



Northern Ireland
Audit Office

Governance, Accountability and Oversight Arrangements relating to the Voluntary Grammar and Grant-Maintained Integrated Sectors

**Report by the Comptroller
and Auditor General**

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Comptroller and Auditor General

Northern Ireland Audit Office

08 July 2026

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List of Abbreviations

BoG/BoGs	Board(s) of Governors
C&AG	Comptroller and Auditor General
CCMS	Council for Catholic Maintained Schools
CFF	Common Funding Formula(e)
CFS	Common Funding Scheme
DE/the Department	Department of Education
EA	Education Authority
ETI	Education and Training Inspectorate
GMI	Grant Maintained Integrated
IAS	Internal Audit Service
LMS	Local Management of Schools
NIAO	Northern Ireland Audit Office
SDP	School Development Plan
SDS	School Development Service
SEN	Special Educational Needs
SoM/Schemes	Scheme(s) of Management
VG	Voluntary Grammar

(Note: DE and "the Department" are used interchangeably in the document.)

Executive Summary

Executive Summary

1. Concerns brought to the NIAO about governance and financial oversight in a voluntary grammar (VG) school has highlighted broader issues about how the Northern Ireland education system is governed and overseen. In response to the issue, the Education Authority (EA) advised that its powers of intervention were limited in the VG sector, which prompted the Comptroller and Auditor General (C&AG) to examine the effectiveness of the related governance and accountability arrangements, including the role and authority of the Department of Education (the Department) and the EA.
2. Northern Ireland's education system is large, complex and historically fragmented, comprising more than 1,000 schools across controlled, maintained, VG, integrated, Irish-medium and special school sectors. This complexity is rooted in long-standing differences in ownership and management. Controlled schools are state owned, while voluntary schools – including VG schools – retain private ownership and management arrangements.
3. The legislative framework underpinning the system is equally complex. A suite of Education Orders sets out the statutory roles of the Department and the EA, but the underpinning framework has developed over decades, creating inconsistencies and a lack of clarity. The historic structure continues to drive differing roles for the Department, the EA and sectoral bodies, and has resulted in governance and accountability responsibilities that differ between sectors.
4. A significant inconsistency arises from the Local Management of Schools (LMS) framework. Although all grant-aided schools receive a budget share calculated under the Common Funding Scheme (CFS), the legislative mechanism for distributing this funding differs: controlled /maintained schools receive delegated budgets (£1,229 million in 2024-25), whereas VG and Grant Maintained Integrated (GMI) schools receive grant funding (£392 million in 2024-25). This structural distinction has created differing accountability, oversight and intervention arrangements across the system.
5. There is a risk therefore that serious concerns raised by parents, staff or governors may trigger an inconsistent response across sectors. There is also continuing uncertainty about the powers of access and investigation available, with the EA maintaining that its powers are limited in the VG/GMI sectors, whereas the Department's legal position is that there are no express powers in the legislation to investigate but that a range of powers could, in appropriate circumstances, be used to establish, or to assist in, the investigation of a matter of concern in a grant-aided school. This contradiction in the respective positions evidences a long-standing lack of clarity, particularly in relation to how accountability mechanisms operate in respect of public funds within the VG/GMI sectors.
6. Concerns about legislation and governance were previously raised in the Independent Review of Education (2023), which recommended legislative consolidation and a simplified governance model. Our findings confirm that a coherent, modernised governance framework is urgently required. Without clearer legislation, updated guidance along with robust consistent oversight arrangements across all sectors, the Department and the EA cannot provide the level of assurance needed to safeguard significant amounts of public money or ensure that strong governance standards are applied effectively across the school system.



Recommendation 1

The Department and the EA should, within six months, develop a clear plan to progress the recommendations from the Independent Review of Education, with a view to consolidating legislation and establishing a coherent, modern framework that supports effective governance and robust accountability across all school sectors.

Recommendation 2

The Department, working with the EA, should carry out a review of the adequacy of existing governance and financial oversight arrangements across all school sectors and take steps to make improvements to strengthen current arrangements where required.

We recognise that the implementation of Recommendations 1 and 2 is likely to take some time. In the interim, a range of actions should be taken to strengthen governance, oversight and accountability.

Recommendation 3

Any uncertainty regarding statutory powers between the Department and EA should be resolved immediately by setting out, in clear terms, the role and powers each organisation holds for oversight and intervention across all sectors, ensuring this is subsequently understood by all, including schools and supporting bodies.

Recommendation 4

The Department, the EA and CCMS should work together to ensure that all Schemes of Management are revised and reissued, along with updated Financial Manuals and conditions of grant, during the 2026/27 academic year. This will ensure that all schools operate under up-to-date and consistent governance and financial control requirements. A regular review period should be built into the revised documents.

Recommendation 5

To ensure that concerns over governance or financial risk are escalated and acted upon promptly, the Department and the EA should, within six months, introduce a consistent escalation framework with clearly defined triggers, processes and intervention routes applicable across all sectors.

Recommendation 6

The EA should review and improve procedures to scrutinise financial and governance information provided in annual school submissions and use appropriately skilled staff to identify risks early and challenge as appropriate. Records should be maintained and a performance/risk report should be provided to the EA Board annually.

Recommendation 7

The Department and the EA should ensure that all governors, especially those in the VG/GMI sectors, receive appropriate training, particularly for key roles (e.g., chairpersons, finance governors, safeguarding leads), and that all Boards of Governors carry out Board effectiveness reviews in accordance with best practice.

Part One:

Introduction and Background

Introduction and Background

Origins of Concerns About Governance and Accountability

- 1.1 In 2025, concerns were formally raised with the Northern Ireland Audit Office (NIAO) regarding governance and financial controls in a school within the Voluntary Grammar (VG) sector.
- 1.2 Whilst the NIAO does not investigate or adjudicate on individual complaints, nor does it have powers to discipline public officials or determine matters of professional conduct, we did consider the evidence provided and engaged with the Education Authority (EA) to understand what action it intended to take in response to the concerns.
- 1.3 The EA told us that its powers of intervention were limited as the school was in the VG sector. This response raised concerns about whether the EA has a different approach to managing the school sectors, and whether governance and accountability across the wider system are subject to inconsistent scrutiny and variable levels of assurance.
- 1.4 As a result, the C&AG concluded that an examination of governance and accountability arrangements across the VG sector was needed. By implication, this brought into scope the Grant Maintained Integrated (GMI) sector who also receive grant funding from the EA. This study therefore focuses on whether the Department of Education (the Department) and the EA currently have the powers, mechanisms and oversight required to ensure that public funds are used effectively, and whether the powers available are being applied appropriately when significant concerns arise.

The Education system in Northern Ireland is extensive and complex, which has led to differences in governance and oversight across the sectors

- 1.5 Northern Ireland's education system is extensive and complex, reflecting historical, cultural and legislative developments over many decades. It comprises a wide range of school types (**Appendix 1**) – including (but not limited to) controlled, maintained, VG, integrated and Irish-medium schools - with multiple organisations involved in management, oversight and support.
- 1.6 A suite of Education Orders (**Appendix 2**) provides the framework that sets out the roles and responsibilities of the Department, the EA and other bodies in relation to governance, funding and accountability across all schools. These structural arrangements have evolved in a fragmented way over decades, creating distinct governance models, levels of autonomy and support structures in the school sectors.

- 1.7** The current school landscape also reflects long-standing ownership arrangements and the later legislative additions. State-owned controlled schools sit alongside privately owned voluntary schools, while the maintained (a subset of the voluntary school type) and GMI sectors were introduced through later statutory reforms (**Appendix 3**). The result is a diverse and structurally complex system.
- 1.8** The Local Management of Schools (LMS) policy (1989) transferred significant financial and managerial responsibility from central authorities to Boards of Governors (BoGs), giving schools greater autonomy over budgets and resources within the statutory framework. Currently under LMS, the EA implements the Common Funding Scheme (CFS, 2003) across all schools, with all grant-aided schools receiving a budget share calculated using the Common Funding Formulae (CFF). However, although the CFS calculates the budget share for all schools, the mechanisms used to provide that funding differs:
- Controlled/maintained schools receive a delegated budget, managed by the BoGs under conditions set by the EA.
 - VG/GMI schools receive grant funding, paid subject to conditions set by the EA and approved by the Department.

An Independent Review of Education (2023) previously recommended a simplified governance model

- 1.9** An Independent Review of Education (2023) also acknowledged the fragmented governance landscape, and historical complexity of the system. It identified the variation in school-level governance arrangements across sectors and recommended a simplified governance model together with legislative consolidation into a Single Education Act. The Review also proposed the application of consistent governance principles across all sectors (except for VG schools), while recognising the need for well-supported and expert governors.
- 1.10** The Department told us that progress on the Review's recommendations has been gradual, with TransformED (the Department's major education reform programme designed to transform teaching and learning in Northern Ireland by improving curriculum, assessment, qualifications, school improvement, and tackling educational disadvantage) now acting as a key vehicle for delivering many of the initial priority areas. The recommendations also continue to inform departmental plans and policies. Priority action has focused on simplifying school management arrangements and addressing legislative complexity, including the establishment of the Controlled Schools Taskforce, the creation of a Controlled Schools' Unit within the EA in February 2026, and Executive approval to begin work on a dedicated Managing Authority for Controlled Schools. In relation to legislative consolidation, while the value of a Single Education Act is recognised by the Department, the scale of the task and wider legislative pressures have limited progress to date.

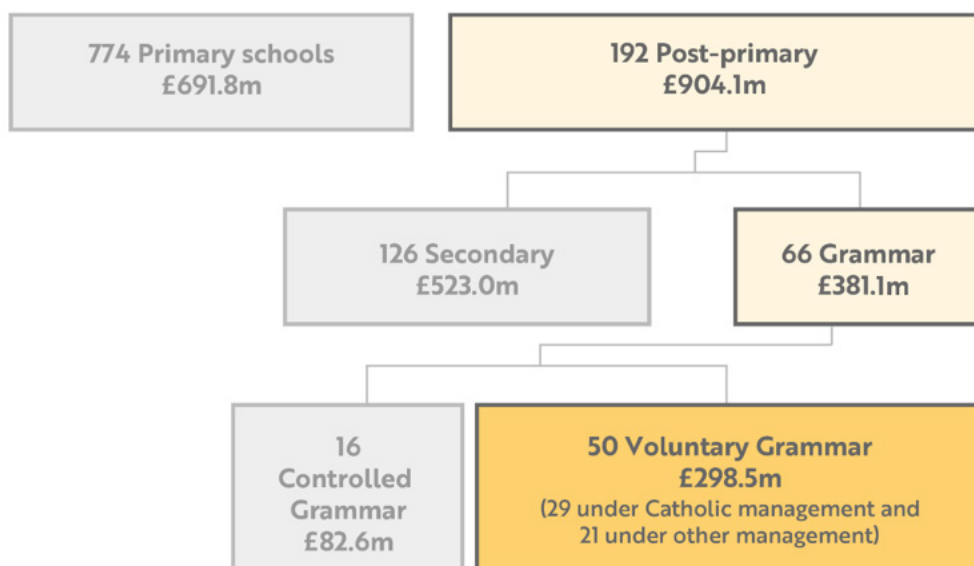
Northern Ireland has more than a thousand schools across multiple sectors, with substantial public funding allocated annually

- 1.11** The Common Funding Formula (CFF) total of over £1.6 billion in the 2024-25 Financial Year was allocated across 1,059 schools, in nursery, primary and post-primary school phases, as set out in **Figure 1**. Within the post-primary phase, £298.5 million was allocated to VG schools (**Figure 2**). The overall CFF funding also includes £93.2 million allocated to 38 GMI schools, across both primary and post-primary phases (not separately identified in the Figures).

Figure 1: CFF budget allocations to Nursery, Primary and Post-primary schools in 2024-25

School Type and Number	CFF Allocation (£m)
93 Nursery Schools	24.8
774 Primary Schools	691.8
126 Post-primary Schools (Secondary)	523.0
66 Post-primary Schools (Grammar)	381.1
Overall total	1,620.7

Figure 2: The 50 voluntary grammar schools in Northern Ireland received £298.5 million in 2024-25



Source: NIAO based on Departmental data

Note: 38 GMI schools, across both primary and post-primary phases, received £93.2 million CFF funding.

Scope

- 1.12** This review does not respond to specific allegations relating to the individual school concerned. Rather, since the EA told us its access to the VG sector was limited, it considers the broader governance framework to determine whether existing arrangements support effective, equitable and accountable use of public funds across the system. While its focus was initially on VG arrangements, the lessons are equally relevant to the GMI sector due to the comparable structures within the LMS and CFS arrangements. In clearing the report for publication, the Department has stated that governance and accountability risks or concerns may not be limited to VG/GMI schools, potentially affecting all schools. It has indicated that all schools can have separate school fund accounts and that resource constraints limit oversight. This was not considered during our review.
- 1.13** Our report considers the system-wide governance and accountability framework in Northern Ireland's education sector, with a focus on:
- The statutory roles, responsibilities and lines of accountability.
 - Financial governance and oversight arrangements.
 - The clarity and sufficiency of legislation, policy and guidance.
 - The system's capacity to identify, manage and respond to governance risks.
 - Opportunities for strengthening governance.

Methodology

- 1.14** The report draws on a combination of documentary review, stakeholder engagement, and comparative assessment of existing guidance and controls. Specifically:
- A documentary review of relevant legislation, governance frameworks, policies and guidance, including Education Orders, Management Statements, Financial Memoranda, Schemes of Management and policies.
 - Interviews and discussions with senior officials in the Department and the EA on governance oversight arrangements.
- 1.15** We did not undertake thematic engagement with school-level stakeholders or conduct a detailed review of concerns-handling frameworks, leadership culture or transparency processes.

Part Two:

**The current
legislative
framework has
led to inconsistent
governance, oversight
and accountability
across schools**

The current legislative framework has led to inconsistent governance, oversight and accountability across schools

2.1 **Part One** confirms the known complexity of the Northern Ireland education system which reflects historical, cultural, and legislative developments over many decades. This Part of the report covers our review of the legislative powers available to the Department and the EA and the origin of the oversight and accountability differences between controlled/maintained schools and VG/GMI schools.

It is not clear whether powers apply to both the Department and the EA

2.2 The Education Orders (see **Appendix 2**) set out the range of powers and responsibilities of the Department, the EA, and school governing bodies.

2.3 Over time, legislation has created multiple education sectors, each with its own governance and management structures. Sectors differ in terms of ownership and management of the schools, their ethos, who employs staff, and how they report. One constant in the current system is the source of funding.

2.4 In overall terms, the Department sets the strategic direction for the system and holds the main legislative authority. The EA meanwhile manages the day-to-day operational functions and is accountable to the Department. All schools, regardless of sector, must follow the legislation that applies to them and comply with the relevant statutory guidance issued by the Department and the EA.

2.5 As different types of schools have different management and ownership arrangements, three terms commonly occur:

- Funding authority
- Managing authority
- Employing authority

2.6 The EA is the funding authority for all schools under the CFS. However, it is only the managing and employing authority for controlled schools. Maintained schools, VG schools, and GMI schools are legally self-managed by their BoGs. In addition, the Council for Catholic Maintained Schools (CCMS) is the employing authority for teachers in Catholic maintained schools. CCMS also act as the managing authority for Catholic maintained schools.

2.7 Our review found that not all legislative powers are shared by the Department and the EA. The Department holds system-wide powers, whereas the EA's powers apply only to certain sectors. This disparity may contribute to the EA's view that it has limited ability to act. The EA told us that it is constrained by the misalignment between its role as funding authority and its more restricted managing authority powers, but the underlying issue may lie in how the legislative powers are allocated.

2.8 Overall, it is unclear whether legal powers held by the Department were intended to be, or should have been, formally transferred to the EA when it was established (2014) or later when it became funding authority for all schools (2017).

- 2.9** This uncertainty over where powers sit reinforces the need for both organisations to resolve any gaps or ambiguities. Regardless of whether statutory powers are formally shared, if the EA believed that its remit or powers were not as strong as they should be, it should have raised this with the Department, as the main statutory authority, and sought action on its behalf. In turn, if the Department considered that it or the EA lacked the necessary powers to intervene, it should have taken steps to address this long-standing issue to ensure clear authority for access, oversight and accountability across all schools.

The LMS framework has created unequal oversight and accountability across the sectors

- 2.10** The LMS framework was designed to devolve day-to-day financial and managerial responsibility to BoGs, within a clear system of statutory controls. The rationale is that schools are best placed to determine how resources should be deployed to meet their pupils' needs, provided that funding is allocated transparently and appropriate safeguards exist to ensure the proper use of public money. Under LMS, BoGs are responsive to parents and accountable to the Department and the EA and are required to operate in accordance with their Scheme of Management.
- 2.11** However, the legislative framework separates schools into two distinct funding and accountability regimes - delegated budgets for controlled/maintained schools, and grant funding for VG/GMI schools. This distinction has implications for EA and Departmental oversight and contributes directly to less timely assurance for the VG/GMI sectors – we discuss this further shortly.
- 2.12** Under the delegated model for controlled/maintained schools, the EA provides access to financial and payroll systems, as well as procurement and IT services. It therefore has closer and more regular interaction in the management of these schools and has the power to impose and amend conditions of funding. Other powers (**Figure 3**) also exist for the Department, including the ability to issue directions, intervene in school management and, in extreme cases, withdraw delegated funding.
- 2.13** In contrast, VG/GMI schools operate as legally independent bodies with BoGs, as the managing authority, holding primary responsibility for internal financial governance. As such, BoGs in these schools carry a greater level of governance responsibility. They maintain their own systems and the EA does not get involved in the management of these schools in the way it does for schools with a delegated budget (i.e. controlled/maintained schools). Since the EA lacks access to VG/GMI schools' financial systems, it must therefore rely on submitted reports and annual accounts from BoGs. The EA told us that this system level design prevents it from providing a comparable level of oversight.
- 2.14** The CFS sets out how funding is allocated to all schools under the LMS framework and fulfils the legislative requirement to calculate a budget share for every school but the differing mechanisms across the sectors (**paragraph 1.8**) reinforces the varying sectoral approaches, with the EA working more closely with controlled/maintained schools, while it relies on enforcement of grant conditions for VG/GMI schools.

The Schemes of Management and the supporting Financial Manuals need to be updated

- 2.15** Schemes of Management (SoM) set out how management functions are delegated to BoGs. They form part of the statutory governance framework and define BoG membership, functions, committee structures, the principal's role and meeting procedures, emphasising good governance, confidentiality and compliance with Education Orders. However, the last wholesale revision of all Schemes across education was in 2005. Several VG and GMI schools have revised their schemes since then, and the EA reviewed its Scheme in 2015-16. The Department, the EA and CCMS are currently in the process of revising the schemes for which they are responsible. Subject to public consultation, this will result in a new EA Scheme for Controlled Schools, Controlled Integrated schools, and Catholic maintained schools, together with new Model Schemes and guidance published by the Department for VG and GMI schools. Following publication, VG and GMI schools will be asked to revise their SoM and submit to the Department for approval.
- 2.16** SoM are supported by sector-wide Financial Manuals. This guidance sets out the detailed controls, audit expectations and accountability arrangements for all schools but are significantly out of date, particularly in the VG/GMI school sectors, which were last updated around 1999/2000.
- 2.17** Both points combined create a further risk that governance frameworks and financial controls could be outdated and by implication, that financial problems may remain undetected.

Oversight and monitoring can be carried out throughout the year for delegated schools, but only on a retrospective basis for VG/GMI schools

- 2.18** The EA's closer working relationship with controlled/maintained schools supports active monitoring through budget returns, financial benchmarking, escalation of deficits, internal audit work, statutory reporting and evaluation. As stated previously these schools operate using EA financial, payroll, procurement and internal audit systems (**paragraph 2.12**), enabling, in theory, more regular oversight. Although we did not assess the effectiveness of these arrangements, this funding and accountability regime has the potential to provide earlier detection of governance and financial issues.
- 2.19** Oversight of VG/GMI schools on the other hand is largely retrospective. Monitoring focuses on compliance with grant conditions (**paragraph 2.14**) and annual reporting rather than ongoing scrutiny. When controls fail in self-managed schools, the current response centres on BoG-level accountability, not intervention by the EA and the Department. Serious concerns raised by staff, parents or governors may therefore not trigger the same response across sectors. In addition, the Department and the EA do not operate a system-wide escalation pathway for governance failures outside existing arrangements, which has the potential to lead to a lack of accountability.
- 2.20** Subject to adequate oversight, the EA's closer working relationship with controlled/maintained schools and with CCMS could therefore provide a higher level of assurance than the retrospective, and more delayed, financial reporting of the VG/GMI schools.

Whilst we were advised intervention powers in VG/GMI schools are limited, our review of the legislation does not support this position

2.21 Our review of the powers arising from Education Orders highlighted that the Department can make or change statutory provisions, set and amend governance frameworks, intervene where governance arrangements are deficient, and determine the conditions under which public funding is allocated and monitored. Statutory inspection and accountability roles reinforce their authority to oversee, assess and, where necessary, direct improvements in school governance.

Figure 3: Key legislative powers for the Department

Departmental statutory power	Summary comment/origin
The Department has the power to make or change statutory provisions	The Department may by order make such supplementary, incidental, consequential or transitional provision as it considers necessary or appropriate. It can also amend, repeal, revoke or otherwise modify any statutory provision. (The Education Act (Northern Ireland) 2014, Section 5(3)-(4)) (subject to Assembly approval.)
The Department has the power to appoint additional governors where there is a failure to provide an acceptable level of education.	Based on an inspection report identifying a failure to provide an acceptable standard of education, the Education (Northern Ireland) Order 1998, Article 14 gives the Department the authority to appoint additional governors.
The Department has the power to impose conditions for funding; and	Under the Education Reform (Northern Ireland) Order 1989, Part V (Local Management of Schools), as amended by the Education and Libraries (Northern Ireland) Order 2003, financial authority is delegated subject to conditions imposed by the EA and approved by the Department. Grant funding, subject to conditions, is provided under statutory powers in the 1998 Order, Article 61.
To approve or withhold that funding	For controlled/maintained schools under Article 55(1) and for VG/GMI schools Article 62, 1998 Order. Also, the Department approves the Common Funding Scheme (CFS) and can impose conditions on funding (Article 5, 2003 Order). This effectively gives it the leverage to withhold funds for non-compliance with financial or governance requirements.
The Department has the power to give directions	(Article 101, The Education and Libraries (Northern Ireland) Order 1986) Across Education Orders, and following consultation, the Department can issue directions to any relevant authority (which may include the EA, CCMS, Boards of Governors, Trustees etc.) to secure compliance with statutory duties (e.g. inspection, SDP, curriculum, safeguarding, SEN duties). Compliance is mandatory.

Departmental statutory power	Summary comment/origin
The Department has the power to carry out inspections in all schools	(Article 102, The Education and Libraries (Northern Ireland) Order 1986) Inspections can be conducted by inspectors appointed by the Department or other officers of the Department.

- 2.22** Available statutory powers appear to give the Department the capacity to ensure that all schools - including VG/GMI schools - operate to robust standards of governance and financial management. In theory, these powers are broad enough to support access and intervention where necessary and should not limit oversight of VG/GMI Schools.
- 2.23** This aligns somewhat with the Department’s legal view that, although the Education Orders contain no express investigatory powers, a range of powers could be used to initiate or support an investigation into concerns in any grant-aided school. It stressed that the scope and powers used would depend on the nature of the issue, the sector involved and legal advice.
- 2.24** However, as previously stated, this report originated from the EA telling us that its powers of intervention in the non-controlled sectors were limited. Specifically, the EA told us in relation to the VG sector that it “does not have defined powers to routinely go into a school to investigate concerns”, although it may intervene where financial conduct issues arise in schools for which it is the funding authority. These conflicting positions suggest a lack of clarity about the Departments and the EA’s respective powers of access and intervention. Despite this ambiguity, both bodies appear aware that the issue requires attention. In this context, both organisations should have acted earlier to resolve the situation, which in our view falls within the scope of the powers available to them. Clear and unambiguous powers are essential to ensure that the Department and/or the EA (and, as appropriate, the CCMS as Employing Authority for Catholic maintained schools) can examine governance concerns – financial or otherwise – across all schools and sectors.

Part Three:

**A modernised
governance
framework is
urgently required**

A modernised governance framework is urgently required

3.1 The issues highlighted in **Part Two** mean that no single approach to oversight, accountability or system-wide policy implementation is in place. We are concerned that variations in who owns, funds, manages and employs staff within each sector inevitably lead to inconsistencies in how responsibilities are exercised, how decisions are made, and how schools are held to account for the public funds they receive. The statutory differences create challenges for achieving uniform governance standards, consistent application of guidance and equitable oversight across the education system.

The EA does not adequately scrutinise the returns they receive

3.2 As previously highlighted in **Part Two** of this report, our review indicates that the EA has strong direct operational influence over controlled (and some maintained schools) because it has both managing and employing authority, however it has no such operational authority in VG/GMI schools or in Catholic maintained schools.

3.3 Since the EA cannot obtain the underlying records directly in VG/GMI schools (**paragraph 2.13**) it must rely on what the school provides, whether routinely or when requested. It told us that this issue has been raised with the Department as it constrains the extent of control, insight and therefore accountability that the EA can exercise over the financial decisions of these organisations. The EA currently requires the following key year-end returns from VG/GMI schools:

- annual financial plan (covering a three-year period)
- internal audit reports
- external audit reports
- annual accounts
- additional financial information "as required"
- School Development Plan (SDP).

3.4 The effectiveness of these processes depends on the robustness of schools' reporting and the EA's capacity to analyse, detect issues and challenge in a timely manner. When asked what actions are taken to monitor compliance, the Department and the EA told us they primarily request and record the submission of returns but do not routinely scrutinise the content of these returns or use them to form assurance about compliance. The Department acknowledged that for some key returns - such as the Annual Board of Governors Reports from VG/GMI schools - compliance is low, no central monitoring takes place, and the reports themselves are not analysed. The Department told us that it is considering the value of Board of Governors Annual Report in its current format.

3.5 Similarly, the EA and the Department confirmed that School Development Plans (SDPs) are checked only for submission, and neither organisation reviews their quality or alignment with statutory duties. However, the EA's School development Service (SDS) uses a range of indicators to identify schools who may need additional challenge, support or intervention, to sustain quality educational provision.

- 3.6** For VG/GMI financial returns, the EA does collect annual financial statements and audit reports, but again these are not subject to detailed financial analysis by Schools Operations within the EA. The audit reports are provided to the EA's Internal Audit Service (IAS) for their review and the Schools Operation Team carry out a high-level review of the Financial Statements. IAS notes the reports and escalates issues, as appropriate, to the Chief Finance Officer but only where the schools' auditor has already identified concerns. No further information was provided about the escalation arrangement, which appear informal and reactive.
- 3.7** In practice, this means that the system relies on schools and their auditors to identify problems, and that the EA does not routinely scrutinise the returns it receives. In our view, the monitoring arrangements described to us are administrative rather than evaluative, and do not constitute an effective mechanism for identifying risk, potential non-compliance with grant conditions and importantly for ensuring that public funding has been used responsibly, lawfully and as intended.
- 3.8** The EA should have a systematic process to identify, assess and escalate financial reporting and audit risks. Clear thresholds and escalation routes would ensure issues are picked up early, escalated appropriately, and addressed consistently, strengthening assurance over financial controls and compliance.
- 3.9** This lack of scrutiny, combined with the EA's view that it cannot intervene in VG/GMI schools without permission (**paragraph 1.3**), leads us to conclude that oversight of the VG/GMI sectors is currently insufficient.

While accountability and oversight procedures in the controlled/maintained sectors are different, scrutiny also requires improvement

- 3.10** We also examined whether the EA applies more robust scrutiny to the information it collects from controlled and maintained schools. Since controlled/maintained schools use the EA's systems and have delegated budgets (**paragraph 2.12**), it does not require formal returns such as audit reports and annual accounts. Instead, it focuses on submissions such as:
- Annual School Development Plan (SDP)
 - Annual 3-year financial plan and variance notifications
 - School Income Forms for all lodgements
 - Annual school census and Entitlement Framework returns
 - Any information requested by EA/DE under Article 37
 - Annual Board of Governors Report
 - BoG minutes (Controlled only)
 - Scheme of Management compliance and updates.

3.11 As with VG/GMI returns, the effectiveness of oversight and accountability depends on the robustness of reporting and the EA's capacity to detect and challenge issues in a timely manner. Again however, the management representations provided indicates that these returns are not subject to routine analysis or evaluation. The EA confirms that SDPs are checked only for submission, the financial data is used primarily for transactional processing (such as coding corrections or budget updates), and that BoG minutes are received and scrutinised but not for compliance against financial procedures, which falls to EA's Internal Audit Service (IAS). IAS undertakes periodic sampling exercises, which are limited and reactive, but there does not appear to be any systematic process for interrogating the information provided or forming assurance from it. In our view, while the EA's oversight may be able to be undertaken on a more-timely basis (**paragraph 2.18**) and be broader in volume in controlled/maintained schools, it may not be any more effective in terms of detecting potential risks or assessing compliance with delegated budget conditions.

Training for Board of Governors members

3.12 This report does not examine the conduct or behaviour of any specific Board of Governors (BoG), governance and accountability risks can arise where BoGs, or individual governors, are not suitably equipped to discharge their responsibilities effectively. Ineffective challenge, limited scrutiny of information, non-compliance with conditions of funding and related controls, or poor understanding of statutory duties may arise from insufficient training or inconsistent access to support. Ensuring the quality, consistency and accessibility of governor training may therefore help to reduce governance failures linked to capability issues. Monitoring the uptake and regularity of such training may also enable the DE/EA/CCMS to identify BoGs that may require additional support or early intervention.

Appendices

Appendix 1: School types in Northern Ireland

The education system in Northern Ireland is characterised by a mix of controlled, maintained, voluntary grammar, integrated, and independent schools, each serving different communities and educational philosophies.

Controlled schools are managed and funded by the Education Authority through Boards of Governors (BoG). All BoGs include governors appointed by the Education Authority, alongside parent governors and teacher governors elected by the parent and teacher bodies respectively. Primary and post-primary school BoGs also include governors nominated by the Transferors (mainly the Protestant churches), while the nursery and grammar school BoGs include governors nominated by the Department.

Catholic Maintained schools are managed by Boards of Governors (BoGs) nominated by trustees – mainly Roman Catholic – along with parents, teachers, Department of Education and Education Authority representatives. The Council for Catholic Maintained Schools (CCMS) is responsible for the effective management of the Catholic Maintained sector and is the employing authority for teachers in Catholic Maintained schools.

Voluntary grammar schools are self-governing schools, generally of long-standing, originally established to provide an academic education at post primary level on a fee-paying basis. Now funded by the Education Authority (EA) and managed by Boards of Governors (BoGs). The BoGs are constituted in accordance with each school's scheme of management – usually representatives of founders of the school, teachers and in most cases, representatives of the Department (and the Education Authority in a very limited number of schools). The BoG is the employing authority and is responsible for the employment of all staff in its school.

Integrated schools invite children and young people from Protestant and Catholic backgrounds to come together with children and young people from other traditions to improve their understanding of one another, their own cultures, religions and values. They are open to all pupils regardless of background or ability. Integrated schools can be Controlled Integrated or Grant Maintained Integrated.

- Controlled Integrated – Nursery, primary and post-primary Integrated schools which are managed and funded by the Education Authority through Boards of Governors. The majority of Controlled Integrated schools have acquired Integrated status through the process of 'Transformation'. The Board of Governors is constituted to seek members representing both the Protestant and Catholic traditions.
- Grant Maintained Integrated – Self-governing schools that have Integrated status and were opened by groups of parents. They are funded directly by the Education Authority and managed by Boards of Governors. The BoGs are constituted in accordance with legislation (the Education and Libraries (Northern Ireland) Order 1986). The BoG is the employing authority and responsible for employing staff.

Irish-medium education is education provided in an Irish speaking school or unit. There are Controlled and Other Maintained Irish-medium schools and units. Most Irish-medium schools are Other Maintained schools.

An independent school is a school at which full-time education is provided for pupils aged from four to 16 and is not grant aided. These schools set their own curriculum and admissions policies and are funded by fees paid by parents and income from investments. Each independent school must be registered with Department of Education and is inspected regularly by ETI.

Appendix 2: The Northern Ireland Education Orders

The term 'Education Orders' is used collectively to refer to the series of Northern Ireland Orders in Council that govern education law. This is a list of the core Northern Ireland Education Orders with SI numbers, dates, and purpose (the Education Act (Northern Ireland) 2014 has also been included in the table). [Please note that the list may not be comprehensive.]

Title	Citation	Date Made	Purpose
Education and Libraries (Northern Ireland) Order 1986	1986 No. 594 (N.I. 3)	26 Mar 1986	Establishment of the legal framework for administering education and library services in Northern Ireland.
Education Reform (Northern Ireland) Order 1989	1989 No. 2406 (N.I. 20)	19 Dec 1989	Introduced statutory curriculum, assessment arrangements, and key stages; reformed school governance and funding.
Education (Northern Ireland) Order 1996	1996 No. 274 (N.I. 1)	14 Feb 1996	Introduced SEN provisions, parental rights of appeal, SEN tribunal, and integration of pupils with statements.
Education (Northern Ireland) Order 1997	1997 No. 866 (N.I. 5)	19 Mar 1997	Primarily concerned with establishing a statutory framework for school admissions in grant-aided schools and strengthening parental choice.
Education (Northern Ireland) Order 1998	1998 No. 1759 (N.I. 13)	21 Jul 1998	Introduced measures for school discipline, governance, and integration with earlier Orders.
Education and Libraries (Northern Ireland) Order 2003	2003 No. 424 (N.I. 12)	27 Feb 2003	Introduced Common Funding Scheme for all grant-aided schools, imposed Best Value duty on boards, strengthened pupil welfare and safeguarding responsibilities, and updated admissions and governance provisions.
Education (Northern Ireland) Order 2006	2006 No. 1915 (N.I. 11)	19 Jul 2006	Revised curriculum, introduced statutory learning areas, assessment, and governance reforms; addressed RSE and religious education.
Education Act (Northern Ireland) 2014	2014 c. 12	11 Dec 2014	Established the Education Authority (EA) replacing Education and Library Boards.
Education (1998 Order) (Commencement No.8) Order (Northern Ireland) 2016	2016 No. 207 (C. 14)	24 Mar 2016	Commenced remaining provisions of the Education (Northern Ireland) Order 1998, including school development plans, class size limits, and performance frameworks.

Appendix 3: The development of school sectors

Prior to 1921, nearly all schools were owned and run by the local churches. Most Protestant churches transferred their schools to state control in the 1930s-1950s but retained some level of management through representation on committees, now known as Boards of Governors (BoG). These became known as controlled schools. Controlled schools are in public ownership, while all other schools are privately owned.

Catholic schools (and some others, including voluntary grammar (VG)) did not opt to transfer, and these became known as voluntary schools, retaining management over their schools. Subsequently, the Education (Amendment) Act (Northern Ireland) 1968 introduced a new 'maintained' status for the existing voluntary primary and secondary schools (excluding VG) where they agreed to state representation on their committees (BoGs), in return for a higher level of capital grant payment. VG schools were offered a similar opportunity in relation to public representation.

Subsequently, the Education Reform (Northern Ireland) Order 1989 introduced a new category of school, the grant-maintained integrated (GMI) school.

Figure 1: The development of school sectors

Post 1921	Post 1968	Post 1989	Current
Controlled	Controlled	Controlled	Controlled
Voluntary (incl. VG)	Voluntary (incl. the subset of VG) Maintained (also a subset of the voluntary school type)	Voluntary (incl. VG) Other Maintained (a subset of Maintained) Catholic Maintained (a subset of Maintained)	Voluntary (incl. VG) Other Maintained (a subset of Maintained) Catholic Maintained (a subset of Maintained)
–	Irish-medium*	Irish-medium*	Irish-medium*
–	–	Grant-Maintained Integrated	Grant-Maintained Integrated

* The first Irish-medium primary school was founded in 1971. It is not clear when the sector was formally recognised and began receiving grants, but it appears to have been around 1984, when the original primary achieved a voluntary maintained primary school status.

Note: The table is for illustrative purposes only. Irish-medium schools have a separate line in the table, but the reader should note that most Irish-medium schools fall within the school type subset of 'Other Maintained'. There are two Controlled Irish-medium schools.

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