

From: s 22
To: s 22
Cc: s 22 [Education - Deputy Secretary - Corporate and Enabling](#)
Subject: RE: Review of non-government schools census process [SEC=OFFICIAL]
Date: Thursday, 30 November 2023 8:13:06 AM

s 22

Thank you for the update and the work of the team to get this review completed.

s 22 – can we add to next Sec update for progress.

s 22

From: s 22
Sent: Wednesday, November 29, 2023 6:47 PM
To: s 22
Subject: FW: Review of non-government schools census process [SEC=OFFICIAL]

s 22 and s 22

Orima has delivered the review report on the 18-month issue. s 22 is considering. s 22 is arranging a walk through his findings with s 22 and s 22 and key team members early next week.

s 22 are working on a brief to the Minister to share the outcomes, cleared through s 22 . This will cover any action proposed in response (or process for considering) and a letter to the PM (setting out same).

Orima kept me s 22 informed all the way during the project and I am confident the report addresses all elements of the ToR agreed with the PMO. The timing also meets the request for a report by end of year.

Let me know if you need anything more.

s 22

Parliamentary Audit Risk Branch | People Parliamentary and Communications Division
Australian Government Department of Education
Working on Ngunnawal Country
Phone s 22 | Mobile s 22
[Website](#) | [LinkedIn](#) | [Instagram](#) | [Facebook](#) | [X](#) | [Newsroom](#)

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The Department of Education acknowledges the Traditional Owners and Custodians of Country throughout Australia and their continuing connection to land, waters and community. We pay our respects to them and their cultures, and Elders past and present.

The artwork *Guwanyi wingara yirabana* is our story. It means 'learning journey' in Dharug/Darug language. Designed by Trevor Eastwood from Dalmarrri with our people, the artwork was made by many hands in a powerful gesture showcasing reconciliation in action.



To Minister for Education
Subject Review of the Non-Government Schools Census Process
Action date Please action by 12 December 2023 to report the outcomes of the review to the Prime Minister before the end of 2023.

Recommendations - That you:

- 1) **note** the outcomes of the independent *Review of the Non-Government Schools Census Process (Attachment A)*, which has been undertaken at the Prime Minister, the Hon Anthony Albanese MP's request in response to the overpayment of South Australian schools with an 18-month Foundation program
- 2) **note** the actions the department will take in response to the Review's findings
- 3) **sign** the letter to the Prime Minister to share the findings of the review and actions the department is taking to avoid recurrence (Attachment B).

noted / please discuss

noted / please discuss

signed / not signed

Signature:

13/12 2023

Comments (for MO use only)

Please brief separately on actions taken in response to the review.

Executive summary

1. This brief provides the final report of the independent *Review of the Non-Government Schools Census Process* (the review), which was undertaken at the Prime Minister, the Hon Anthony Albanese MP's request in response to the overpayment of South Australian schools with an 18-month Foundation program (MS23-000160 and MS23-000476 refer). The final report of the review is at Attachment A.
2. The review found that the key cause of the 18-month Foundation issue was administrative failings in response to a 2018 change that removed a non-legislative prohibition on reporting individual students who were likely to repeat Foundation year. In relation to the change, risks were identified that were not effectively communicated, monitored or controlled.
3. The review makes several concrete recommendations which the department is taking forward. The recommendations include regularly reviewing 'warning indicators' built into the arrangements for assuring payments, and increased use of data analytics.
4. The review found there is little evidence of widespread mid-year intake 18-month Foundation programs in other jurisdictions. In addition to one confirmed school (Northern Territory), four other schools (Western Australia and New South Wales) were identified as potentially offering mid-year intake programs. The department will use its statutory powers to require these schools to provide information demonstrating eligibility of students or otherwise take appropriate action.
5. A letter to the Prime Minister providing a copy of the review and setting out key actions the department is taking to implement the recommendations is at Attachment B for your signature.

Key points

6. In relation to the South Australian overpayment issue, the review details the independent reviewer's findings based on an examination of documents, discussions with staff and analysis of 2017–2023 non-government schools census data.
7. The review identifies that the key cause of the issue was the decision to remove a non-legislative prohibition on reporting individual students who were likely to repeat Foundation and a lack of adequate controls put in place to mitigate risks identified in removing the prohibition. In particular, there was ineffective internal communication with staff, which resulted in ambiguous advice being provided to the South Australian non-government school representatives. The review found that the South Australian non-government schools were operating in good faith on the basis of the department's advice.
8. The review found little evidence of widespread inclusion of mid-year intake Foundation students in schools in other jurisdictions. There are 2,915 non-government schools operating in Australia. The review found, there is one Northern Territory school and potentially four Montessori / Rudolph Steiner schools in Western Australian and New South Wales offering multi-year Foundation programs. The review recommends a targeted assurance activity to deal with this issue and makes further recommendations to put beyond doubt the prohibition on reporting these students (including by amending fact sheets and [s 47E\(d\)](#)). The department will update relevant fact sheets and work with your Office to determine the approach [s 47E\(d\)](#)).
9. The remaining recommendations in the review relate to the department's approach to assurance. The review supports the department's planned review of warning indicators. This will be undertaken each year to ensure the settings remain effective and appropriate.
10. The review also makes useful recommendations about enhanced use of data analytics. The department will explore the potential of this recommendation through work to improve funding integrity in non-government schools funded in the 2023-24 Budget, and through work to build the new school payment system.

Government policy issues and impact on other portfolios

11. The review and actions taken in response to the recommendations support the Government's efforts to improve payment integrity for school funding.
12. There may be further representations by South Australian bodies, as the non-government sector considers 18-month Foundation programs a valuable offering, while the South Australian Government had committed to re-introduce 18-month Foundation programs to government schools in from 2024.

Key risks and mitigation

13. Implementation of the review's recommendations will enhance the integrity of non-government school payments.

Budget impact, financial considerations

14. No immediate budget impacts arise from the recommendations in the report.

Stakeholder consultation

15. Once you have signed the letter to the Prime Minister, the department will share a copy of the report with central agencies and take them through the department's response.
16. The department will also share a copy of the report with the Auditor-General.

Attachments

- Attachment A *The Review of Non-Government Schools Census Process*
Attachment B Letter to Prime Minister, for signature

Clearance[s 22](#)



The Hon Jason Clare MP
Minister for Education

Ref: MS23-001075

The Hon Anthony Albanese MP
 Prime Minister
 Parliament House
 CANBERRA ACT 2600

Dear Prime Minister

I refer to your letter of 31 July 2023 concerning overpayments made in relation to mid-year intake Foundation year programs in South Australia. As you requested, I am writing to provide the outcomes of an independent review to examine the causes and identify lessons learnt.

The *Review of the Non-Government Schools Census Process* (the review) found that the key cause of the issue was administrative failings in response to a 2018 change that removed a non-legislative prohibition on reporting individual students who were likely to repeat Foundation year (the year before year 1). In relation to the change, risks were identified that were not effectively monitored or controlled. In particular, there was ineffective communication within the Department of Education. This resulted in staff providing ambiguous advice to South Australian non-government schools who acted in good faith on this advice.

The review found little evidence of widespread inclusion of mid-year intake Foundation students by schools in other jurisdictions. It identified five Montessori and Steiner schools in jurisdictions outside of South Australia that may be reporting students and receiving funding for more than one year of Foundation. The department is taking action in relation to these schools.

The department is reviewing the recommendations made in the review and has already implemented a number of actions in line with them. This includes building the regular review of 'warning indicators' into its payment assurance arrangements and increasing the use of data analytics. I will write to you again in the new year with a more detailed outline of the actions being taken.

I have copied this letter to the Treasurer, the Hon Dr Jim Chalmers MP, and Senator the Hon Katy Gallagher, Minister for Finance. I will also ensure that the Auditor-General receives a copy of the review.

Thank you for your support in this matter.

Yours sincerely


JASON CLARE

13/12/2023

Enc:



Minute to: Tony Cook, Secretary *TC 18/1/24*
Subject: Final report of the independent Review of the Non-Government Schools Census Process
Due date: 19 January 2024

Contact: s 22
Phone:

From: s 22

Through:

Recommendations – That you:

- 1) **note** the final report of the independent *Review of the Non-Government Schools Census Process (Attachment A)*, which has been undertaken at the Prime Minister’s request, in response to the 18-month foundation issue in South Australian schools.
- 2) **sign** the letter to the Auditor General to share the findings of the Review and actions the department is taking to avoid recurrence (**Attachment B**).
- 3) **note** the plan to implement the Review’s recommendations (**Attachment C**) and provide further briefing to Minister Clare.

noted / please discuss

signed / not signed

noted / please discuss

Comments: this section is for the final clearance officer (Secretary or Deputy Secretary)

Purpose

1. This brief provides you with a copy of the final report of the independent *Review of the Non-Government Schools Census Process* (the Review), which was undertaken at the request of the Prime Minister, the Hon Anthony Albanese MP, in response to the overpayment of South Australian schools with an 18-month foundation program (**MS23-000160** and **MS23-000476** refer). The final report of the Review is at **Attachment A**.
2. The brief also seeks your signature on a letter to the Auditor-General, Mr Grant Hehir, providing a copy of the Review and setting out key actions the department is taking to implement the recommendations. The letter is at **Attachment B** for your signature.
3. The 18-month foundation issue implementation plan is at **Attachment C**, setting out how the department is implementing recommendations from the Review and other business improvements.

Issues

4. On 13 December 2023, Minister Clare noted the outcomes of the Review and asked to be briefed separately on the actions the department is taking in response to the Review (**MS23-001075** refers). Minister Clare shared the findings of the Review with the Prime Minister, copied to the Treasurer and Minister for Finance. The Minister advised the Prime Minister that a copy of the Review would be provided to Auditor-General.
5. On 7 November 2023, acting Secretary, [s 22](#), wrote to the Auditor-General advising of the overpayments issue and that the Review was taking place (**EC23-003419** refers). The follow-up letter to the Auditor-General is at **Attachment B** for your signature.
6. The department has commenced implementing the Review's recommendations and other business improvements. The implementation plan is at **Attachment C**.

Background

7. The Review found that the key cause of the 18-month foundation issue was administrative failings in response to a 2018 policy change that removed a non-legislative prohibition on reporting individual students who were likely to repeat foundation year. In relation to the change, risks were identified that were not effectively communicated, monitored or controlled.
8. The Review found there is little evidence of widespread mid-year intake 18-month foundation programs in other jurisdictions. In addition to one confirmed school (Northern Territory), four other schools outside of South Australia (Western Australia and New South Wales) were identified as potentially offering mid-year intake programs. The department will use its statutory powers to require these schools to provide information demonstrating eligibility of students or otherwise take appropriate action.
9. The Review makes several recommendations which the department is taking forward. The recommendations include improving guidance material on how to report foundation students in the annual non-government schools Census (Census), reviewing 'warning indicators' built into the arrangements for assuring payments, and increased use of data analytics of Census returns with a particular focus on Montessori and Steiner schools.
10. The Deputy Secretary of Schools Group has requested a timeline and implementation plan be prepared in response to all recommendations from the Review as well as the department's internal review process (**EC23-002991** refers). The implementation plan is at **Attachment C**, with a progress update be provided in March 2024.

Financial implications

11. N/A

Consultation

12. N/A

Summary of attachments

Attachment A	Review of Non-Government Schools Census Process final report
Attachment B	Letter to the Auditor-General, for signature
Attachment C	Implementation plan – 18-month foundation issue



Secretary
Tony Cook

Mr Grant Hehir
Auditor-General for Australia
Australian National Audit Office
GPO Box 707
CANBERRA ACT 2610

Dear Mr Hehir *Grant*

On 7 November 2023, [s 22](#) acting Secretary of the Department of Education, wrote to you regarding several non-government schools in South Australia receiving two years of recurrent schools funding for students enrolled in an 18-month foundation program. These students were only eligible for 12 months of funding under the *Australian Education Act 2013* (the Act) and the Australian Education Regulations 2023.

In response, my department commissioned the independent Review of the Non-Government Schools Census Process (the Review), to examine the reasons that resulted in the non-compliance with the Act, and the delay in detection.

The Review found the primary cause of the issue was administrative failings in response to a 2018 change in reporting practices. The change allowed individual students to be included in the Census for a second year if they were repeating due to a lack of educational or developmental attainment. Risks relating to this change in reporting were identified, but were not effectively monitored, controlled, or communicated to South Australian non-government schools. The final report of the Review is enclosed.

The Review found little evidence of widespread inclusion of mid-year intake foundation students by schools in other jurisdictions. It identified five Montessori and Steiner schools in jurisdictions outside of South Australia that may be reporting students and receiving funding for more than one year of foundation schooling. The department is taking action in relation to these schools.

You will note that one of the Review's recommendations is for the department to regularly review the warning indicators it has built into its payment assurance arrangements, and to increase the use of data analytics. I can assure you that I am committed to implementing these recommendations, including through the 2023-24 Budget measure to improve funding integrity in non-government schools, and through the development of the new school payment system.

I can also advise you that my department is progressing implementation of all recommendations from the Review. If you would like to discuss further, please do not hesitate to contact me.

Yours sincerely



Tony Cook

18 January 2024

Encl.

Implementation Plan of recommendations from the *Review of the Non-Government Schools Census Process*

	Recommendation	Source	Proposed action and status	Timing
1.	s 47E(d)	Independent Review	s 47E(d)	
2.	Revise the factsheet to ensure schools offering mixed-age foundation programs (such as those offered by Montessori schools) understand students should only be included in the census for 1 year of Foundation	Independent Review	<ul style="list-style-type: none"> a. Fact sheet amended to include additional information on schools with multi-year learning stages (such as Montessori Stage 1 for ages 3 to 6) to ensure students are only reported as foundation students in the census for a single year, being the year before year 1 b. Circulated to all branches, Funding and Data Collection Division for awareness c. Publish fact sheet on SchoolsHUB website 	<ul style="list-style-type: none"> a. completed b. completed c. by 30 Jan 2024
3.	Pay particular attention to Montessori or Steiner schools and review any instances of reporting 3-year-olds or 4-year-olds	Independent Review	<ul style="list-style-type: none"> a. Email revised factsheet to all Montessori and Steiner schools b. Advise national and state independent peak bodies (AIS and jurisdictional bodies) of requirements for multi-year foundation programs c. Review reporting of 3 and 4 year olds for all Montessori and Steiner schools during Census d. Census education material – to provide guidance on how to respond to triggers and warnings 	<ul style="list-style-type: none"> a. by 30 Jan 2024 and reminder prior to start of Census 2024 b. by 30 Jan 2024 and reminder prior to start of Census 2024 c. during Census 2024 d. July 2024, ahead of Census
4.	Increased use of data analytics during and post Census	Independent Review / Dept review - Lessons learned	s 37(2)(b)	Establish data analysis tools/processes – July 2024 ahead of Census

	Recommendation	Source	Proposed action and status	Timing
			<ul style="list-style-type: none"> • s 37(2)(b) <p>While the Payments and Collections branch will look to manage this work in-house, it is likely the analysis may require additional resourcing. Undertaking the Census already requires a supplementary workforce for 3-4 months to accommodate the spike in work, which is often on top of other sections of the branch also contributing to the Census effort.</p> <p><i>Data analysis post Census</i> s 37(2)(b)</p>	Post 2024 Census (October 2024)
5.	Undertake targeted compliance activities for 7 schools identified by the Independent Review, which may be counting students in an 18-month program	Independent Review	<p>The department (through the School Approvals and Payments team) to write to 6 schools and seek information under section 39A(1)(a) of the Australian Education Regulations 2023. The department will require the schools to confirm foundation students that were included in Census 2023 have commenced year 1 in 2024.</p> <p><i>Note: one of the 7 schools has since advised it had included mid-year intake students in their 2023 census return and have amended data to remove these students. The overpayment has been recovered from the January 2024 payment.</i></p>	Underway

	Recommendation	Source	Proposed action and status	Timing
6.	Review SchoolsHUB warnings	Independent Review / Dept review - Lessons learned	s 37(2)(b)	Define approach (market or internal capability) – Feb 2024 Finalise review – July 2024
7.	Greater communication across policy, payments and assurance areas of the department – particularly risks being monitored	Independent Review	a. Establish a formal mechanism (e.g. a committee) to promote shared discussion of emerging risks and divisional approaches to monitor and control risks and implement other assurance mechanisms	a. Define mechanism - March 2024 b. underway/ongoing

	Recommendation	Source	Proposed action and status	Timing
			<ul style="list-style-type: none"> b. Regular informal engagement between operational staff in the School Approvals and Payments team the Assurance Branch 	
8.	Provide internal training and moderation of Census assessments to ensure consistency and robustness across the Census collection/assessment process	Dept review - Lessons learned	<ul style="list-style-type: none"> a. The practice of senior staff reviewing a sample of finalised census returns has been embedded in census processing since census 2023 b. Moderation meetings have been embedded in census processing since census 2023 c. Training material for census officers has been updated for 2024 	<ul style="list-style-type: none"> a. completed b. completed c. completed