

## Joint Committee of Public Accounts and Audit

### QUESTIONS ON NOTICE

#### Australian Government Funding: Audit Report No. 18 (2017–18) Monitoring the Impact of Australian Government School Funding

17 October 2018

#### Department of Education and Training

##### Question 1

**Mr HILL:** Unless you've got anything else to add from the Audit Office on that point, I'll pick up on another issue which we touched on in the last hearing and on which you provided a number of further responses. The Student First Support Fund provided \$165 million over 2014 to 2017 to 16 non-government representative bodies under the act. The Auditor-General found that seven of those 16 bodies did not report their funding allocations or budgets. In response to a question on notice, you advised that that constituted 29 per cent of that \$165 million. To put that in plain English, if I understand this correctly, there were seven non-government representative bodies that failed to report at all on their funding allocations, which totalled \$46.935 million in funding that was simply not accounted for at all. Is that correct?

**Ms Gordon:** Sorry, could you refer me to the question on notice. Was that part of our supplementary submission?

**Mr HILL:** No.

**Ms Gordon:** Sorry, that was to the Audit Office.

**Mr HILL:** The reason I'm asking for verification of that is that the response in your supplementary submission paints a slightly different picture.

**Ms Gordon:** Unfortunately, I'd need to take that one on notice because I wasn't aware of this particular response to the question on notice, because it had come from the ANAO. But we can certainly look at verifying the response in terms of our records.

**Mr HILL:** Could you do that fairly promptly for us—within the next few days.

**Ms Gordon:** Certainly.

**Mr HILL:** Thank you. To my mind, that is quite a serious matter. There was \$165 million of public money handed out, and if that is correct then almost \$47 million of that has just disappeared and you have no idea where it went or what was done with it. There were no acquittals made and no reports provided; it was just handed out.

**Ms Gordon:** I would be very surprised if that were the case, because, as part of the requirement for the funding, the non-government representative bodies are required to submit work plans as part of their initial milestone before payments are made, and then they're required to provide an acquittal and then a report on their funding as well.

**Mr HILL:** Your submission talks about a work plan, annual reports and acquittal certificates, but that doesn't seem to tally with the Auditor-General's finding there.

**Ms Gordon:** I'll need to take that on notice.

**Mr HILL:** Auditor-General, do you have anything else to add on that point?

**Mr Hehir:** No, I don't think so.

**Mr HILL:** Ms Gordon, you have said you relied on the reporting requirements in the 2014 memorandum of understanding. Are those the reporting requirements you have outlined in your supplementary submission? Sorry, there was another question on notice that your department did respond to. I am just trying to make sure that the points you made on page 6 of your submission are what you meant as outlined in the 2014 memorandum of understanding.

**Ms Gordon:** Yes, that's correct. I've actually just had a text message from the department to say that the funding was all acquitted. But we can certainly provide that in writing and check.

**Mr HILL:** Could you provide it in writing—not just that it was acquitted but also the work plan, the annual reports and the acquittal certificate and when that was obtained.

**Ms Gordon:** Yes. It may have been a 'point in time' issue as well. It may have been that, at the time the ANAO undertook the audit, there may have been a number that were running late or delayed in some way. But we can certainly take that on notice and provide that information.

**Mr HILL:** Could you provide sufficient information, because I do want to keep interrogating that to the point where I am satisfied that it has been acquitted or that the ANAO's advice to us, as of now, is therefore not accurate.

### **Answer 1**

All non-government representative bodies (NGRB) provided an acquittal certificate, completed by a qualified accountant, certifying that funding had been used for the purpose of supporting school education.

The table below outlines what reports the department received from the NGRBs. Where possible, the response includes the date the information was provided.

Australian Government Funding: Schools and Indigenous Health - Inquiry based on Auditor-General's reports 18 and 50  
(2017-18)  
Submission 1 - Supplementary Submission

State	Sector	Project Plan	2014		2015		2016		2017	
			Annual Report for 2014	Acquittal Certificate for 2014	Annual Report 2015	Acquittal Certificate for 2015	Annual Report for 2016	Acquittal Certificate for 2016	Annual Report for 2017	Acquittal Certificate for 2017
ACT	CATHOLIC	Yes	Yes (30/3/15)	Yes (13/07/15)	Yes	Yes (13/04/16)	Yes (23/5/17)	Yes (31/05/17)	Yes (27/4/18)	Yes (25/05/18)
	INDEPENDENT	Yes	Yes	Yes (16/07/15)	Yes (31/3/16)	Yes (29/03/16)	Yes	Yes (10/04/17)	Yes	Yes (01/08/18)
SA	CATHOLIC	Yes	Yes	Yes (04/07/15)	Yes	Yes (21/03/16)	Yes (31/3/17)	Yes (30/03/17)	Yes (16/3/18)	Yes (22/03/18)
	INDEPENDENT	Yes	Yes	Yes (03/08/15)	Record could not be located	Yes (16/03/16)	Yes	Yes (17/07/17)	Yes (6/3/18)	Yes (28/06/18)
QLD	CATHOLIC	Yes	Yes	Yes (03/07/15)	Yes (18/3/16)	Yes (28/06/16)	Yes	Yes (28/06/17)	Yes	Yes (18/06/18)
	INDEPENDENT	Yes	Yes	Yes (23/03/15)	Yes	Yes (18/04/16)	Yes	Yes (27/03/17)	Yes (6/4/18)	Yes (4/05/18)
NT	CATHOLIC	Yes	Yes	Yes (29/09/15)	Yes	Yes (12/10/16)	Yes	Yes (9/08/17)	Yes (7/3/18)	Yes (24/07/18)
	INDEPENDENT	Yes	Yes (30/03/15)	Yes (03/06/15)	Yes	Yes (27/05/16)	Yes	Yes (27/06/17)	Yes (3/4/18)	Yes (06/04/18)
WA	CATHOLIC	Yes	Yes	Yes (16/06/15)	Yes	Yes (05/07/16)	Yes	Yes (28/06/17)	Yes	Yes (21/06/18)
	INDEPENDENT	Yes	Yes (10/3/15)	Yes (13/04/15)	Yes	Yes (18/05/16)	Yes	Yes (24/05/17)	Yes	Yes (04/04/18)
VIC	CATHOLIC	Yes	Yes	Yes (17/06/15)	Yes	Yes (17/06/16)	Yes	Yes (10/08/17)	Yes (23/5/18)	Yes (28/06/18)
	INDEPENDENT	Yes	Yes (30/3/15)	Yes (30/06/15)	Yes	Yes (30/06/16)	Yes	Yes (30/06/17)	Yes (28/3/18)	Yes (29/06/18)
NSW	CATHOLIC	Yes	Yes (23/3/15)	Yes (19/06/15)	Yes	Yes (29/06/16)	Yes	Yes (30/06/17)	Yes (13/4/18)	Yes (25/07/18)
	INDEPENDENT	Yes	Yes (26/3/15)	Yes (26/06/15)	Yes	Yes (11/07/16)	Yes	Yes (08/06/17)	Yes (19/4/18)	Yes (28/06/18)
Tas	CATHOLIC	Yes	Yes	Yes (27/05/15)	Yes	Yes (17/08/16)	Yes	Yes (07/07/17)	Yes (14/5/18)	Yes (04/09/18)
	INDEPENDENT	Yes	Yes	Yes (20/04/15)	Yes	Yes (20/07/16)	Yes	Yes (21/04/17)	Yes (13/4/18)	Yes (10/04/18)

## **Question 2**

**Mrs MARINO:** Thank you, but could I take it one step further. What is the most common reason for noncompliance?

**Ms Gordon:** In the policy compliance process?

**Mrs MARINO:** Yes.

**Ms Gordon:** I would need to take that on notice.

## **Answer 2**

The most common reason for non-compliance with policy requirements in each of the 2014, 2015 and 2016 school years concerned implementation of the Australian Teacher Performance and Development Framework.

### Question 3

**Mr HILL:** So implementation plans were required under the act at that point in time, but the department did not monitor them or receive them or satisfy itself, beyond just a general inquiry, that they actually existed and were robust?

**Ms Gordon:** The department sought assurances of compliance.

**Mr HILL:** Compliance as to their existence or their content?

**Ms Gordon:** There were no guidelines or details about what those implementation plans, in great detail, should include, but the approved authorities were required to provide assurance that they met the requirements as they stood under the act and regulations.

**Mr HILL:** How many briefings were provided to the minister regarding this issue?

**Ms Gordon:** I couldn't tell you that here; I would need to take that on notice. We provided advice on an ongoing basis in terms of the implementation of the new arrangements to the minister, and we worked closely with the minister in terms of how we gave effect to both the legislation and the government policy.

**Mr HILL:** In your submission, you said the government committed to amending the act to remove the requirements for authorities to have the implementation plans, but, for quite some period of time, that requirement remained in the act. That's the point, I suppose that, the Auditor-General's observed, which still troubles me: if there's something in a piece of legislation that the parliament's passed, until such time as that requirement is changed, there's an expectation that the department will fulfil the responsibilities under the act, notwithstanding a view that a minister of the day may have that he doesn't want you to. Was that direction received or sought from the department? Was an approval sought from the minister to not comply or change or respond to the act in a particular way?

**Ms Gordon:** The way the department gave effect to that requirement was to seek the assurance from the approved authorities that they complied with that.

**Mr HILL:** I understand that; what I'm trying to understand is the balance between public administration where you have a set of legislative requirements. The Auditor-General has observed that, at least in his view, they're not being adequately complied with. You have acknowledged that that's because of a change in government policy. Did you seek or receive agreement from the minister to this approach?

**Ms Gordon:** I would need to take that on notice in terms specifics, but, in terms of the general approach to implementation, it was, as it always is, a balance and an appropriate implementation of the framework for compliance. Because the government had indicated its intent to remove the requirement, the approach was to ensure the compliance, or to seek assurance from the approved authorities that they were compliant with that process. Then the process from there was around removing that requirement.

**Mr HILL:** Can you take this question on notice and respond: how many briefings were provided to the minister or ministers regarding the National Education Reform Agreement issue? Did the department seek or receive agreement or endorsement from the minister to this approach in monitoring and compliance with the act? With regard to the question on notice that you've provided, I asked if the department provided advice to the government at any point about formally withdrawing from the NERA, and the response you provided was yes. Can you tell us what date that briefing was provided?

**Ms Gordon:** We provide advice on an ongoing basis. That issue about withdrawal from the NERA was flagged very early on by the government, and there were a number of different points at which we would have provided advice to the minister on withdrawal from the agreement. So I'm not sure that it was a single point in time, and, similarly, with the implementation of the different aspects of the legislation, I'm not sure that there would have been particular points in time where there would have been a formal brief setting everything out. It was much more of a process of implementation over a period of time with all the various aspects of implementation that were given effect.

**Mr HILL:** Can you take that on notice and provide some more detail on when—at which points in time—that advice was provided.

**Ms Gordon:** We'll see what we're able to provide on that.

**Mr HILL:** The point of concern is that, when you look across many of the parts of this report, there appears to be a cavalier disinterest in evaluating the data and properly monitoring the outcomes being achieved from billions of dollars of federal funding into schools. The act that

the parliament passed was quite clear about needs based funding and monitoring and understanding that. Yet, the theme of the report and this discussion, across multiple points, is: 'We got some data. We didn't really care what it said, and then we backed away, wherever we could, from even requiring things that were specifically required under the act.' So, it's a reasonable question from a public administration point of view to understand the extent to which that was the department's approach or whether that was an approach endorsed by the minister of the day.

**Ms Gordon:** We're very happy to take that on notice, noting that a couple of the things you talked about, though, are components of a much broader context. We have significant compliance and assurance processes in place around the appropriate administration, allocation and use of Commonwealth funding, and we also have quite significant processes in place, particularly with states and territories, looking at performance and outcomes.

### **Answer 3**

The department provides regular briefings to the Minister for Education and Training on matters relating to the portfolio.

#### **Question 4**

**Mr HILL:** I have a fair guess as to what I'll get back in response to the questions about ministerial briefings, but perhaps you could also take on notice a fairly simple question: did the minister approve the approach that you adopted—which you have outlined here—to compliance with the NERA and that part of the act regarding implementation plans—effectively just asking whether they exist and leaving it at that? Was the minister briefed on that, and was that approved or noted?

**Ms Gordon:** I am happy to take that on notice.

#### **Answer 4**

The department provides regular briefings to the Minister for Education and Training on matters relating to the portfolio.