



EXECUTIVE MINUTE

on

JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT

REPORT [No. 435]

Review of Auditor-General's Report Nos 33 to 55 (2011-12) and No 1 (2012-13)

General comments

On 12 September 2012, the Department of Education, Employment and Workplace Relations attended the public hearing of the Joint Committee of Public Accounts and Audit (JCPAA) review of Auditor-General's Report No. 41 (2011-12) – the National Partnership Agreement for Literacy and Numeracy (LNNP). The Committee's final report was published in November 2012.

The Committee's report noted that the LNNP appears to be having a positive impact on literacy and numeracy outcomes and has provided a robust evidence base which education authorities can draw on for future initiatives. Moreover, the report noted that DEEWR had made clear improvements to the LNNP's implementation over time, and had responded positively to the ANAO Audit report findings [para 2.61, p17].

The Department provides the following responses which detail actions taken in relation to the five recommendations contained within the Committee's report.

Response to the recommendations

Recommendation No. 1 Para 2.62, Page 17.

That the Department of Education, Employment and Workplace Relations report to the Committee within six months on the progress of its implementation of the Auditor-General's Recommendation 2 regarding the development of a longer term evaluation strategy for the National Partnership Agreement on Literacy and Numeracy.

Department of Education, Employment and Workplace Relations response: The department has engaged a contractor to conduct the next stage of the evaluation for the Literacy and Numeracy National Partnership (LNNP) and the Low socio-economic status school communities National Partnership (Low SES NP). The scope of the evaluation includes the development of a National Evaluation Framework and state/territory specific program logics; conduct of evaluation by synthesis of existing data; and delivery of three evaluation reports: draft interim report, preliminary narrative and core evaluation plan.

The appropriate timing for the evaluation of impact of a reform strategy is determined by several factors. Best practice emphasises that the first condition for the commencement of an evaluation is that existing internal implementation and monitoring data indicate that the reform strategy has been fully and appropriately implemented. The second condition is for stakeholder groups to have had the opportunity to have been affected by the reforms. Both these conditions have now been satisfied in relation to the *Smarter Schools National Partnerships*, with two rounds of LNNP funding and four rounds of Low SES NP funding respectively have been dispersed.

With the inclusion of over 2500 primary and secondary schools throughout Australia, states and territories were granted flexibility to decide how to implement specific reforms. As a result, the two partnerships to be evaluated were implemented in different ways across the country. The Formative Stage of the National Evaluation has analysed implementation and sustainability.

In light of the diversity of programs implemented under the partnerships, the impact evaluation stage will consider individual state/territory outcomes in addition to national patterns.

Recommendation No. 2 Para 2.71, Page 19.

That, in order to help ensure the expectations of future National Partnerships are met, the Department of Education, Employment and Workplace Relations work with states and territories to develop implementation plans and reform targets at the same time as any new National Partnership agreements are developed, in accordance with advice from the Treasury.

Department of Education, Employment and Workplace Relations response: The department will work with state and territories to develop implementation plans and reform targets at the same time as any new National Partnership agreements are developed, in accordance with advice from Treasury.

This action has been undertaken within recent negotiations for new National Partnership agreements. The relevant Federal Finances Circulars [2011/03; 2011/04] were considered in the development of these Agreements.

Recommendation No. 3 Para 2.71, Page 19.

That where state and territory co-investment obligations are included in the terms of current National Partnership agreements, the Department of Education, Employment and Workplace Relations take responsibility for monitoring these investments and assessing them before payments are made, even if this requires negotiating more visibility of state and territory data.

Department of Education, Employment and Workplace Relations response: Where state and territory co-investment obligations are included in the terms of current national partnership agreements, the department will take responsibility for monitoring these investments. The department has consulted with central agencies and agreed on actions for monitoring of states' co-investment in the future.

Recommendation No. 4 Para 2.71, Page 20.

That when negotiating National Partnership agreements, the Department of Education, Employment and Workplace Relations seek external advice, potentially from the Auditor-General, on the monitoring and assurance mechanisms that should be incorporated to enable verification of performance data provided by states and territories.

Department of Education, Employment and Workplace Relations response: Acknowledging this recommendation, the department will continue to identify and seek the appropriate independent advice to enable verification of performance data provided by states and territories. As per the department's advice to the ANAO and the JCPAA, at the time of negotiating the National Partnership Agreement for Literacy and Numeracy (LNNP) there was no formal guidance available from Treasury. Since the LNNP was developed the following Federal Finances Circulars have been issued by the Commonwealth Treasury to guide Commonwealth agencies in respect of the operation of the federal financial framework, including how to comply with the obligations placed under agencies under the framework:

- Circular No 2011/03: Processes for drafting, negotiating, finalising and varying agreements under the federal financial relations framework, and related estimates and payment processes.
- Circular No 2011/04 – Developing implementation plans for National Partnerships.

Recommendation No. 5 Para 2.72, Page 20.

That the Department of Education, Employment and Workplace Relations and the Minister for School Education ensure that sufficient time is allowed in future National Partnership agreements for facilitation payments to take effect before measuring the performance of states and territories against reform targets and making reward payments.

Department of Education, Employment and Workplace Relations response: The department will ensure sufficient time is allowed in future National Partnership agreements for facilitation payments to take effect before measuring the performance of states and territories against reform targets and, where appropriate, making reward payments.

Recent negotiations for the new *Improving Literacy and Numeracy National Partnership Agreement* were informed by the lessons from the ANAO audit of the LNNP, in particular in the negotiation of school selection. Whilst this is not a rewards-based Agreement, the payment schedule, milestones, performance indicators and measures have been developed following extensive consultations with state and territory education authorities, representatives from the Catholic and Independent sectors and central agencies.

Lisa Paul, Secretary

May 2013