRETARY
DEPARTMENT OF EDUCATION

19 April 2018

The NSW Department of Education welcomes the NSW Auditor-General's report *Performance Audit – Grants to non-government schools* and supports its recommendations.

The Department recognises the importance of non-government schools, which educate around one third of students in NSW.

The Department welcomes the report as an opportunity to review and ensure there is appropriate accountability and transparency over the more than \$1.2 billion State funding invested in non-government school education.

The Department is committed to working with the non-government school sector to support parent choice, continue to improve educational outcomes for students and implement the recommendations of the report.

Recommendation 1: Establish and communicate funding conditions that require funded schools to:

- **adhere to conditions of funding, such as the acceptable use of grants, and accounting requirements to demonstrate compliance**
- **report their progress towards the objectives of the scheme or wider Government initiatives**
- **allow the Department to conduct investigations to verify enrolment and expenditure of funds**
- **provide the Department with access to existing student level data to inform policy development and analysis.**

The Department will develop options for enhanced accountability, including the establishment of funding conditions. The Department will align Australian Government and State requirements to minimise administrative burden on schools.

The Australian Government has historically been the majority public funder for non-government schools and shares responsibility for school funding with the state. The Australian Government has commissioned the Review to Achieve Educational Excellence in Australian Schools, which will inform the development of a new national reform agreement in 2018. The Department will consider potential implications that any new national agreement may have for State funding accountability requirements.

Recommendation 2: Strengthen its processes to provide greater assurance that the enrolment and expenditure information it collects from non-government schools is accurate. This should build on the work the Australian Government already does in this area.

The Department will develop and implement appropriate processes to increase assurance over enrolment and expenditure information, in consultation with the non-government school sector. This will take into account the level of assurance that may be obtained from existing compliance activities undertaken by the Department, NSW Education Standards Authority and the Australian Government. The Department will also assess the impact of any additional requirements arising from any new national agreement.

Recommendation 3: Establish formal information-sharing arrangements with the NSW Education Standards Authority to more effectively monitor schools' eligibility to receive funding.

The Department and the NSW Education Standards Authority have commenced developing a formal information sharing agreement.

Recommendation 4: Increase its oversight of System Authorities by requiring them to:

- re-allocate funds across their system on a needs basis, and report to the Department on this
- provide a yearly submission with enough detail to demonstrate that each System school has spent their State funding in line with the Department's requirements.

The Department will develop principles and an approach to reporting requirements for the distribution of State funding for System Authorities. This will align with Australian Government requirements.


The Australian Government is the majority public funder for non-government schools and System Authorities. It established the National School Resourcing Board to provide greater independent oversight over Commonwealth school funding and to help ensure that funding recipients are meeting their obligations under the *Australian Education Act 2013*. Under the Act, System Authorities are required to distribute funding in accordance with a needs-based funding model. The Australian Government is conducting a review of compliance with this requirement. The Department will consider possible implications from this review and any new national agreement.

Response from NSW Education Standards Authority



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Ms Margaret Crawford
Auditor-General
Audit Office of NSW
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SYDNEY NSW 2001


Dear Ms ~~Crawford~~

Thank you for the letter dated 5 April 2018 from the then Acting Auditor-General, Ian Goodwin inviting a formal response from the NSW Education Standards Authority ('NESA') to the final report on the Performance Audit - Grants to non-government schools ('the Report').

In relation to the Report's first recommendation relevant to NESA that NESA increase the inspections of policies and procedures for the proper governance of schools, the NSW Government's 2016 *Review of the Board of Studies, Teaching and Educational Standards* provided that NESA allocate its limited inspection resources on the basis of a risk assessment. Accordingly, the mix of registration requirements subject to close inspection in any given year are reviewed in light of recurring higher risk indicators, such as child protection, and any emerging risks identified in the preceding year's inspection program, such as the delivery of HSC courses identified in 2017 and included in the 2018 inspection program. The inclusion of a greater focus on proper governance in the school inspection program will be considered as part of the 2018 review of the risk assessment process.

In relation to the Report's second recommendation relevant to NESA that NESA formalise the current exchange of information arrangements between NESA and the Department of Education, the Department and NESA have commenced developing a formal information sharing agreement.

If your officers require any further information, NESA's Executive Director, Corporate Governance and School Standards, David Murphy can be contacted on 9367 8171 and email david.murphy@nesa.nsw.edu.au.

Yours sincerely



David de Carvalho
Chief Executive Officer
27 April 2018