

**Submission
No 4**

**EXAMINATION OF AUDITOR-GENERAL'S PERFORMANCE AUDIT
REPORTS FEBRUARY 2018 - JULY 2018**

Organisation: NSW Department of Education

Date Received: 29 July 2019



Education

Mr G M Piper MP
Chair
Public Accounts Committee
Legislative Assembly
Parliament of New South Wales
Macquarie Street
SYDNEY NSW 2000

DGL19/466

Dear Mr Piper

Thank you your letter of 28 June 2019, requesting the Department of Education's response to recommendations of the Auditor-General's report *Grants in non-government schools*, tabled on 3 May 2018.

The Department recognises the importance of non-government schools, which educate around one third of students in NSW. The Department is committed to working closely with the non-government school sector to support parent choice and to continue to improve educational outcomes for students in NSW.

The Department welcomes the report as an opportunity for review and to ensure there is appropriate accountability and transparency over state funding invested in non-government school education.

In November 2018, the NSW Government signed the Bilateral Agreement on Quality Schools Reform (the Agreement). This included harmonising Commonwealth/State administrative arrangements and strengthening accountability measures for non-government schools that receive state funding. This has impacted the timing of implementing recommendations and accordingly, the Department has updated its planning for the implementation of this recommendation by December 2019.

The Department is developing options for enhanced accountability in line with the NSW Bilateral reform plan to harmonise administrative arrangements and strengthen accountability measures for non-government schools and the NSW Auditor-General's recommendations to strengthen accountability requirements for non-government schools, whilst leveraging Commonwealth Government requirements to minimise the administrative burden on schools.

Please find attached a copy of the Department's response on the actions to be taken and status of the recommendations made by the Auditor-General.

Yours sincerely

Mark Scott AO
SECRETARY
DEPARTMENT OF EDUCATION

29 July 2019

IMPLEMENTATION OF RECOMMENDATIONS

NSW Department of Education

Grants in non-government schools

RECOMMENDATION	ACCEPTED OR REJECTED	ACTIONS TO BE TAKEN	DUE DATE	STATUS (completed, on track, delayed) and COMMENT	RESPONSIBILITY (Section of agency responsible for implementation)
<p>1 Establish and communicate funding conditions that require funded schools to:</p> <ul style="list-style-type: none"> - Adhere to conditions of funding, such as acceptable use of grants, and accounting requirements to demonstrate compliance - Report their progress towards the objective 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. 	Accepted	<p>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 in 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</p>	<p>Original: 02/12/2018</p> <p>Revised: 30/12/2019</p>	<p>On track.</p> <p>The Department is developing options for enhanced accountability in line with the NSW Bilateral reform plan to harmonise administrative arrangements and strengthen accountability measures for non-government schools and the NSW Auditor-General's recommendations to strengthen accountability requirements for non-government schools.</p> <p>Consultation with CSNSW and AISNSW is underway and the department is working collaboratively with the sectors to develop a Memorandum of Understanding by December 2019.</p>	Strategic Resource Management Directorate

			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.			
2	Strengthen the 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.	Accepted	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	Original: 02/12/2018 Revised: 31/03/2019	Completed. The Department has: <ul style="list-style-type: none"> - implemented additional assurance processes for verifying enrolment and expenditure information. - finalised a formal information sharing arrangement with the Commonwealth - strengthened the verification processes for auditor qualifications - implemented a pilot desktop review of 10 non-government 	Strategic Resource Management Directorate

			<p>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.</p>		<p>schools, the findings of which will inform a desktop review program for the next two years.</p> <ul style="list-style-type: none"> - Leveraged Commonwealth data and existing assurance processes where possible to minimise administrative burden on schools. 	
3	<p>Establish formal information-sharing arrangements with the NSW Education Standards Authority to more effectively monitor schools' eligibility to receive funding.</p>	Accepted	<p>The Department and the NSW Education Standards Authority will develop a formal information sharing agreement.</p>	02/12/2018	<p>Completed.</p> <p>The Department and the NSW Education Standards Authority have developed a formal information sharing agreement through a Memorandum of Understanding.</p>	<p>Strategic Resource Management Directorate</p>

4	<p>Increase its oversight of System Authorities by requiring them to:</p> <ul style="list-style-type: none"> - Reallocate funds across their system on a need 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. 	Accepted	<p>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</p>	<p>Original: 02/12/2018</p> <p>Revised: 30/12/2019</p>	<p>On track.</p> <p>The Department is developing options for enhanced accountability in line with the NSW Bilateral reform plan to harmonise administrative arrangements and strengthen accountability measures for non-government schools and the NSW Auditor-General's recommendations to strengthen accountability requirements for non-government schools.</p> <p>Consultation with CSNSW and AISNSW is underway and the department is working collaboratively with the sectors to develop a Memorandum of Understanding by December 2019.</p>	Strategic Resource Management Directorate
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			<p>Authorities are required to distribute funding in accordance with a needs based-funding model. The Department will consider possible implications from this review and any new national agreement.</p>			
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