



Queensland Audit Office  
*better public services*

# Audit of Aurukun school partnership arrangement

**Report 11: 2016–17**



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Front cover image is an edited photograph of Queensland Parliament, taken by QAO.

ISSN 1834-1128

Your ref:  
Our ref: 2017-RTP-AUR



16 February 2017

The Honourable P Wellington MP  
Speaker of the Legislative Assembly  
Parliament House  
BRISBANE QLD 4000

Dear Mr Speaker

**Report to Parliament**

This report is prepared under Part 3 Division 3 of the *Auditor-General Act 2009*, and is titled *Audit of Aurukun school partnership arrangement* (Report 11: 2016–17).

In accordance with s.67 of the Act, would you please arrange for the report to be tabled in the Legislative Assembly.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Anthony Close', is positioned above the printed name.

Anthony Close  
Auditor-General (acting)



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# Summary

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## Background

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In November 2009, the government endorsed a partnership model to address the education needs of Indigenous children in Cape York communities. The Department of Education and Training (DET) established a pilot with Cape York Partnerships, later transferred to a new organisation, Good to Great Schools Australia—both not-for-profit organisations. Throughout this report, we refer to these entities as CYP/GGSA.

In December 2009, DET and CYP/GGSA signed a Memorandum of Understanding (MoU) as a temporary measure that allowed a pilot to begin at the start of the 2010 school year.

The MoU stated that CYP/GGSA in partnership with DET would improve educational outcomes for Indigenous children in Cape York. The partners would achieve this by implementing and operating this partnership education model initially in two campuses: Coen State School and Aurukun State School, and subsequently at two additional campuses every two years. Only Hope Vale State School was additionally brought into this arrangement since the MoU was signed.

The MoU set some broad accountabilities for each of the partners. CYP/GGSA was to be responsible for the program and activities within schools involved in the arrangement, known as the class, club, and culture program. This involved curriculum and associated behaviour management. CYP/GGSA was also responsible for extra-curricular activity as an extension of normal school hours to ensure students were taught the full Australian curriculum. CYP/GGSA would also provide professional development to DET teachers, and educational textbooks and materials to students. DET remained responsible for the overall operation of the schools including staffing and facilities.

The MoU documented that it was to be replaced by a binding agreement between partners no later than 22 January 2010.

For the period January 2010 to June 2016, DET budgeted \$12.5 million for the arrangement. DET provided funding for this arrangement from the Commonwealth Low Socio-Economic Schools National Partnership funding for the first four years and then from state funds.

## Reason and approach for this audit

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In July 2016, the DET Director-General requested the Queensland Auditor-General to undertake a financial audit of the Aurukun State School. Although not material to the financial audit of DET, the auditor-general accepted this request as a matter of audit significance.

This audit assesses the adequacy of governance, enrolments, expenditure, and recruitment for this partnership arrangement. Consequently, whilst it focuses on Aurukun State School, in some cases, this arrangement extended to both Hope Vale and Coen State Schools. Where appropriate, we have included them in our analysis.

This audit does not assess the method of teaching delivered at the three schools or outcomes.

## Audit conclusions

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We found no evidence of financial impropriety in the administration of the funding between DET and CYP/GGSA. For this arrangement, we identified poor financial stewardship by DET, breakdowns in its internal controls, and routine non-compliance by its staff with departmental policy and procedures for enrolments. In our DET financial audit for 2016–17 we will broaden our assessment of internal controls at schools.

The government endorsed the establishment of a partnership between DET and CYP/GGSA in 2009. It was an opportunity for both parties to advance their mutual interests for the benefit of the children and the communities of Cape York. Despite extensive negotiations between the parties, DET was unable to move from an MoU to a binding agreement, reducing its ability to manage towards the planned outcomes.

When the relationship was tested, the lack of clarity around roles and responsibilities between partners, combined with differing perspectives about what the partnership meant, has led to increased distrust and stalled negotiations in formalising a suitable agreement.

DET's actual spend on the partnership was significantly lower than the budget approved through the funding agreement. In the absence of sufficient terms and conditions through a binding agreement, and our assessment of the arrangement as a grant, the claims submitted by CYP/GGSA appear reasonable.

DET routinely overstated effective enrolment numbers at the Aurukun school between 2010 and 2016. We found no evidence of any deliberate manipulation of effective enrolment numbers. This issue was driven by school staff's incorrect interpretation of DET enrolment policy and guidelines, and poor record-keeping.

DET's internal audit function raised a number of high risk issues in two internal reports in 2014 and 2016. While some of the issues from the first report have been resolved, high staff turnover of the school leadership team has led to many high risk issues remaining unresolved or not being resolved in a timely manner. This raises questions around the ability of DET's governance framework to address high risk school internal audit issues in a timely manner.

In arrangements where partnerships are established that focus on achieving community outcomes rather than simply procuring goods and services, public sector entities must ensure that the planned outcomes, the principles that set the tone of the partnership, and the accountabilities of each partner are clear. Regardless of the perceived urgency, clear terms and conditions should be documented before funding is provided, using stage gating if necessary to ensure clarity between partners as soon as practical.

Public sector entities cannot divest their overarching accountability for the prudent spend of taxpayers' money and the overall achievement of policy objectives. Partnership arrangements need to be proactively managed. Governance should include regular evaluations of whether partnership arrangements continue to achieve the agreed objectives, are cost-effective, and provide value for money. Performance measures become even more critical in supporting those charged with governance in monitoring the success of the partnership in achieving these community outcomes.

Without these, the spirit of a partnership, where partners agree to cooperate to advance mutual interests, can be at risk of being a partnership in name only.



## Key findings

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### Governance arrangements

#### Mechanisms

We found insufficient governance mechanisms to support the partnership between DET and CYP/GGSA. Over the period 2009 to 2016, the key instruments included:

- the government's decision in November 2009 to proceed with a partnership between DET and CYP/GGSA for the provision of services to address the education needs of children in Cape York
- a signed MoU dated December 2009, which documented the roles and responsibilities and the need for a future binding agreement
- a funding agreement signed in December 2011.

DET established the MoU as a temporary measure. Crown Law provided a draft education model agreement to DET in April 2010. This draft agreement included the terms and conditions necessary to manage a partnering arrangement of this type, but DET never implemented it.

In the absence of a binding agreement, DET and CYP/GGSA have continued to operate under the out-of-date MoU, which both partners agree is deficient. Specific deficiencies in the MoU include a lack of terms and conditions for:

- clear educational objectives and expected outcomes of the partnership
- a governance framework that identifies clear lines of accountability, roles and responsibilities, and deliverables and activities required by both parties
- reliable measures to assess whether key educational objectives are met
- responsibilities for compliance with DET policy, such as:
  - privacy and disclosure of student personal information
  - confidentiality arrangements.
- the financial treatment of the arrangement (grant or fee-for-service)
- detailed funding agreements, costs, and variation management
- release and indemnity
- intellectual property.

#### Accountabilities

DET originally established management oversight for this arrangement by an executive principal based in the region to:

- oversee the heads of campus and staff at each school
- implement DET policies and procedures
- work with CYP/GGSA to ensure this education reform was implemented effectively.

Our interviews with current and former school leaders at the time found that, in practice, there were dual reporting lines to both partners, which was challenging at times. The significant turnover of executive principals, heads of campus, and executives managing this arrangement also contributed to confusion in carrying out their roles.

At times, during this arrangement, CYP/GGSA engaged former senior DET staff. Executive principals, heads of campus, and regional office staff advised us that, at times, they sought advice on how to interpret and implement policies and procedures from these former DET employees because of their recognised experience, knowledge and, in some cases, previous working relationships.

### Stalled negotiations

The partners have been negotiating a binding agreement since 2009. Senior officers at DET have met with CYP/GGSA throughout the period. In November 2016, DET advised CYP/GGSA that the funding arrangement in place at the time would not continue beyond December 2016 and a new agreement would be required.

In December 2016, both partners entered into another in-principle agreement to continue with the current partnership arrangements for the Coen and Hope Vale schools.

### DET internal audit

DET internal audit issued two audit reports on the operations of the three schools in 2014 and 2016. Both reports gave an overall rating of unsatisfactory. The reports identified a number of high risk issues, including:

- lack of clarity for some staff about roles and responsibilities
- poor controls over the effectiveness and efficiency of operations
- lack of compliance with policies and procedures
- absence of proper supervision.

They also made recommendations about the age of the MoU (2009) and the need for more clarity about staff roles and responsibilities. DET has implemented an action plan and addressed half of the recommendations from the first report. However, the majority of the high risk issues remain unresolved. A key reason was the high turnover of school leadership roles.

### Enrolments

For the period 2010–2016, Aurukun school student effective enrolment numbers were overstated by 116. This resulted in DET providing an additional \$815 000 to the base allocation of resources to the school under DET's Day 8 staffing collection guidelines (described in Appendix C). These 116 students did not meet the requirements for the Day 8 enrolment base allocation. The school may have been entitled to some of this amount by following DET's additional allocation process, but no subsequent actions were taken.

In 2016, the overstatement of effective enrolments was due to poor record-keeping by school staff, who did not understand and comply with DET's enrolment and attendance guidelines and policies.

The documentation to support student enrolments was incomplete and not kept in a secure place. Aurukun school staff who processed student enrolments did not confirm the identity, custody, and age of children. The risks of these deficiencies in documentation include students being enrolled too young, students being enrolled without the school knowing their legal guardians, and the personal data of students being accessed inappropriately.

Those responsible for student administration at the Aurukun school were not always trained in, or fully aware of, the requirements of DET's enrolment policy, the Day 8 staffing collection guidelines, or the student poor-attendance policy. Aurukun school staff did not always comply with departmental policies, guidelines, and procedures to address poor attendance.

## Expenditure

### Spend

For the period 2009–10 to 2015–16, DET budgeted about \$12.5 million for CYP/GGSA. Over this time, DET made payments to CYP/GGSA of around \$9 million, consisting of \$8 million from head office and \$1 million from the school.

Payments made by DET to CYP/GGSA consisted of:

- salaries and on-costs (\$2.99 million)
- professional teacher coaching and training services (\$2.30 million)
- other operating expenses (\$1.50 million)
- administration fees (\$1.16 million)
- travel (\$0.95 million)
- capital items (\$0.04 million).

We reviewed these costs for overall reasonableness and found they were consistent with the MoU and funding agreement.

### Expenditure acquittal

In 2016, a DET internal audit report raised concerns with the level of documentation provided to support payments made directly from the school bank account in 2014 of \$202 460 to CYP/GGSA. DET's internal audit unit applied DET's procurement policies and procedures in their assessment of the appropriateness of these payments.

We assessed this arrangement as a grant in accordance with the Queensland Treasury guidelines in the absence of a formal agreement. We consider that the documentation supporting the payments met the requirements of a grant.

### Internal controls

DET has not maintained appropriate internal controls to manage payments to CYP/GGSA for the arrangement.

In 2014, CYP/GGSA requested additional funding due to the abnormally high turnover of teachers at Aurukun in the prior year and the additional training required for new teachers. DET agreed to provide additional funds from the school account. DET continued to pay the grant from the head office account, but did not provide guidance to the school about how to administer the grant payments from the school account.

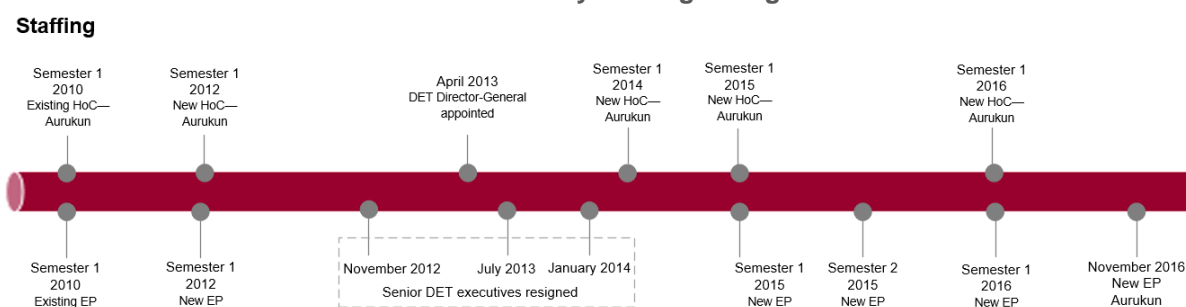
We consider that DET should have made all payments to CYP/GGSA through the head office account. This would have ensured that the payments were accounted for consistently. For the payments reviewed, the appropriate approving officer certified that the goods or services had been received or performed.

### Recruitment

DET was responsible for the recruitment and selection process for all DET staff employed at the Aurukun school. CYP/GGSA was involved with the initial advertising and attraction of suitable teaching staff based on vacancy information provided by DET. CYP/GGSA identified potential staff for DET's final assessment and approval. We consider this process was reasonable given the importance of recruiting teachers with the specific attributes required to make this education model work. In 2009, the Queensland Government determined that executive principals could be flexible about staffing arrangements to help implement this education model.

Recruitment and selection processes were consistent with DET policy and procedures. Figure 1A shows the key staffing changes over the period of the arrangement.

**Figure 1A**  
**Timeline of key staffing changes**



EP—executive principal  
HoC—head of campus

Source: Queensland Audit Office

The high turnover of DET school staff, particularly executive principals and heads of campus, partly due to the ongoing use of short-term temporary appointments, resulted in continued lack of corporate knowledge. This, in conjunction with inadequate induction for some school staff, led to non-compliance with DET enrolment and attendance policies and procedures, particularly at the Aurukun school.

## Recommendations

We recommend that the Department of Education and Training (DET):

1. implements binding agreements for any arrangements with external education providers before providing funds. These agreements should include terms and conditions such as:
  - the objectives to be delivered and principles that guide the arrangement
  - a governance framework, which identifies clear lines of accountability, roles and responsibilities, and deliverables or activities required by both parties
  - reliable measures to assess whether key objectives have been met
  - the financial treatment of the arrangement (grant or fee-for-service)
  - detailed funding arrangements including annual approved budgets
  - the level of supporting documentation to be provided for acquittal
  - intellectual property and confidentiality arrangements
  - stage gates tied to funding where partners need to perform initial work before the costs or activities for subsequent work can be determined
  - quality assurance mechanisms
  - variations and dispute resolution.
2. provides adequate training and supervision to its staff when it enters into an arrangement with other education providers to ensure governance arrangements, internal controls, and policies and procedures are correctly implemented for:
  - student enrolments and attendance
  - the secure maintenance of student records
  - payments for goods and services.
3. reviews its governance arrangements to improve timely implementation of internal audit recommendations.

## Reference to comments

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In accordance with section 64 of the *Auditor-General Act 2009*, we provided a copy of this report to the Director-General, Department of Education and Training, and to the Co-Chair, Good to Great Schools Australia, for comment.

We also provided a copy of this report to the Premier, the Minister for Education, and the Director-General, Department of the Premier and Cabinet, for their information.

Responses were received from the Department of Education and Training and Good to Great Schools Australia. The responses are in Appendix A.



# 1. Context

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## Background

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In September 2009, the then Queensland Premier and the Federal Minister for Aboriginal and Torres Strait Islander Affairs expressed an interest in an educational model proposed by the Cape York Institute (CYI) for use in some Cape York state schools.

To inform government of CYI's proposal provided in September 2009, a working group was established in early October 2009. It comprised representatives from CYI; state departments of education and training, and communities; and Commonwealth departments of education, employment and workplace reform, families, housing, community services, and Indigenous affairs. The purpose of the working group was to report on the financial, policy, and legislative implications of the proposed model.

This report included an analysis of recent academic and attendance results at both Coen and Aurukun, as well as the potential future costs of the new arrangements. The report identified an estimated additional \$3.58 million over the Department of Education and Training (DET) core costs to implement the academy model in its first year. The government endorsed a proposal that included some elements of the proposed academy model, but did not include CYI's proposal that the academy be set up under an independent board that reported directly to the minister and controlled all school operations.

Since 2010, DET has been involved in a pilot partnering arrangement with the Cape York Partnership/Good to Great Schools Australia (CYP/GGSA) at the Aurukun and Coen schools. Hope Vale State School joined the pilot in 2011. The objective of the arrangement was to implement a specific education model for these schools, with the intention of extending this model to other schools in the future, if it proved successful.

The initial funding agreement, dated 11 November 2011 and signed in December 2011, provided for additional total funds of \$7.72 million over three years (subsequently extended to four years) to Cape York Partnership (2010–2013). These additional resources for this period were to come from Commonwealth funding through the National Partnership for Low Socio-economic Status School administered by DET. From 2014 the funding has been provided fully by the state. Over the seven-year period from 2010 to 2016, DET budgeted total funds of approximately \$12.5 million to deliver the education model, with actual expenditure incurred of approximately \$9 million.

### The three campuses in the pilot

#### Aurukun

Aurukun is an Indigenous community in Western Cape York, with a population of approximately 1 300. It is located at the mouth of three rivers: the Archer, Watson, and Ward. It is about 200 km south of Weipa.

The Aurukun campus has about 200 students enrolled and, in 2016, it offered Pre-prep through to Year 6 classes.

#### Coen

Coen is a small inland town on the Peninsula Development Road of approximately 400 people. The township is 240 km from Laura and about 580 km north-west of Cairns.

Coen campus is a primary school encompassing Prep to Year 6 classes. Secondary students often travel to Brisbane, Townsville, Cairns, or Rockhampton to attend boarding school. Coen campus has approximately 50 students enrolled.

## Hope Vale

Hope Vale is an Indigenous community of approximately 1 500 people, 370 km north of Cairns and 50 km north of Cooktown.

Hope Vale campus is a primary school encompassing Prep to Year 6 classes and does not offer secondary education in the community. Students often travel south to attend boarding school or attend the secondary school in Cooktown.

The Hope Vale campus has approximately 100 students enrolled.

## The class, club, and culture program

The business case and funding agreements outlined broadly the programs and activities that CYP/GGSA would deliver to the participating schools. The programs were delivered in English and traditional Indigenous languages. DET funded CYP/GGSA for class, club, and culture programs. The school timetable allocated time for each program on a daily basis.

### Class

The class program had a number of requirements, including:

- every child participating in a minimum of:
  - fourteen hours per week of reading, writing, and spelling
  - six hours per week of mathematics.
- student assessments, review, and monitoring
- teacher to student ratios that promote educational effectiveness
- school-wide literacy and numeracy focus using non-categorical, evidence-based explicit instruction
- school-wide behaviour management approach.

### Club

The club component included enriching extracurricular activities, such as:

- instrumental music (rhythm, reading music, and performance)
- the arts, sporting events, and carnivals (athletics, swimming, hockey, and tennis)
- personal health.

### Culture

The culture component incorporated cultural knowledge and local, traditional oral and written language. The focus was on higher order skills and project activities delivered in the local languages. Key concepts include:

- higher order skills and project activities
- knowledge about cultures and history of family, country, and people
- musical and cultural performances
- mode switching, identity, and inter-connectedness
- fluency in communicating through digital media.

The detailed timeline of events for the arrangement between DET and CYP/GGSA is provided in Appendix B.



## Scope

This audit focuses on four areas:

- governance—assesses the adequacy of the mechanism for DET to manage the partnership arrangement and the supporting internal control framework
- enrolments—reviews internal control processes and assesses compliance with DET policies and procedures for student enrolments and resource allocations
- expenditure—reviews internal control processes and assesses compliance with DET policies and procedures for payments
- recruitment—reviews internal control processes and assesses compliance with DET policies and procedures for recruitment, selection, and approval of staff.

This audit does not assess the education model delivered at the three schools or outcomes. As DET and CYP/GGSA have not entered into a formal agreement with the appropriate terms and conditions it is not possible to effectively use the follow-the-dollar powers under s.36A of the *Auditor-General Act 2009* and make a reliable assessment of the non-public sector entity's accountabilities. CYP/GGSA has provided information when requested by QAO.

## Audit approach

The audit was carried out in accordance with the Auditor-General of Queensland Auditing Standards, which incorporates Australian audit and assurance standards.

The cost of this report was \$294 000.

## Structure

Chapter	
Chapter 1	Summary of background, scope, and approach
Chapter 2	Governance
Chapter 3	School administration
Appendix A	Responses received
Appendix B	Detailed timeline of events
Appendix C	Day 8 staffing collection guidance



## 2. Governance

### Chapter in brief

This section details audit findings on the governance arrangements.

#### Main findings

- The Department of Education and Training (DET) has operated a partnership with Cape York Partnership/Good to Great Schools Australia (CYP/GGSA) since 2009 using a temporary Memorandum of Understanding (MoU), which itself agreed the establishment of a more permanent binding agreement by January 2010. The MoU did not contain essential elements to allow DET to successfully manage a long-term partnership.
- Crown Law provided DET with a draft education model agreement in April 2010 but it was never executed.
- DET continued to use the MoU to manage the partnership but it lacked essential terms and conditions for managing this type of arrangement.
- The high turnover of senior DET staff and subsequent loss of institutional memory has made it difficult for DET to manage the arrangement.
- The school governance structure had dual reporting lines. This led to confusion for some DET staff about their roles and responsibilities.
- DET's internal audit function identified issues with the operation of this partnership arrangement through internal reports in 2014 and 2016; however, those charged with governance have been slow to resolve these high risk issues.

#### Audit conclusions

DET's governance mechanisms were ineffective in managing its relationship with CYP/GGSA. The nature of the relationship, its objectives, and the terms and conditions over the years that this arrangement has been in place has had underlying issues, compounded by a lack of DET institutional memory and staff turnover. When the relationship was tested, the lack of clear roles and responsibilities and differing perspectives about what the partnership meant led to increased distrust and stalled negotiations.

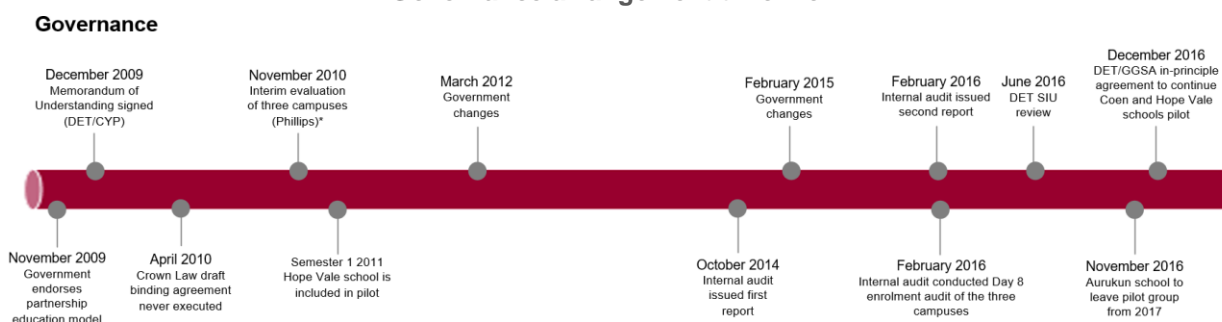
The use of temporary and deficient agreements did not allow for the effective governance of this arrangement. It reduced DET's ability to reliably measure whether both partners were meeting the objectives.

DET's governance framework did not ensure that the high risk issues raised by internal audit were resolved in a timely manner.

## Background

In December 2009, the Department of Education and Training (DET) and Cape York Partnerships, later transitioned to Good to Great Schools Australia (CYP/GGSA), entered into a partnership to operate the Aurukun and Coen State Schools. This was the result of a government decision made in November 2009. Hope Vale State School was included in this arrangement in 2011. DET and CYP/GGSA signed a Memorandum of Understanding (MoU) on 24 December 2009. Figure 2A outlines the timeline for the arrangement.

**Figure 2A**  
Governance arrangement timeline



\* These reviews focused on teaching and learning  
SIU—school improvement unit

Source: Queensland Audit Office

## Governance arrangements

The governance mechanisms that supported the partnership between DET and CYP/GGSA included the:

- government decision in November 2009
- signed MoU dated December 2009
- funding agreement signed December 2011.

### Government decision

The Queensland Government decided on 26 November 2009, to endorse the first stage of a proposed education model at Aurukun and Coen state schools as a pilot. The decision required DET and CYP/GGSA to work in partnership to implement this model. The endorsed proposal contained elements of the original CYP/GGSA proposal but not all. CYP/GGSA proposed that an independent board control the schools and report directly to the minister. The government did not support this structure.

## Memorandum of Understanding

The MoU was temporary, to accommodate the start of the school year in early 2010, and was to be replaced by a formal binding agreement by 22 January 2010. It lacked the terms and conditions needed to manage the partnership arrangement including:

- clear educational objectives and expected outcomes of the partnership
- a governance framework that identifies clear lines of accountability, roles and responsibilities, and deliverables and activities required by both parties
- reliable measures to assess whether educational objectives are met
- responsibilities for compliance with DET policy, such as:
  - privacy and disclosure of student personal information
  - confidentiality arrangements.
- the financial treatment of the arrangement (grant or fee-for-service)
- detailed funding agreements, costs, and variation management
- release and indemnity
- intellectual property.

Senior DET executives who were closely involved in the creation of this arrangement, including the funding agreement, have since left. This has led to a significant loss of institutional knowledge about the establishment and implementation of this partnership.

The timeframe for developing a binding agreement was highly unlikely given that the parties signed the MoU on Christmas Eve 2009 and DET needed to seek Crown Law advice for the creation of this new binding agreement for the delivery of the education model at Aurukun and Coen schools.

DET obtained a draft agreement for the delivery of the education model at Aurukun and Coen schools, prepared by Crown Law, in April 2010. This was to replace the temporary MoU. DET provided this draft education model agreement to CYP/GGSA for comment. The education model agreement was not executed. This draft agreement included many terms and conditions expected for an arrangement of this type including:

- governance and reporting arrangements
- obligations and roles of both parties
- milestones to be achieved (outputs and objectives)
- resolution of disputes
- schedule of funding either at intervals or linked to milestones.

## Funding agreement

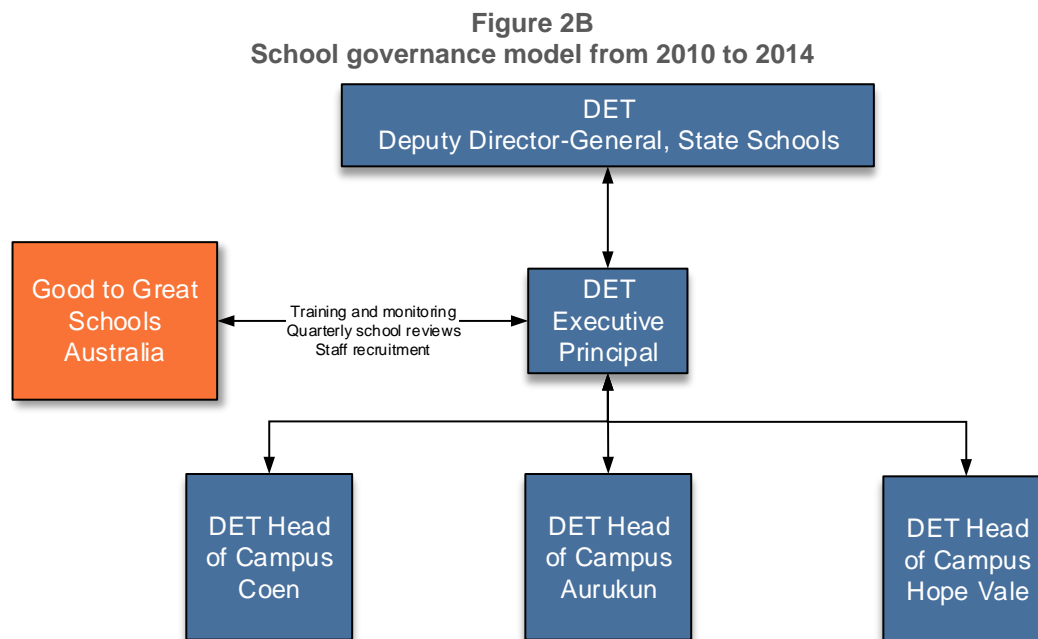
DET put in place a funding agreement, signed by both partners in early December 2011. The funding agreement proposed that DET pay 80 per cent of each semester funding up front, with the balance of the funds to be paid at the end of the semester based on an acquittal provided by CYP/GGSA. It provided for budgeted total funds of \$7.72 million over three years, subsequently revised to four (2010–2013) for the education pilot. However, it did not outline the terms and conditions needed to address the deficiencies in the MoU.

Since the lapse of the funding agreement in 2014, DET has continued to fund the arrangement annually on an acquittal basis. For the period 2014 to 2016, it budgeted further funding of approximately \$4.8 million.

Delays in implementing a formal binding agreement to replace the original deficient MoU and the lack of a formal funding agreement since 2012 has led to the partnership relationship being tested with a level of distrust developing in recent years. DET has been in negotiations with CYP/GGSA since early 2014. An in-principle agreement was entered into by both partners in December 2016 for the operation of Coen and Hope Vale schools.

## Roles, responsibilities, and supervision

A range of different people had oversight or input into decisions about the strategic direction of the three campuses and day-to-day operations. Figure 2B shows the school governance model of the three campuses until 2014.



Source: Queensland Audit Office

### Deputy-Director General, State Schools, Department of Education and Training

From 2010 to 2014, the executive principal reported directly to the deputy director-general, state schools about operations and the management of three campuses at Coen, Aurukun, and Hope Vale. From March 2014 the regional director, far north Queensland became the executive principal's supervisor. We were advised that this was to provide more locally accessible supervision and guidance to the executive principal.

### CYP/GGSA

CYP/GGSA coordinated the delivery of the class, club, and culture programs at the three campuses. This included running professional development and induction for the new and existing teachers.

The executive principal and heads of campuses provided regular reports to CYP/GGSA on student attendance and academic progress of students.

Responsibilities of CYP/GGSA included:

- strategic oversight of teaching and learning strategies
- quarterly school reviews
- recommendations on staffing levels, and staff appointments
- staff professional development
- academy advocacy and fund raising.

### Executive principal of the three campuses

The role of the executive principal was to manage the schools (Aurukun, Coen, and Hope Vale campuses) in a way that:

- ensures effective, efficient, and appropriate management of public resources
- promotes a safe, supportive, and productive learning environment
- supports and monitors the academic progress of all students of the institution.

The governance structure put in place by DET and CYP made the executive principal responsible for working with CYP/GGSA to implement the education model effectively, while needing to also comply with DET's policies and procedures.

Responsibilities of the executive principal included:

- strategic direction implementation
- stakeholder consultation
- compliance with DET policies and procedures
- operations and campus oversight.

### Heads of campus

The heads of campus at Aurukun, Coen, and Hope Vale were responsible for the day-to-day operation of each campus. They reported to the executive principal.

Responsibilities of the heads of campus included:

- curriculum implementation
- instruction management
- management of behaviour plans and policies
- campus performance management and reporting
- staff supervision
- education quality responsibilities.

### Dual reporting

Some school leaders advised us that the governance framework had dual reporting to both DET and CYP/GGSA. This led to confusion about to whom they were accountable to. They also advised that the confusion, at times, led to them seeking guidance and reassurance from both partners for day-to-day operations.

Some DET regional officers advised us that they were not always privy to the status of the partnership between DET and CYP/GGSA. This led to confusion for staff about their role in managing this arrangement.

School and regional office staff often needed to clarify arrangements with head office staff. Where they could not obtain this advice, they made their own decisions and, in some cases, sought advice from CYP/GGSA.

## Internal Audit

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The DET internal audit unit issued two audit reports on the operations of the three schools (Coen, Hope Vale, and Aurukun) operating under the partnership arrangement. Internal audit issued the reports on 17 October 2014 and 24 February 2016.

The first report identified 35 issues, and 15 were assessed by DET internal audit as high risk. Internal audit recommended that DET management address the findings as a high priority. They also made recommendations about the age of the MoU (2009) and the need for more clarity about staff roles and responsibilities.

In response to the 2014 report, DET:

- developed an audit action plan for each internal audit report issue
- provided ongoing assistance to the executive principal to implement the actions in the action plan.

By the time the second report was completed, four of the 15 high risk issues had been resolved and seven new high risks had been identified. A significant factor that delayed the implementation of the recommendations was the high turnover in the leadership team at the school. This contributed to the ongoing lack of clarity around roles, responsibilities, and reporting relationships.

Both reports gave an overall rating of unsatisfactory. Key issues and risks reported included:

- lack of clarity for some staff about roles and responsibilities
- poor controls over the effectiveness and efficiency of operations
- risks of non-compliance with applicable policies, laws, and regulations
- absence of proper supervision.

Despite the action plan, the majority of the high risk issues remain unresolved.



## 3. School administration

### Chapter in brief

This section details audit findings relating to the Aurukun school enrolments and the three schools' expenditure and recruitment processes.

### Main findings

#### Enrolments

- The Department of Education and Training (DET) staff responsible for student enrolment did not always comply with its student enrolment policies and guidelines.
- Under the Day 8 guidelines for allocating base funding, the school received an additional \$815 000 in its base funding allocation from DET over seven years, by overstating effective enrolment numbers by a total of 116 from 2010 to 2016. We found no evidence of manipulation. Incorrect interpretation of DET enrolment policies and poor record-keeping has led to this overstatement.
- Some student enrolment data was missing and student files were not secure. This increased the risks that students were enrolled too early, without the school knowing their legal guardians, and/or the personal data of students being accessed inappropriately.

#### Expenditure

- We did not identify impropriety in the payments made to Cape York Partnership/Good to Great Schools Australia (CYP/GGSA).
- The absence of a formal agreement has led to a lack of clarity between partners as to the nature of this arrangement, including as to whether it was a grant or fee-for-service, which have different acquittal requirements. We have assessed the arrangement as being a grant in nature—acceptable requirements have been met for this type of arrangement.
- DET's internal controls over payments from dual bank accounts were not adequate to ensure they were accounted for consistently.

#### Recruitment

- Controls for staff recruitment and selection operated in line with DET policies and procedures.
- High DET staff turnover resulted in a loss of institutional knowledge and, in some cases, a lack of understanding of DET policies and procedures which led to break downs of internal controls.

#### Audit conclusions

Non-compliance with DET's enrolment policies led to an overstatement of effective enrolment numbers. We found no evidence that school staff manipulated the student enrolment numbers, however the high staff turnover and incorrect interpretation of DET enrolment policies has led to this overstatement.

The absence of a formal agreement between DET and CYP/GGSA created confusion as to how to treat the payments and acquittals. The lack of alignment between partners in relation to the substance of the agreement, and high DET staff turnover, led to a lack of understanding of the proper financial treatment.

## Enrolments—allocation of resources

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The Department of Education and Training (DET) uses the number of eligible students enrolled to calculate the allocation of resources to state schools. This section of our report presents the results of our audit of compliance with its policies and procedures for managing enrolments at the Aurukun school.

### Determining the level of resources allocated to state schools

The number of eligible students effectively enrolled at a school is important information, as it informs resource decisions about:

- the number of staff allocated (such as teachers, administrators, and teacher aides)
- the amount of the grant payments transferred to the school bank account (for the principal to purchase the resources needed to operate the school such as paint, computers, and staff professional development)
- facilities upgrades and maintenance (for example, the upgrading or painting of classrooms and toilet blocks).

Every year, the principal of each state school submits a form (hard copy or electronic) to the Workforce Modelling Unit in head office. The form includes a count of the students effectively enrolled at the school by the eighth day of the school year. DET refers to this as the Day 8 staffing enrolment collection (see Appendix C). Schools submit preliminary numbers to head office on Day 4, but DET uses the final numbers on Day 8 to inform the calculation of the base allocation of resources to its schools. DET's additional allocations process is in place to manage additional allocations of staff after Day 8 if effective enrolments increase. Regional officers manage this process.

### Validating the student enrolment process

We assessed Aurukun school's level of compliance with DET enrolment and reporting policies to gain assurance that the students claimed on the Day 8 staffing enrolment collection were eligible and legitimate students. We examined a range of evidence including:

- a sample of enrolment forms—current students
- original paper class rolls—Day 8 period 2010 to 2016
- a sample of birth certificates—current students
- report cards to parents or guardians on student academic progress—semester one 2015.

### Enrolment processes

DET's policy *Enrolment in State Primary, Secondary and Special Schools* sets the requirements, roles, and responsibilities for enrolling a student in a state school. The enrolment process requires staff to confirm a student's identity, home address, age, and citizenship to ensure they only enrol eligible students. Parents and guardians also provide important information to the school about the student's existing medical conditions and custody arrangements, if any.

The enrolment process at Aurukun State School did not comply with policy. School staff completing the enrolment process did not document that they confirmed the identity, custody arrangements, and age of all the students.

Our testing identified a number of control and compliance deficiencies including:

- Twenty per cent of selected student files were unable to be located.
- Student files were in an unlocked filing cabinet in the locked server room that was accessible to staff, students, and visitors collecting and returning IT equipment.
- No files contained copies of birth certificates.
- Enrolment forms were incomplete or could not be sighted on up to 40 per cent of files tested.
- Medical information and parental consent were either not on file or incomplete.
- Parents or guardians had not signed enrolment forms on 80 per cent of files selected.

The risks of these deficiencies in the enrolment process and documentation include enrolling students who are too young, students being enrolled without the school knowing their legal guardians, and the personal data of students being accessed inappropriately.

#### Reporting on academic achievement

We examined the report cards to obtain assurance that students claimed on the Day 8 staffing return were legitimate students. The *Education (General Provisions) Act 2006* s.425 requires principals to give parents or guardians a written report on the educational performance of persons enrolled at the school at least twice a year. In the main, the Aurukun school complied with this policy in semester one, 2015. Report cards for semester one 2016 were not available at the time of audit. We identified that of the 217 students claimed on the 2015 Day 8 staffing return (head count), nine students (four per cent) had no report card issued in OneSchool (the school on-line reporting system) in semester one 2015.

The majority (96 per cent) of students meeting the routine attendance requirement and claimed during the 2015 Day 8 collection period were issued with report cards. This indicates that the students claimed were legitimate students.

#### Day 8 staffing enrolment collection 2010 to 2016

Aurukun State School received \$815 000 more in its base allocation than it was entitled to from DET by overstating Day 8 student numbers by a total of 116 from 2010 to 2016. Over the period, the school received a total of \$16 543 371 for staff and grants based on the Day 8 calculation. Based on the audited enrolment numbers, it was entitled to \$15 728 059. The additional payment represents five per cent of the total budget for the period. The school may have been entitled to some of this amount by following DET's additional allocation process, but no subsequent actions were taken.

Figure 3A shows the variances between the number of students claimed over the seven years and the students effectively enrolled, as supported by the required evidence.

**Figure 3A**  
**Variations between claimed Day 8 effective enrolments and audited figures**

Year	Day 8 return	Audit assessed figures	Overstatement
2010	233.0	213.5	19.5
2011	216.0	214.5	1.5
2012	204.0	197.5	6.5
2013	216.0	213.5	2.5
2014	232.5	204.0	28.5
2015	217.0	185.0	32.0
2016	208.0	182.5	25.5
<b>Total</b>			<b>116</b>

Note: We were able to validate the figures from the archived paper-based class rolls and evidence to support the returns in every year except 2014. The current, acceptable evidence forms for 2014 could not be located in the school archive. Early childhood students attend part-time and schools count them as 0.5 of an enrolment.

Source: Queensland Audit Office

Based on interviews with DET staff, a number of factors affected the accuracy of the 2016 return, including:

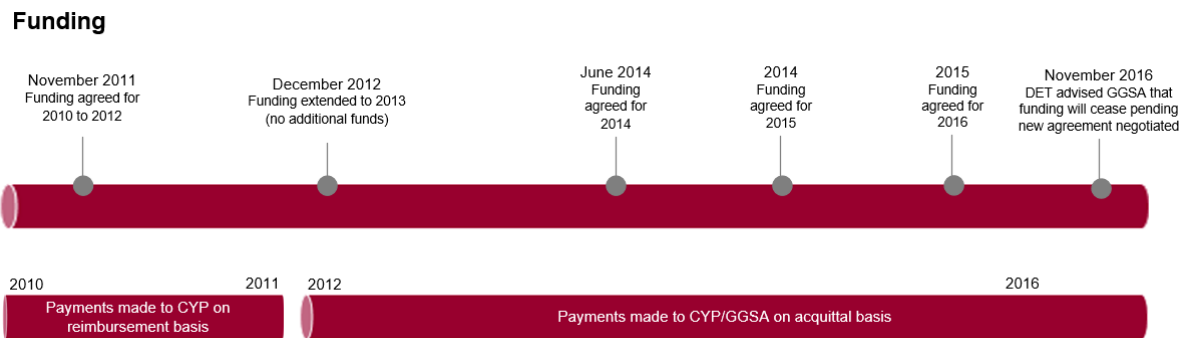
- There was limited oversight and guidance of school staff.
- Key staff were not trained or experienced in compiling the Day 8 staffing return and did not apply the requirement to get the evidence for students who attended at least one day in the first week of term, but not the second.
- School staff completed the acceptable evidence forms for eight students. The acceptable evidence forms for another 24 students were not completed. Even though the 24 students had attended at least one day by the end of February, they should not have been included in the Day 8 return.
- Significant staff turnover at the school from 2015 meant there was little local knowledge about:
  - which families were still in the community
  - class allocations for 2016
  - school policies and procedures.

This indicates that, for 2016 at least, the induction of staff in completing the census process was deficient and resulted in a miscalculation of school Day 8 effective enrolment numbers. For the period 2010–2016 there was no evidence of any deliberate manipulation of effective enrolment numbers.

## Expenditure

During the seven years of the partnership arrangement DET changed its funding approach from a reimbursement process to an 80 per cent upfront and balance on an acquittal process as shown in Figure 3B.

**Figure 3B**  
Milestones for funding arrangements



Source: Queensland Audit Office

From 2010 to 2011, DET reimbursed Cape York Partnership generally based on invoices for costs incurred in operating the partnership.

As a result of a funding agreement implemented in December 2011, DET paid Cape York Partnership/Good to Great Schools Australia (CYP/GGSA) from 2012 onwards 80 per cent up-front per semester, with the final 20 per cent on an acquittal basis. DET treated the arrangement as a recurrent grant and accounted for these payments as recurrent grant expenditure.

In 2014, DET agreed for CYP/GGSA to claim additional costs directly from the school bank account. These additional costs were to train new teachers as a result of a high turnover in the prior year. DET Cairns Regional Office provided us with a budget they were using to monitor the payments to CYP/GGSA for 2014. Regional office received little guidance from Brisbane head office about how to administer the payments from the school account. Regional office used the MoU as a guide for the type of expenditure to be incurred. The school budget included a general description of the types of expenses CYP/GGSA could claim.

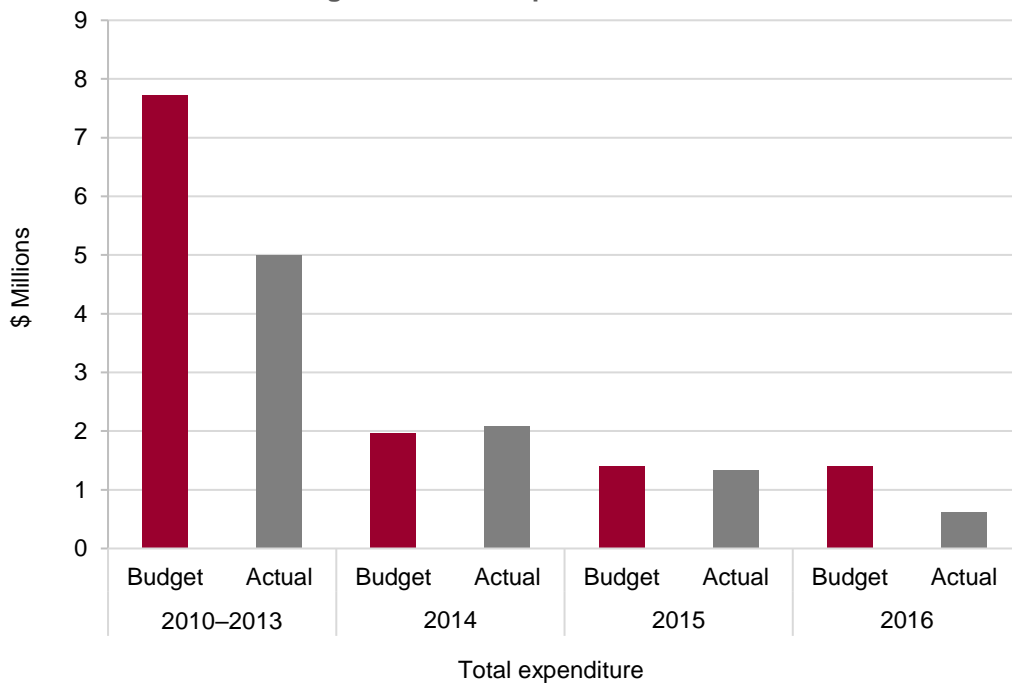
A 2016 DET internal audit report raised issues with payments in 2014 of \$202 460 to CYP/GGSA. The report identified four payments that school management could not adequately substantiate or explain. Internal audit treated the payments as procurement transactions. They applied DET's procurement policies and procedures to assess the supporting documents. Generally, procurement processes would include the following types of documentation to support the payments:

- tender details
- quotes received
- purchase requisitions
- purchase orders.

We assessed this arrangement from its inception, as a grant in accordance with the Queensland Treasury guidelines due to the absence of a formal agreement. We have reviewed these four payments along with a sample of payments across the three schools for the period 18 October 2013 to 30 June 2016. We did not identify any impropriety with the four payments raised by DET internal audit as the supporting documentation for the payments met the relevant requirements. The other payments sampled generally met the relevant requirements. The authorised delegate approved the payments we examined and certified the goods or services had been received.

Figure 3C below compares the total combined budget from the department and schools (\$12.5 million) to the acquittals and reimbursement invoices (\$9.0 million) received by DET. There were no annual budget figures provided to audit for the period 2010–2013.

**Figure 3C**  
**Total budget vs. actual expenditure—2010 to 2016**



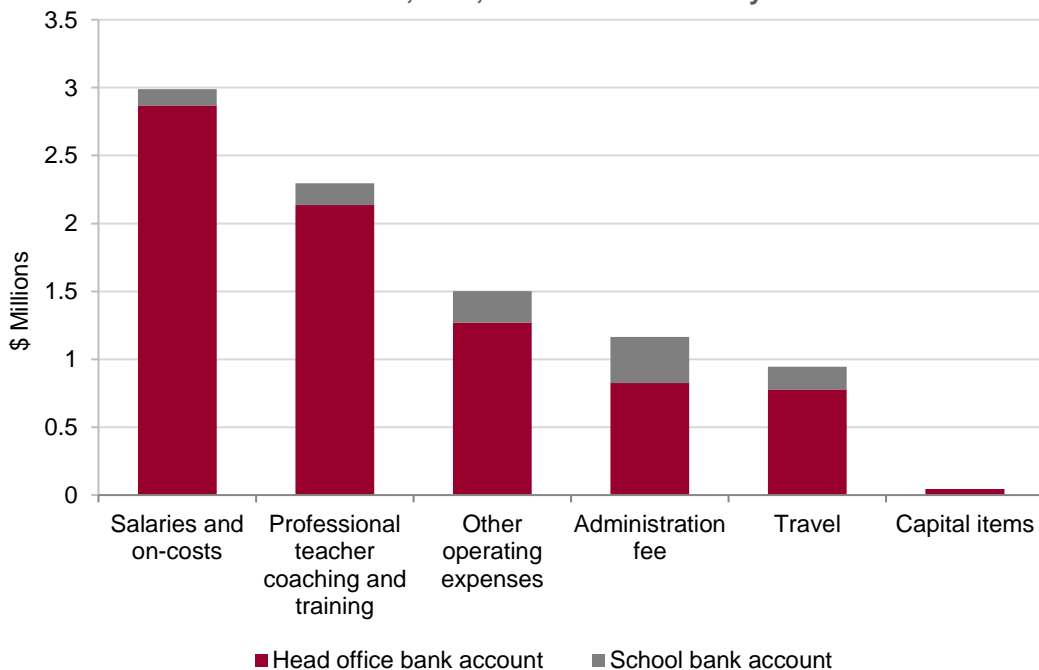
Note: 2010 to 2013 figures based on funding agreement. Actual figures for 2016 are as at 30 June 2016.

Source: Queensland Audit Office

**The costs of delivering class, club, and culture programs**

We analysed the acquittals from, and payments to, CYP/GGSA for the costs relating to the class, club, and culture programs over the life of the agreement. Figure 3D provides a breakdown of the costs.

**Figure 3D**  
**Breakdown of costs for class, club, and culture—January 2010 to June 2016**



Note: Other operating expenses include textbooks and telecommunications. Administration fee includes overhead costs such as finance, human resources management, and office costs.

Source: Queensland Audit Office from DET acquittals and invoices

Over the life of the partnership, the largest payments to CYP/GGSA were for salaries and on-costs at \$2.99 million (33 per cent). Professional teacher coaching and training costs include the cost of staff and consultants engaged in training, coaching, and mentoring DET teachers. The smallest amount was made for capital items \$44 000 (0.5 per cent). CYP/GGSA charged DET an administration fee of \$1.16 million, which includes a percentage of overhead costs to run the program. Over the life of the agreement, administration fees are approximately 13 per cent of all payments. DET paid CYP/GGSA about \$9 million over six and a half years; this is \$3.5 million less than the \$12.5 million they budgeted.

## Recruitment

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We assessed the recruitment processes to ensure DET complied with its policies and procedures. This included verifying appropriate supporting documentation.

Our sample testing of permanent and temporary appointments for the period July 2010 to July 2016 identified that, in general, DET had complied with its policies and procedures. In all cases, the appropriate departmental officer approved the appointment and the human resources delegate had sufficient information to make an informed approval decision. We found a satisfactory level of documentation on how the selection panel reached its decision, particularly around executive principal and head of campus appointments. DET also performed final eligibility checks around resumes, criminal history, and blue card before giving final approval. Termination processes were generally in accord with DET policy.

However, we found issues relating to DET's record management relating to recruitment. For 15 per cent of the temporary appointments we selected, DET was unable to provide evidence confirming the appointment of people to temporary roles, for example an appointment letter or email advice to human resources. We also found only 35 per cent of signed original appointment or transfer letters on file.

CYP/GGSA predominately performed the attraction component of the recruitment process through advertising, and provided information to DET for screening, selection, and appointment by the executive principal. DET provided staff vacancy information to CYP/GGSA to initiate the attraction process. The process operated in line with DET's policies and procedures.

We were advised by both CYP/GGSA and DET that, given the importance of getting the right person for the job from a cultural, social, and academic perspective, it was reasonable that CYP/GGSA had input to the attraction component of the recruitment process. DET maintained overall responsibility for recruitment.

We reviewed a number of documents and identified that one of the implementation risks for the partnering model was that DET's workplace policies and procedures did not have enough flexibility to meet the requirements of the arrangement. The mitigation for this risk was to have workplace process flexibility and use secondments, acting, and temporary positions. This has led to an increase in temporary positions appointed for up to 12 months. The high number of temporary positions has also impacted the high staff turnover, particularly at Aurukun school.





# Appendices

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## Appendix A—Responses received

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As mandated in section 64 of the *Auditor-General Act 2009*, the Queensland Audit Office gave a copy of this report with a request for comments to the Department of Education and Training, and Good to Great Schools Australia.

The head of these entities are responsible for the accuracy, fairness, and balance of their comments.

This appendix contains their detailed responses to our audit findings and recommendations.

## Comments received from the Director-General, Department of Education and Training



Office of the  
Director-General

Department of  
Education and  
Training

13 February 2017

Mr Anthony Close  
Acting Auditor-General  
Queensland Audit Office  
PO Box 15396  
CITY EAST QLD 4002



Dear Mr Close

Thank you for providing the Queensland Audit Office's *Audit of Aurukun school partnership arrangement* and for the opportunity to respond to the report. As a department, we accept full responsibility for the schools that operated under the Cape York Aboriginal Australian Academy model, just as we do for all state schools in Queensland – a view that has been continually expressed throughout this process and one that will be maintained long after the audit report has been tabled.

We appreciate the time and attention your auditors have given to examining the multifaceted and unique partnership underpinning the operations of the school, and the challenges it has presented. This bespoke arrangement, quite unlike any other in public education, has been influenced by many factors that have at times tested the extensive and robust controls of the Department of Education and Training (DET).

It was with this in mind that we requested the Queensland Audit Office (QAO) to audit the financial arrangements between DET and Good to Great Schools Australia (GGSA), the implementation of previous internal audit recommendations and to review 2016 enrolments practices. While we accept the QAO decided to focus its investigation around the history and nature of DET's interactions with GGSA, it is our view that the audit process would have been further enriched if DET's financial relationship with GGSA had also been able to be considered.

We accept and are committed to implementing all of the recommendations in your report, with a number of actions already underway. Additionally, we believe that the report's description of the context of the partnership is a fair and succinct representation of what has been a complex arrangement.

While we also acknowledge that as the public sector entity, the Department is ultimately responsible for ensuring all third party partnerships are established through robust service agreements, our overriding responsibility has always been to improving the learning outcomes for all Aurukun students.

I would like to acknowledge the efforts of my Department to implement better supports, controls, and procedures in the absence of a contractual agreement. Since 2014, we have increased the scrutiny of financial management, provided more locally-accessible supervision and support to school staff, and promptly investigated any matters of concern. Although it is acknowledged that internal audit recommendations had not been fully implemented at the time of your review, my Department has worked in good faith towards strengthening the overall arrangements and day-to-day operations. In light of your recommendations we will also be reviewing our reporting and follow-up processes in relation to unsatisfactory internal audits.

Queenslanders can have confidence that state schooling is supported by a thorough and robust system that includes policies, procedures, support and review mechanisms to ensure that public money is spent prudently and to the advancement for all state school students' education.

The audit findings and investigation have been welcome tools to inform our future approach. Looking forward, my department is currently in the process of proactively negotiating toward a new agreement with GGSA for Hope Vale and Coen schools. Such an agreement must provide absolute clarity about the respective roles and responsibilities of each party and articulate a shared commitment to the educational outcomes of Cape York Aboriginal Australian Academy students.

I would be happy to discuss the report or this response further with you at any time by telephone

Yours sincerely



**DR JIM WATTERSTON**  
**Director-General**

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## Comments received from the Co-Chair, Good to Great Schools Australia



13 February 2017

Mr Anthony Close  
Auditor-General (Acting)  
Queensland Audit Office  
PO Box 15396  
CITY EAST QLD 4002



Dear Mr Close

Thank you for providing Good to Great Schools Australia (GGSA) with the opportunity to respond to the *Audit of Aurukun school partnership arrangement* conducted by your officers in the latter half of 2016. I commend the professionalism and integrity of your auditors and the fairness with which they dealt with our organisation during the conduct of the investigation. This report to be tabled in the Queensland Parliament is an accurate account of the partnership between the Department of Employment and Training (DET) and GGSA.

The predecessor organisation to GGSA entered into a partnership agreement with the Queensland Government in December 2009. DET and Cape York Partnerships (CYP) — whose function is now carried out by GGSA — formed the partnership to deliver education reform in the Aurukun and Coen schools, and from 2011, the Hope Vale school. DET redesignated these schools as campuses of the one school entity called the Cape York Aboriginal Australian Academy (CYAAA). CYAAA has always been a state school administered by DET, with the allocated school number 8004.

The roles of each party were negotiated in 2009 and remain the same in 2017:

- DET employs all school staff and the Executive Principal and manages all school operations, including facilities, operations and compliance.
- GGSA provides the school's strategic direction, education programs with specialist expertise support for delivery, and student welfare and family initiatives.

The partnership worked very well in its early years, as each party recognised that it was premised on reversing decades of intolerable failure in educational outcomes for Indigenous students. Such was the positive relationship between the government, DET head office senior officers and GGSA, that the move towards formalising the governing arrangements was secondary to the school and classroom focus.

Until mid-2012, there was whole-of-government oversight of the arrangement through the Cape York Welfare Reform Board, where the then DET Director-General reported quarterly to representatives of state and Commonwealth government agencies on implementation and progress of the partnership. No other school council or education entity had such high-level DET personnel involved in regular governance.

The early gains in student learning at the Aurukun campus of CYAAA were held up by DET as a beacon for what could be achieved in failing schools, not just remote Indigenous communities. Teaching and Learning Audits conducted in 2011 and 2014 by experienced Queensland reviewers rated the school as Outstanding in *Analysis and Discussion of Data* and *Systematic Curriculum Delivery*.

In September 2015, the Director-General, Dr Watterston, praised the 'significant progress in NAPLAN results made across campuses in 2014 and 2015'. The progress of the children is testament to the

success of the program.

In 2016, following a community law and order issue in the streets of Aurukun (not an education issue), DET commenced a review into the Aurukun campus of the school. The review was to be conducted while the school was closed, a significant departure from the usual DET process, despite GGSA being told there would be no differences to past audit processes and protocols.

We understand that DET standard procedure is to share a draft report with school leadership to validate its accuracy before it is finalised. GGSA staff were not afforded this opportunity, and, I understand, neither was the school leadership. We understand it is also standard DET procedure to release only the executive summary of a school review report and publish it only on the school website. DET released the Aurukun school review report, in its entirety, into the public domain.

GGSA has provided DET and the Minister for Education with a detailed response to the Aurukun school review report, highlighting the raft of errors, flaws and inaccuracies. To date there has been no response.

It is the Aboriginal children of Aurukun who have suffered most through the subsequent withdrawal of GGSA from the school. Children are at the heart of our work, and fuel our determination to drive quality education, to ensure literate and numerate students with a pathway to opportunity and a full and productive adult life. This program was showing more promise than any other program. It inspired many other schools around the country to adopt the Direct Instruction pedagogy.

DET also referred elements of the Aurukun school review to the Queensland Audit Office (QAO) to investigate, which formed the basis of this audit. Specific elements under the partnership arrangement were governance, enrolments, finance and expenditure. Importantly, the QAO findings relating to these elements confirm that DET's Aurukun review was indeed error-riddled, flawed and inaccurate.

Concurrent with QAO conducting this audit, there has been significant media coverage of internal DET audit reports for 2014 and 2015, containing unsubstantiated, inaccurate statements which were harmful to GGSA. We welcome the QAO audit findings being made available to the Queensland Parliament so that the public will have proof that the allegations against GGSA are baseless.

We are pleased to note that there are no recommendations demanding any actions of GGSA. We note that the QAO audit highlights the failure of DET to ensure its operations were conducted appropriately. We welcome the recommendations that will ensure that DET implements the range of actions for which it has full responsibility.

The report also highlights the need for DET to put a formal governance arrangement in place for the CYAAA partnership. We welcome this because it is an outcome we have been seeking from DET since 2014.

#### ***About GGSA governance***

GGSA is a not-for-profit organisation overseen by a highly experienced Board of Directors. They include Co-Chairs, Noel Pearson, Founder, Cape York Partnership, and Elizabeth O'Leary, Senior Managing Director and Head of Agriculture of Macquarie Group. Other Board Directors are:

- Michael Andrew, Chair of the Board of Taxation, Australian Government, and former Chair of KPMG International
- Tony Denholder, Senior Partner, Ashurst Lawyers, Brisbane
- Tom Stephens, former Labor MP of the Western Australian Parliament
- Kim Bannikoff, former head of Queensland Studies Authority
- Professor Richard Smith, former Education Dean, Central Queensland University.

GGSA has a strong and robust governance model and processes that ensure risk management vigilance. GGSA's Finance, Audit and Risk Sub-committee is chaired by Michael Andrew, with two other Board

members, Elizabeth O'Leary and Tony Denholder. Both the Chief Executive Officer and the Chief Financial Officer report to the committee, which meets regularly to review finances and related risks. GGSA prepares annual financial reports which are audited by our external auditors, Grant Thornton, and are publicly available on the Australian Charities and Not-for-Profits Commission website. GGSA financial audits have always been unqualified.

#### Response to issues raised in the audit

##### Governance

Throughout this partnership, GGSA has honoured the terms of the 2009 MOU and worked collaboratively with DET to deliver the CYAAA initiative. DET did not fulfil its partnership commitments, particularly, not implementing the formal governance structure which led to the destabilisation of the CYAAA initiative.

In our 2009 publication, *Our most important reform*, we proposed a permanent governance structure that could be formalised under the *Education (General Provisions) Act 2006*.

Formalising the governing arrangements was intended to be undertaken after 2012, once the model had run for sufficient time to show results and learnings. From 2013, GGSA and DET committed to move from the temporary MOU to a permanent arrangement but this did not happen.

In 2013, the DET Director-General, Dr Watterston, proposed an independent school model that would 'offer more autonomy and be further advanced than any other independent school model in the country'. However, DET did not do the policy work to make this happen and provided a draft service contract that only covered elements of the partnership and was inconsistent with the reform context and model. GGSA proposed other alternatives, but they were all rejected by DET.

During this time, there was no formal funding contract in place as this was expected to follow the governance model. In the absence of a formal contract, an implied contract was in place with DET agreeing to honour the existing DET central office funding until a formal contract was in place.

In late 2014, the Deputy Director-General advised the Executive Principal of CYAAA to report through the Regional Director, and for GGSA to work with the Deputy Director-General and Assistant Director-General, or the Regional Director, at different junctures. The GGSA Chair was to work directly with the Director-General.

During 2015 and 2016, the negotiations for a governance model were conducted in good faith, but were slow to progress and at times stalled for months. The partnership was tested when the Director-General, shifted from a complimentary to adversarial approach.

DET and GGSA have now settled a *Partnership Commitments and Protocols* document and a *Letter of Intent* signed on 21 December 2016. A formal contract between parties is expected to be in place by March 2017. GGSA believes the next logical step is to complete negotiations on a governance model.

##### Enrolments

The audit confirms that DET personnel are responsible for DET enrolment processes. GGSA is not involved in this. DET employees responsible for enrolment have not followed due process and put DET at risk.

Enrolment numbers dictate funding allocations to the DET-run school, and any inaccuracies or misrepresentation of enrolment numbers would have no benefit to GGSA. GGSA is not funded on school enrolments and receives the same level of funding regardless of student numbers.

Given DET's failure to follow proper process with its Aurukun census, it is highly likely that other schools in remote and regional areas may have also misstated enrolment numbers due to lack of departmental support and guidance. An audit of these schools would be appropriate.

**Expenditure**

GGSA welcomes the QAO statement in the report:

*We found no evidence of financial impropriety in the administration of the funding between DET and CYP/GGSA. For this arrangement; we identified poor financial stewardship by DET, breakdowns in its internal controls, and routine non-compliance by its staff with departmental policy and procedures for enrolments.*

GGSA has always provided DET a full and open account of its work and expenditure when acquitting program expenses to DET along with any additional information DET requests. GGSA provided QAO with all supporting documentation to demonstrate the authority to invoice all aspects of the partnership.

**Recruitment**

GGSA notes the confirmation by the QAO report that the process of recruiting teachers to CYAAA was carried out under the policies and procedures of DET, and that DET appropriately partnered with our organisation to secure the staff aligned to the school pedagogical philosophy.

**Accountability for schools funding**

Australian school systems do not have a history, culture or practice of tying outcomes to funding. Funding for schools remains the same irrespective of their outcomes. This is evident in the number of poor performing schools whose data is publicly available on *MySchool*. Failing schools litter the landscape of each state and territory in Australia.

However, we do have an emerging national agenda that assesses school performance and enables valid comparisons. This is growing, maturing and becoming a stronger accountability mechanism for parents and systems alike. Through this national comparison, GGSA can demonstrate that the schools we partner with are competing with and outperforming many like schools.

Schools and other service providers delivering school-related programs in Australia are rarely subjected to rigorous evaluations. By way of example, of the \$181 m funding (\$7.72 m of which DET provided to CYP/GGSA from the Australian Government's *Low SES Partnership Agreement* over four years), CYAAA was the only program required to do evaluations. The Australian Council for Education Research conducted these in 2010 and 2013.

GGSA welcomes the evaluation of our work, and contends that all schools and organisations in receipt of public monies should be subject to evaluations to ensure that intended outcomes are being achieved. While some are keen to hold CYAAA to account for efficacy and effectiveness, it would appear they are less enthusiastic about requiring evaluations of other state schools receiving funds from the same programs.

Ultimately, the *Education (General Provisions) Act 2006* should be amended to specifically authorise the school partnership model that has now been defined in the December agreement *Partnership Commitments and Protocols* between DET and GGSA for the delivery of CYAAA.

Yours sincerely

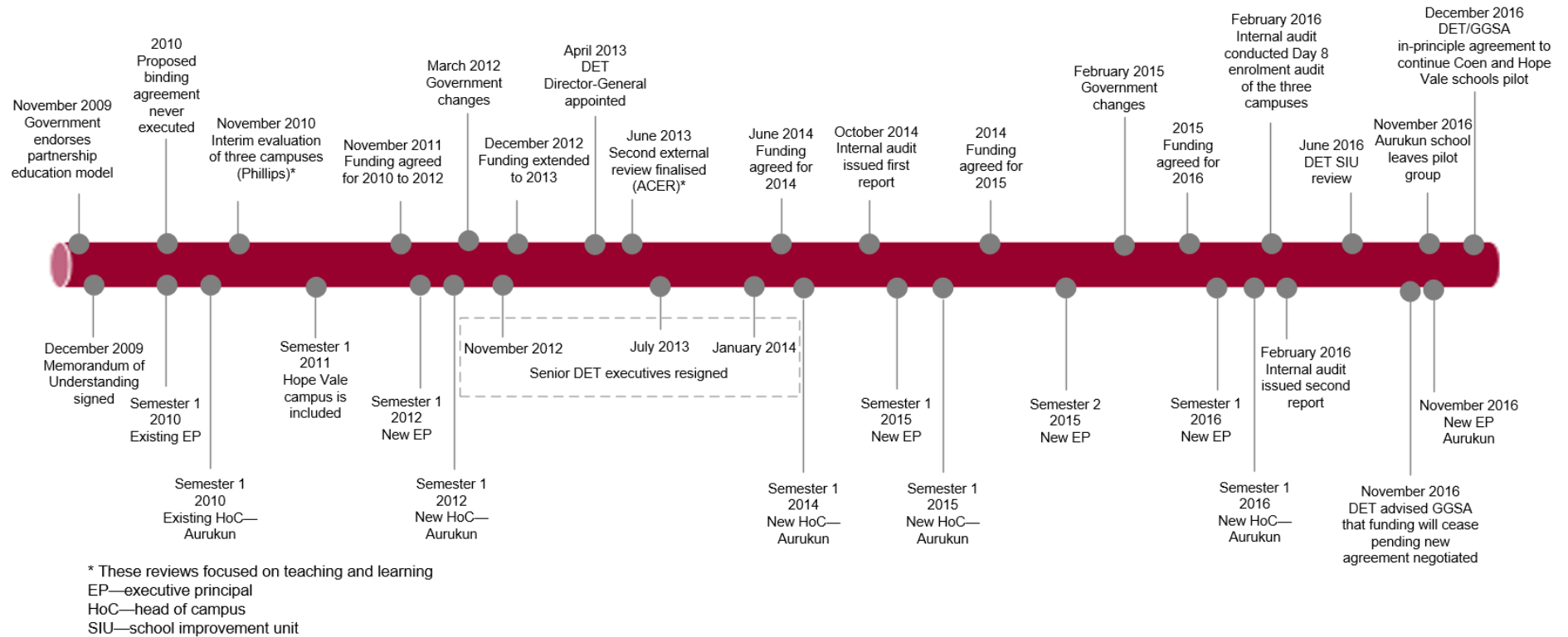


Noel Pearson  
Co-Chair  
Good to Great Schools Australia



## Appendix B—Detailed timeline of events

Figure B1



Source: Queensland Audit Office

## Appendix C—Day 8 staffing collection guidance

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### The Day 8 staffing enrolment collection

The *Day 4 and Day 8 Staffing Enrolment Collection Guidelines* advise principals on:

- their responsibilities and accountabilities relating to the data collections
- how to determine effective enrolment numbers
- the audit procedures that apply, including what supporting evidence to retain at the school.

DET has determined that the eighth day of school is the best time for collecting information to make decisions about teacher allocations to schools. It considers that using Day 8 maximises school stability because by the end of the second week of term one:

- students will have returned from their vacations
- schools and families will have had sufficient opportunity to complete enrolment processes
- staffing levels and class arrangements can still be adjusted early enough in the year to create minimal disruption to students.

Schools that experience significant enrolment growth after the Day 8 allocation of teachers can apply through their regional office for the allocation of additional teachers.

We expected that the Day 8 staffing enrolment returns for Aurukun would comply with DET requirements and have appropriate evidence on file.

### Counting rules for the Day 8 staffing collection

The guidelines specify to principals how to determine the number of students eligible for funding. Principals can only count effectively enrolled students in their Day 8 Staffing Enrolment Return. DET guidelines define that an effectively enrolled student is one:

- who has been in routine attendance at the school during the first eight days of the school year, and is expected to remain in routine attendance beyond the last Monday of February, or
- where there is current, acceptable, and documented evidence gathered on or before 12.00 pm Day 8, that confirms that routine attendance will commence by the last Monday of February.

The guidelines state that it does not constitute 'routine attendance' during the first eight days of the school year if a student has not attended since Friday of the first week of term. DET designed this requirement to minimise the risk of a student being counted as an enrolment at more than one school due to a change between schools during the first two weeks.

### Post Day 8 allocations

The bulk of staffing allocations are made through the Day 8 process, however, if student enrolments increase post-Day 8, requests for additional school staff can be made through the Additional Allocations process. Principals seek advice from the regional human resources officer.

# Auditor-General reports to parliament

## Reports tabled in 2016–17

Number	Title	Date tabled in Legislative Assembly
1.	Strategic procurement	September 2016
2.	Forecasting long-term sustainability of local government	October 2016
3.	Follow-up: Monitoring and reporting performance	November 2016
4.	Criminal justice data—prison sentences	November 2016
5.	Energy: 2015–16 results of financial audits	November 2016
6.	Rail and ports: 2015–16 results of financial audits	November 2016
7.	Water: 2015–16 results of financial audits	December 2016
8.	Queensland state government: 2015–16 results of financial audits	December 2016
9.	Hospital and Health Services: 2015–16 results of financial audits	January 2017
10.	Efficient and effective use of high value medical equipment	February 2017
11.	Audit of Aurukun school partnership arrangement	February 2017

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