



Peter Johnson reveals some dangers of decentralisation for principals and schools...

The devolution of operational decisions to principals and their school communities, the Victorian experience shows, can come with significant risk to schools.

How we got here

Devolution programs for schools have been in focus for several decades. There are many Australian and overseas examples, including Independent Public Schools in Western Australia, colleges, academies and free schools in the United Kingdom and charter schools in the United States.

Through the 2016 Budget the British government announced that they will “drive forward the radical devolution of power to school leaders, expecting all schools to become academies by 2020, or to have an academy order in place to convert by 2022”ⁱ.

Academies are publicly funded independent schools, which do not have to follow the national curriculum, can set their own term times but still have to follow the same rules on admissions, special educational needs and exclusions as other state schoolsⁱⁱ, presenting a challenge for school heads.

The NSW path to devolution started with Brian Scott’s *Schools Renewal*ⁱⁱⁱ in 1989 and picked up pace in recent years through *Empowering Local Schools*^{iv} in 2012 and *Local Schools Local Decisions*^v in 2013 with much of the serious devolution of responsibility and accountability being carried out under the latter strategy.

In the past three years under *Local Schools, Local Decisions* principals have been required to make more complex decisions relating to budgets and the strategic use of resources, not dissimilar to the proposition outlined in Brian Scott’s 1990 report^{vi}. While the inherent capability of educational leadership may be assumed in attaining the status of principal, the capacity to manage budgets and resources may be challenging to some principals.

The Devolution experiment in Victoria over two decades has seen public schools in Victoria endure a more prolonged shift in accountability from the system to Principals and their school councils.

While relatively autonomous from the central administration of the Department of Education and Training in the management of their schools, principals must still observe a range of accountabilities detailed in a *Compact*^{vii} relating to school education. The *Compact* published by the then Department of Education and Early Childhood Development in 2013 outlined “*the Government’s reform agenda for education, which is underpinned by autonomy, professional trust, and accountability and support.*”



Risk

In both NSW and Victoria, increased accountability has come with inherent risk, for school leaders and for the system. Ironically for the system, it appears that professional trust may have contributed to an environment in which some principals were left vulnerable and exposed.

Victorian schools are currently under significant scrutiny from the state's Independent Broad-based Anti-corruption Commission (IBAC) concerning the role played by “banker” schools^{viii}. These are schools which retained funds in their accounts on behalf of the Victorian Department of Education and Training and expended those funds on the approval of Departmental officers.

It has been alleged in IBAC that school principals and business managers in at least ten schools arranged for the payment of invoices on the advice of Departmental officers for work which was not undertaken, non-work related goods received by those officers and personal overseas trips for the officers and members of their families.

There are lessons to be learned, not only for Victorian principals but for all staff in schools who are responsible for paying for goods and services using school or Departmental funds. This includes New South Wales principals, administration managers and executives in schools.

Blind obedience

The Victorian allegations allude to a sense of blind obedience, perhaps “professional trust”, with principals allegedly approving payments without acceptable evidence that goods were being purchased on behalf of the Department for Departmental purposes, that work had actually been carried out or that the overseas trips were official business and met the requirements for travel by Departmental officers.

Any school staff responsible for the expenditure of funds need to ensure that expenditure is a legitimate use of those school funds and that the expenditure complies with Departmental and public sector financial management requirements. The expenditure needs to be consistent with the school's budget and planning processes and within the financial delegation of the staff member signing it off.

The school needs to keep appropriate documentation and needs to ensure that the appropriate endorsements are provided. The verbal assurance of a Departmental officer or a vague email is not sufficient. Evidence that the goods or services have been delivered is also essential.

This is not about bureaucratic red tape. This is about staff ensuring that they use public funds appropriately and can account for the use of those funds.

Consequences

The consequences of not adhering to the proper accountability measures in this regard can be severe. As a result of the IBAC inquiry in Victoria, the employment of two senior departmental officers has been terminated. A principal has been suspended. The final IBAC report may refer Departmental



officers for police investigation to establish if crimes have been committed and whether charges should be laid.

In the meantime, the Victorian Department has expanded its audits of schools, in light of IBAC's Operation Ord and the findings of the Victorian Auditor General^{ix}, which assessed the “*control environment at schools*” as weak and considered the Department to have a higher risk of “*not detecting or preventing misstatements, whether caused by fraud or error*”. This measure is not just to protect the state's finances but to protect principals and other decision makers in schools.

If relevant staff in NSW schools have any doubts about decisions which they are about to make relating to the expenditure of school funds, including the hiring of staff, they need to refer to the relevant policy documents, or seek advice from a credible source. Their career may hinge on it.

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ⁱ Her Majesty's Treasury (2016), *Policy Paper Budget 2016*, London (section 3.5)

ⁱⁱ <https://www.gov.uk/types-of-school/academies>

ⁱⁱⁱ New South Wales. Ministry of Education and Youth Affairs (1989) *Schools renewal: a strategy to revitalise schools within the New South Wales state education system (Scott Report)*. Sydney

^{iv} <http://www.schools.nsw.edu.au/media/downloads/news/els/implementation-guidelines.pdf>

^v <http://www.dec.nsw.gov.au/about-the-department/our-reforms/local-schools-local-decisions>

^{vi} Management Review: New South Wales Education Portfolio (1990), *School-Centred Education – Building a More Responsive State School System*, Sydney p68

^{vii} Department of Education and Early Childhood Development (2013), *The Compact: Roles and responsibilities in Victorian government school education*, Melbourne

^{viii} <http://www.ibac.vic.gov.au/investigating-corruption/current-and-past-investigations/operation-ord>

^{ix} Victorian Auditor-General's Report (2015), Portfolio Departments and Associated Entities: 2014–15 Audit Snapshot, Melbourne p16