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Northern Ireland Audit Office

Local Management of Schools

Report by the Comptroller and Auditor General
for Northern Ireland

Ordered by the House of Commons
to be printed 18 February 2004

Local Managment
of Schools

This report has been prepared under Article 8 of the Audit (Northern Ireland) Order 1987. The report is to be laid before both Houses of Parliament in accordance with paragraph 12 of the Schedule to the Northern Ireland Act 2000, the report being prescribed in the Northern Ireland Act 2000 (Prescribed Documents) Order 2002.

J M Dowdall CB
Comptroller and Auditor General

Northern Ireland Audit Office
18 February 2004

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List of Abbreviations

ASB   Aggregated Schools Budget

CASS   Curriculum, Advisory and Support Service

CCMS   Council for Catholic Maintained Schools

CLASS   Computerised Local Administration System for Schools

GDP   Gross Domestic Product

GMI   Grant-maintained Integrated

GSB   General Schools Budget

LMS   Local Management of Schools

NIAO   Northern Ireland Audit Office

PQH(NI)   Professional Qualification for Headship (Northern Ireland)

RTU   Regional Training Unit

VG   Voluntary Grammar

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Executive Summary

Local Management of Schools

Introduction

1.   Improving the quality of education is a central ambition of government policy and an essential part of achieving that ambition is the effectiveness of the arrangements between individual education and library boards and their schools. The introduction of Local Management of Schools (LMS) in 1990 changed the way in which schools are funded and managed by allowing Boards of Governors and school principals the autonomy to make decisions on resource allocation and priorities.

2.   Under LMS arrangements, Boards of Governors have an important job and play a pivotal role in directing schools and accounting for their performance. School governors act in a voluntary capacity, giving freely and generously of their time to help schools achieve the highest standards. People from all walks of life offer their services as governors and while many are highly experienced in this role, it is also true that the responsibilities of governors are increasing.

3.   Over £1 billion will be spent during 2003-04 on educating around 340,000 children in Northern Ireland. School Boards of Governors and principals now control 70 per cent of all money spent on school children. The amount of public money involved and the value placed on education makes it vital that this money is spent wisely. This Report examines the impact that LMS has had on how schools manage and distribute their resources and the processes by which they monitor and evaluate the use of those resources.

4.   The findings described in the report show that against the policy aims of LMS, there has been some measure of achievement. While we consider that implementation has, so far, fallen short of completely transforming the culture

and working patterns of schools, LMS has to be regarded as a developing reform which is defined to a large extent by the willingness and ability of its participants. Moreover, changes in the emphasis of budgetary control, from the Boards to schools, cannot be expected to provide a panacea to the full range of education issues. LMS is one step to empowering the educational community to bring about improvement in educational outcomes. However, to achieve this will requires an ongoing focus on teaching and learning and a responsibility towards results.

Main Conclusions and Recommendations

On Delegation of Responsibility

5.   Effective governance can make a real contribution to educational standards in schools. In order to enhance the process, therefore, we recommend that:

- employing authorities and schools should ensure that the requisite number of governors is in place;

- where possible, recruitment of new governors should seek a range of specialisms, in particular finance and business; and

- governors are an integral part of the school and as such should be involved in all aspects of school life, in particular formulation of policies and setting of school priorities. While we recognise that, as the educational professional, the principal will have a leading role in the development of school strategy and policy, it is important that Boards of Governors act as "critical friends" - asking challenging questions and simply not rubber-stamping

decisions made by the professionals (paragraph 2.12).

On Financial Planning and Management

6. In order that Boards of Governors and principals develop a shared vision of the future progress of schools we recommend that governors in **all** schools should play an active role in the approval of school priorities through the development planning process (paragraph 3.3).

7. NIAO recommends that all schools should have in place performance targets and success criteria. Detailed guidance is available from the Department for both primary and post-primary schools, and includes case examples of how individual schools have used targets and measures to achieve school improvement (paragraph 3.8).

8. We welcome the fact that, in responding to our survey, 70 per cent of schools indicated that they sought to identify the cost implications of the priorities in their development plans. However, in 2001 the Chief Inspector indicated deficiencies in the links between the two, and 30 per cent of the schools we surveyed had not established any links between financial and curricular activities. It can take time for schools to develop the skills to produce fully integrated and costed development plans, but in order to deliver the best possible education for their pupils, it is vital that schools adopt a more strategic approach to their management of resources. The Boards as part of their dialogue with schools obviously have a lead role to play in this area (paragraph 3.12).

9. One of the main reasons for linking the budgetary process and the development planning process (see paragraph 3.9) is to ensure that resources are properly focused on making progress towards a school's goals. It is important that schools adhere to this principle in setting their budgets in order to guard against the

ineffective use of resources, which may have an impact on teaching and learning (paragraph 3.14).

10. Governors have at least some involvement in spending allocations in the vast majority of schools. NIAO recommends, however, that the Department takes steps to ensure that governors should have oversight of spending allocations in **all** schools, as they are the legal managers of the school. The Boards also have an important strategic role to play in supporting governors in financial and resource management through the provision of appropriate training (paragraph 3.16).

11. The basis of budget monitoring is a monthly financial report sent to all schools by their Board showing expenditure to date. We found that only 65 per cent of the schools we surveyed reconciled their own internal reports with those of the Boards. Our survey also revealed a confused picture about the extent to which schools are clear about the meaning of budget monitoring and the role of governors in relation to budgetary matters. We recommend that reconciled reports should be provided regularly for Boards of Governors and that budget monitoring reports should, where appropriate, draw out key points for action, which identify problems that may have arisen, and opportunities to bring forward priorities in the school development plan. In this way, the possibility of unnecessarily large surplus or deficit balances being carried forward to the next financial year will be reduced (paragraphs 3.18 to 3.21).

12. LMS introduced a degree of flexibility whereby, if schools had not spent all of their allocated funds by the year end, they could carry the funds over to the next financial year. Schools with a planned year-end deficit, by reason of unforeseen changes in pupil numbers or emergency costs, would be required to agree the

level of deficit with their Board. In each case the surplus or deficit is carried over to the following year. Both deficit and surplus balances can have implications for the education of pupils in schools: deficit balances are treated as a charge against a school's budget share for the following year which may impact on the resources available for the classroom; surplus balances, on the other hand, may indicate that money is not being spent usefully and promptly on pupils already in school. In line with Departmental policy, we recommend that Boards of Governors should ensure that where deficits exist, plans are put in place to eliminate these at the earliest opportunity. Where schools accumulate year end balances, Boards of Governors should ensure that unspent resources are earmarked for specific projects and that these schemes are implemented with minimum delay (paragraphs 3.24 and 3.31).

13. Although LMS has been operating for more than 12 years, evidence from the Boards and the Inspectorate indicates that principals and Boards of Governors still have some way to go in meeting the resource management demands made on them by LMS. We consider it essential that the Boards and schools monitor the continuing support and training provided to principals and Boards of Governors to ensure that they fulfil their roles effectively. In addition, seeking to build on the financial expertise within Boards of Governors should help to improve their capacity to challenge how resources have been allocated. Consideration should be given to various strategies to support schools in resource management, including the scope for spreading the cost of employing bursars/finance officers to provide a service to local clusters of schools (paragraph 3.40).

14. In providing Boards of Governors with ongoing involvement in financial issues, it is important that school finance committees should make use of the computerised school management information system (see paragraph 3.18) in compiling reports for the main Boards of Governors on areas within their remit. As the empowerment of governors is an essential ingredient of LMS we consider

that paying greater attention to the use of the management information system can help to strengthen governors' capacity to contribute to a school's improvement (paragraph 3.45).

15.   We believe that there is room for improvement in the management information that is made available to schools in order that they can properly promote self-management and value for money. Towards this end, we recommend that, building on the models developed by the Southern and Western Boards, the Department should establish a Consistent Financial Reporting framework similar to that operating for schools in England. This summarises school level information into practical and understandable headings. Using this framework to benchmark their performance can provide schools with the opportunity to make better use of their finite resources and to have a positive impact on education outcomes (paragraph 3.52).

On Monitoring and Evaluation

16.   Internal Audit play a key role in the monitoring of schools by Boards. In our 1995 Report, we noted that all Boards were working towards establishing a cycle of audit coverage every two years for post-primary schools and every two to three years for primary schools. We also noted that not all Internal Audit units had their full complement of staff. NIAO recommends that all Boards should endeavour to bring their Internal Audit branches up to the full complement of staff. It also recommends that, in those Boards where it doesn't already happen, audit findings should be reported directly to the Chairman of the Board of Governors and copied to the school principal (paragraphs 4.4 and 4.8).

17.   We also recommend that the Boards should consider how their LMS branches and advisory services staff might work more closely together to reinforce the link

between school development planning and the efficient and effective use of resources to achieve those plans. It is important, too, that a strong level of expertise is maintained within these units (paragraph 4.10).

18.   There is little direct evidence available on the key question of whether LMS has improved educational outputs and educational effectiveness in schools. While LMS would seem to provide an appropriate framework for addressing learning issues, the evidence of variability in performance within the school sector demonstrates that a positive outcome is by no means certain. We consider, therefore, that there is a need for the Department to improve its evidence base by developing a better understanding of what works and how resource allocation and organisational structures within schools contribute to effective learning environments. This should lead to guidance on how the wider school community can make best use of the potential provided by the most successful local management arrangements (paragraphs 4.22 and 4.25).

Part 1:

Introduction and Scope

Background

1.1   The aim of Local Management of Schools (LMS), introduced in 1990 in line with the Education Reform (NI) Order 1989, was to secure a new form of governance by redefining roles and responsibilities amongst the various interested parties. These include the Department of Education (the Department), the Education and Library Boards (the Boards), schools, teachers, parents and pupils. The Order also saw the creation of the Council for Catholic Maintained Schools (CCMS), who are the employers of teaching staff in the catholic maintained sector but have no direct role in the funding of schools. In March 1995, the Northern Ireland Audit Office (NIAO) reported on the arrangements surrounding the implementation of the Local Management of Schools (LMS) Initiative (HC 329).

Local Management of Schools in Perspective

1.2   Recurrent resources are allocated to schools either by the Boards or directly by the Department (see Appendix 1 for details of different types of schools). Once the overall schools recurrent budget is determined by the Board/Department (the General Schools Budget (GSB)), the Board/Department then delegates a portion of this (the Aggregated Schools Budget (ASB)) to schools on the basis of a formula (see Appendix 2 for a more detailed outline of funding calculations). As the aim of the process is to give priority to spending in the classroom, the ASB has assumed a central role in the annual review of funding affordability. Figures provided by the Department and Boards for the year 2003-04 indicate the following:

Figure 1: Delegated Budgets 2003-04

	Number of Schools	General Schools Budget £'000	Delegated (ASB) £'000	Delegated %
All Board Schools	**1,149**	**951,050**	**633,313**	**67.34**
Voluntary Grammar	54	171,839	160,743	93.54*
Grant-maintained integrated	32	43,183	35,611	82.47*
All directly-funded schools	**86**	**215,022**	**196,354**	**91.32**
Total - all schools	1,235	1,166,072	829,667	71.15

Source: Department and Boards' budget statements

Note: The above figures are indicative only.   They reflect the position at initial budget allocation stage; both the General Schools Budget (GSB) figures and the Aggregated Schools Budget (ASB) are subject to change throughout the financial year.

* VG and GMI schools have additional obligations in relation to their roles as employers, administrative support, VAT and landlord maintenance. The Boards provide a central service for all schools in their area including VG and GMI schools e.g. curriculum advisory support services and home to school transport. This explains the much higher delegated percentage for VG and GMI schools.

The size of an individual school's budget can range from less than £50,000 for a small nursery or primary school to over £6 million for the largest post primary school. It is important to recognise also that delegation levels will differ between Boards depending on the circumstances of the Board: for example, the Western and Southern Boards face higher home to school transport costs, because of their rural nature.   In addition, where one Board is leading a specific initiative or service on behalf of all the Boards the resources for the initiative will be held by that Board, which can distort the percentage of delegated expenditure.

1.3   There are currently seven funding formulae in operation. However, a common funding formula is to be introduced in order to make the process of allocating resources to schools more transparent and fair.   Proposals on the common funding formula have been refined and developed since 2001 and currently a

revised set of proposals is the subject of a further consultation exercise with the Boards and schools. Introduction of the common formula will not take place until April 2004 in order to allow sufficient time for proper consultation.

Objectives of Local Management of Schools

1.4 The Department has identified the overall objective of LMS as being to improve the quality of teaching and learning in schools. More specifically, it said that the ultimate goals of local management were to:

- enable governors and principals to plan their use of resources to maximum effect, in accordance with their assessment of the needs and priorities of the school; and

- make schools more responsive to parents, pupils, the local community and employers.

Previous Reviews

1.5 In 1996 the Department commissioned the University of Ulster to undertake a review of the early impact of LMS. Their report[1] looked at the extent to which LMS had affected the internal organisation and management of schools; the effect of formula funding on schools' budgets; the extent of delegation and whether it was sufficient to meet educational objectives; and the opinion of schools on the level of training and support provided. It was based on a survey sample of 605 schools, of which 409 responded (68 per cent response rate). Among the review's main findings were:

- decision-making appeared to have transferred from the Boards to school principals, rather than to governors;

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1 *An initial analysis of the impact of formula funding and LMS on the management of Northern Ireland schools: a schools perspective*, 1997, Research Report Series, University of Ulster and Department of Education

- groups such as parents and pupils had negligible input into the setting of school priorities;

- LMS had resulted in increased spending on books, equipment, teachers and premises;

- a majority of principals felt that the learning experience had improved under LMS;

- 80 per cent of principals indicated that they would not like to return to pre-LMS days.

1.6   In November 2000, the Audit Commission in Great Britain published a national report[2] examining school funding under local management arrangements. It covered similar issues to those of the University of Ulster review and the findings will be referred to as appropriate in this report.

Objectives and Scope of the Current Review

1.7   With LMS in operation for over 10 years, it was considered timely to revisit the subject. **Part 2** examines how responsibility has been delegated, including mechanisms for accountability both within schools and between schools and funding bodies. It also considers the continuing role of the Department and Boards. **Part 3** examines procedures in place to ensure sound planning, including financial planning, and management and will also cover consideration of development planning, budgeting, and availability and use of management information. **Part 4** looks at monitoring and evaluation arrangements with a focus on strategic level monitoring, ie has LMS achieved its objectives, and monitoring at operational level, both within schools and between schools and their funding body.

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2. *Money Matters: School Funding and Resource Management,* Audit Commission, November 2000

1.8   NIAO has previously reported on financial issues within voluntary grammar and grant-maintained integrated schools[3]. This report concentrates on the controlled and maintained schools which are funded through the Boards (see paragraph 1.2 above). However, we consider that some of the findings will have equal relevance for voluntary grammar and grant-maintained integrated schools.

1.9   As part of the current review, the Northern Ireland Audit Office surveyed 200 schools across the five Board areas, seeking views on a range of issues in relation to local management. One hundred and fifty two schools (76 per cent) responded. The sample was chosen from all primary, secondary and controlled grammar schools, in proportion to the total number of schools in each phase. Random selection resulted in a reasonable spread of schools across all Board areas. NIAO greatly appreciates the time taken by so many schools to complete the survey questionnaire. Without the views of schools themselves, a review such as this would have much less value and relevance. A copy of the questionnaire is at Appendix 3.

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3.   *Financial Control in Voluntary Grammar and Grant-Maintained Integrated Schools*, NIAO, HC 83, July 1997.

Part: 2

Delegation of Responsibility

Legislative Basis

2.1   The Education Reform (NI) Order 1989 provided the original legislative basis for the delegation of responsibility under local management of schools. This Order will be superseded by the relevant provisions within the Education and Libraries (NI) Order 2003 which introduces a common funding scheme for grant-aided schools. The provisions in question are subject to a Commencement Order being introduced through Parliament. The 2003 Order states that the Board of Governors of a school which has a delegated budget:

- shall be entitled, subject to any provision made by or under the scheme, to spend any sum made available to it in respect of the school's budget share for a financial year as it thinks fit for the purposes of the school; and

- may delegate to the principal, to such extent as may be permitted by or under the scheme, its power in relation to any part of that sum.

School Governance

2.2   The number of governors on each Board can vary between eight and 27, depending on whether the school is either a controlled or maintained school and whether the school is a nursery, primary, secondary or grammar school. The membership of each Board of Governors is reflected in the scheme of

management for the school. Under that scheme, Boards of Governors are required to meet at least once a term but many meet more often as the conduct of business requires.

2.3   The functions of Boards of Governors are set out in the legislation. The schemes of management for controlled and maintained schools reflect the number of these functions and the management responsibilities of the parties involved. The main functions listed in the schemes of management are:

- in general, to manage and control the school;

- to appoint teachers and other staff;

- to draw up admission criteria;

- to determine the curriculum policy for the school;

- to prepare an annual report showing how the Governors' functions were discharged, including a financial statement as to how the school's budget share was used;

- to hold an annual parents' meeting to provide an opportunity for parents to discuss the Governors' annual report and the discharge of their functions;

- to convene a meeting prior to any general inspection of the school to enable Governors and parents to make their views known to the inspection team; and

- to control the use of school premises at all times, carry out an annual inspection of premises and equipment and report findings to the Board's Chief Executive.

2.4   The schemes of management allow for the establishment of sub-committees of Governors but indicate that the financial functions of the full Board of Governors may not be delegated to a committee, other than to a finance committee.

2.5   In the survey of 200 schools (see paragraph 1.9), we asked about Boards of Governors - their composition, frequency of meetings and the role they played within schools. We found that, in total, 15 per cent of schools responding to the survey had fewer than the requisite number of school governors in place. This figure breaks down into 5 per cent of primary schools (126 of which responded to the survey) and 62 per cent of secondary / controlled grammar schools (26   of which responded to the survey). Only 7 schools (5 per cent) did not have the requisite number of meetings in the 2001-02 year. A majority of schools (54 per cent) had more than the required number of governors' meetings. The other key findings of the survey in relation to governors were as follows:

Specialisms of Members

2.6   Just under half of the 152 schools (47 per cent) had some finance and accountancy expertise on their Board of Governors while 39 per cent had personnel and recruitment expertise. The main interests represented were education (85 per cent) and business (66 per cent).

Involvement in the Formulation of School Policy

2.7   Only 88 schools (58 per cent) surveyed indicated that governors were involved in the setting of school priorities through the development planning process. Thirty-nine schools (26 per cent) indicated that governors had no involvement in the formulation of school policies. One hundred and thirty four schools (88 per cent) said that governors never attended senior management meetings in their schools. In addition, ten schools (7 per cent) indicated that governors had no involvement in the annual parents' meeting, which is one of the required functions of school governors.

Finance Committee

2.8   Sixty seven per cent of schools surveyed had a finance committee in place. This was the most common committee in place in schools. Others were appointments committee (58 per cent) and salaries committee (50 per cent).

2.9   The findings of the current NIAO survey are similar to those of the University of Ulster in 1997 (see paragraph 1.5). It found that LMS had appeared to transfer decision-making from Boards to principals rather than to Governors. It also found that little consideration had been given to fostering an understanding among governors of their strategic role.

2.10   The 1997 report also noted that there was governor involvement in only a narrow range of issues and at a low level of decision-making. Fewer than two-thirds of schools reported governor involvement in school development planning, and 89 per cent of schools reported that governors never attended senior management team meetings. The conclusion was that principals acted as gate-keepers of what information and discussion opportunities are afforded to governors.

2.11   School governors are hard working people who give freely of their time and energy and dedicate their talents to ensuring the children in their school have the best education possible. However, while the intention of local management of schools is to pass the control of schools from the Boards to Boards of Governors, it appears that in many instances Boards of Governors are not yet taking on their roles and responsibilities in the way that the legislation had envisaged. As a result, control can often reside with the school principal. Whether this is with the approval of governors, by default or at the instigation of principals may vary from case to case.

2.12

> We consider that effective governance can make a real contribution to educational standards in schools. In order to enhance the process, therefore, we recommend that:
>
> • employing authorities and schools should ensure that the requisite number of governors is in place;
>
> • where possible, recruitment of new governors should seek a range of specialisms, in particular finance and business; and
>
> • governors need to recognise that they are an integral part of the school and as such should be involved in all aspects of school life, in particular formulation of policies and setting of school priorities. While we recognise that, as the educational professional, the principal will have a leading role in the development of school strategy and policy, it is important that the Board of Governors acts as a "critical friend" - asking challenging questions and simply not rubber-stamping decisions made by the professionals.

School Management

2.13   The introduction of local management and formula funding has led to additional responsibilities being devolved to schools and this has had a considerable impact on the role of school principal. The functions of the principal are set out in the legislation. The role of the principal in the schemes of management for controlled and maintained schools is summarised below:

> • to control the internal organisation, management and discipline of the school;
>
> • to determine and organise the curriculum in accordance with the Board of Governors' curriculum policy;
>
> • to promote and maintain regular communication with teachers, and between teachers and parents;
>
> • to carry out any functions delegated from the Board of Governors;
>
> • to determine and document a policy on discipline and behaviour; and
>
> • to attend Board of Governors meetings.

2.14   There is a risk that the increase in principals' administrative responsibilities may be at the expense of curricular involvement.   Because of the changing responsibilities within schools, our survey asked about changes in school management structures since the introduction of LMS.   Just under half of the schools (48 per cent) said that LMS had prompted a change in management structure. Of the 73 schools that had changed their structure, the most common change was increased delegation to staff (73 per cent). In addition, 30 per cent now had more management layers and 30 per cent had larger senior management teams. Only 11 per cent indicated they had created new posts, for example, bursar.

2.15   The main reasons given by schools for changes in management structure were:

- to support and manage curriculum changes, giving staff more "ownership" of the development plan;

- to cope with increased responsibility and accountability at local level;

- to help with increased administration and bureaucracy;

- to give staff development opportunities; and

- to improve communication.

2.16   Seventy per cent of schools responding to the survey had a senior management team in place, with 86 per cent of these meeting either monthly or more frequently.   Membership of the senior management team in schools almost exclusively comprises the principal, vice-principal(s) and, in 81 per cent of cases, senior teachers.

Mechanisms of Accountability

2.17   The introduction of local management of schools involved delegation of responsibility to a more local level. With this responsibility comes a need for three levels of accountability - between principals and Boards of Governors; between schools and Boards; and between schools and parents.

Accountability Between Principals and Boards of Governors

2.18   Our survey found that the main mechanisms of accountability in place between principals and Governors were regular reporting by the principal to the governors and attendance by the principal at Board of Governor meetings, with 97 per cent of schools having both of these in place. Another element of accountability mentioned by a small number of schools was the role of sub-committees, with the principal attending finance committee meetings and, in some cases, governors attending school curriculum committees.

Accountability Between Schools and Boards

2.19   Under the schemes of management (see paragraph 2.2), schools remain accountable to the Boards for how they spend the money delegated to them. Our survey revealed a number of ways in which Boards retain oversight of schools:

- monitoring of all schools' financial positions, through the preparation of a three-year financial plan and monthly monitoring reports (see paragraph 4.3);

- 76 per cent of schools in the survey said they submitted copies of minutes of Board of Governor meetings to their relevant Board;

- 34 per cent of schools in the survey said they reported regularly to the Board on achievement of their development plan objectives;

- 21 per cent of schools indicated that Board officers attend Board of Governor meetings, on an ad hoc basis; and

- a small number of schools referred to the role of Boards' Internal Audit Branches as a mechanism of accountability.

We asked the Department why there seemed to be this variation in procedures for Board oversight of schools. It told us that it recognises the potential benefits of these additional accountability measures and plans to discuss these good practice approaches with the Boards to further develop accountability arrangements between them and schools.

Accountability Between Schools and Parents

2.20   School governors are required to hold an annual parents' meeting to give parents an opportunity to question governors on the discharge of their functions. Schools also have in place additional mechanisms of accountability. NIAO's survey found that:

- 90 per cent of schools provide regular written information and feedback to parents;

- 82 per cent of schools hold parent-teacher meetings for year groups;

- 72 per cent of schools hold regular parents' meetings on school issues;

- 22 per cent of schools indicated that parents play an active role, helping in the classroom;

- the Annual Outturn Statements published by the Boards set out income and expenditure by individual school.

2.21   Other examples of how some schools keep parents informed, and seek their views on school issues, are weekly or term-time newsletters, questionnaires and parent workshops.

Part 3:

Financial Planning and Management

Identifying Priorities

3.1   Over £800 million was delegated to schools in Northern Ireland in 2003-04 (see Figure 1 at paragraph 1.2). To ensure the best use of these resources, it is essential that sound planning procedures are in place so that school priorities can be clearly identified and resources allocated accordingly. The main way that schools identify their priorities for action is through self-evaluation outcomes. One hundred and forty three schools responding to the survey (94 per cent) used this as the main basis for their planning. Eighty two per cent also used inspection findings and 69 per cent also used government targets.

3.2   Involvement in the process of setting school priorities appears to be largely concentrated within school management. In all schools the principal took the lead, with input from teachers in 93 per cent of schools and from senior management in 66 per cent of schools. Governors, to whom responsibility for local management has been devolved, were involved in the process in only 58 per cent of schools. Pupils and parents were involved in 18 per cent and 16 per cent of schools respectively.

3.3
> In order that Boards of Governors and principals develop a shared vision of the future progress of schools we recommend that, while the principal and teaching staff should prepare the development plan, governors in **all** schools should play an active role in the approval of school priorities.

School Development Planning

3.4   The focus of planning in schools is the School Development Plan. Current Departmental guidance on development planning describes the plan as "a means of co-ordinating all aspects of school planning - curricular, financial, personnel, equipment and accommodation. It is a basis for allocating resources more effectively." The guidance identifies some of the key elements of a development plan:

> - content based on audit or self-evaluation findings;
> - derived through a process of consultation with all staff and governors;
> - an indication of priorities;
> - a timescale;
> - costings and resource implications;
> - targets for on-going improvements;
> - success criteria; and
> - clearly-identified responsibility for implementation and evaluation

3.5   The majority of schools plan on a medium-term basis. Seventy-three per cent of schools had a three-year plan in place, with the first year in detail and the second and third years in outline format. This is a higher figure than in England and Wales, where the Audit Commission found 67 per cent of schools planned on a three-year basis.

Targets and Success Criteria

3.6   Departmental guidance says that target-setting, as a part of development planning, is an essential element in improving standards in schools. Targets should be:

- realistic, challenging and achievable;

- clearly expressed;

- focused on key priorities;

- quantifiable; and

- time bounded.

3.7   NIAO found that 80 per cent of schools responding to the survey include performance targets in their development plans and 74 per cent include measurable criteria for judging the success with which targets are achieved. Thirty schools had not set targets and 40 did not have success criteria in place.

3.8   NIAO recommends that all schools should have in place performance targets and success criteria. Detailed guidance is available from the Department for both primary and post-primary schools, and includes case examples of how individual schools have used targets and measures to achieve school improvement.

Budget Setting

3.9   LMS has the capability to influence teaching and learning through the planned use of materials and services which could have a direct impact on the teaching environment. Departmental guidance, therefore, emphasises the need to link the school development plan to the budgetary process, so that resources are clearly identified for each priority. In its survey, NIAO found that 70 per cent of schools seek to identify the cost implications of their priorities within the development plan. This marks an improvement from 1997, when the University of Ulster reported that 62 per cent of schools had costed elements in their plans, although the process was "still in its infancy".

3.10   As part of its recent review (see paragraph 1.6), the Audit Commission found, in a survey of 400 schools in England, that only 50 per cent of school principals felt

financial and development planning were fully linked. A further 49 per cent had made some efforts in this direction but more work was required. The Audit Commission said that, to avoid problems:

- the development planning and financial planning cycles should be the same;

- there should be staff common to both processes; and

- there should be full inclusion of costings in the school development plan.

3.11 In 2001 and 2003, the Department's Education and Training Inspectorate published reports[4] on the quality of educational provision and outcomes, as observed in schools over the periods 1992-99 and 1999-2002. The first of these reports drew attention to the fact that, within the post primary sector, financial and curricular priorities were not sufficiently well aligned. While the more recent report describes a general improvement in the development planning carried out in both primary and post primary sectors, there is no specific reference to the integration of financial and curricular activities.

3.12

> We welcome the fact that, in responding to our survey, 70 per cent of schools indicated that they sought to identify the cost implications of the priorities in their development plans. However, in 2001, the Chief Inspector indicated deficiencies in the links between the two and 30 per cent of the schools we surveyed had not established any links between financial and curricular activities. It can take time for schools to develop the skills to produce fully integrated and costed development plans, but in order to deliver the best possible education for their pupils, it is vital that schools adopt a more strategic approach to their management of resources. The Boards, as part of their dialogue with schools, obviously have a lead role to play in this area.

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4. Chief Inspector's Review 1992-99, Education and Training Inspectorate, Department of Education 2001
   Chief Inspector's Report 1999-2002, Education and Training Inspectorate, Department of Education, 2003

3.13   Once priorities have been established, schools need to determine what resources can be made available to meet them. While identifying the likely demands on those resources is comparatively straightforward, the greater difficulty comes in estimating the flow of income. For example, the impact of demographic changes on pupil enrolments can influence the level of resources available to a school. Our survey found that fifty-four per cent of schools responding used a mixture of approaches to budget setting. For more predictable items of expenditure, such as staff costs and utilities, a percentage uplift was applied to the previous year's figures. For new items of expenditure in line with development plan priorities, new budgetary provision was made. Thirty-six per cent of schools responding, however, simply uplift the previous year's figures for all budget headings.

3.14   One of the main reasons for linking the budgetary process and the development planning process (see paragraph 3.9) is to ensure that resources are properly focused on making progress towards a school's goals. It is important that schools adhere to this principle in setting their budgets in order to guard against the ineffective use of resources, which may have an impact on teaching and learning.

3.15   NIAO enquired to what extent the full Board of Governors was involved in the setting of spending allocations. Only nine per cent of schools said that the Board of Governors was fully involved in decisions on spending allocations. A further 51 per cent said the full Board ratified the spending allocations agreed by the Finance Committee. The remaining schools said that either the governors ratified the spending allocations set by the principal (37 per cent) or were not involved at all in spending allocations (3 per cent). These findings compare favourably with 1997, when the University of Ulster found that 20 per cent of schools did not involve governors at all in spending allocations.

3.16

NIAO acknowledges that governors have at least some involvement in spending allocations in the vast majority of schools. It recommends, however, that the Department takes steps to ensure that governors have oversight of spending allocations in all schools, as they are the legal managers of the school. The Boards also have an important strategic role to play in supporting governors in financial and resource management through the provision of appropriate training.

3.17   Seventy per cent of schools responding to the survey delegated funds to a number of budget holders within the school. In the majority of cases (58 per cent), this was to heads of departments or subjects. The schools which did not have internal delegation were all small primary schools. Of those schools that had internal delegation, 79 per cent allocated funds on the basis of development plan priorities, in some cases combined with an internal formula based on pupil numbers.

Budget Monitoring

3.18   In all schools, the principal was the main focus of budget monitoring. The basis of monitoring is a monthly financial report sent to all schools by their Board, showing expenditure to date. Schools should reconcile this to their own local reports produced from the management information system within C2K[5], which will show orders raised but not yet invoiced. NIAO found that only 65 per cent of schools responding to its survey reconciled their reports with those from the Boards.

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5. The C2K project is a ten-year government initiative designed to provide communication and information technology within a managed learning environment for all schools in Northern Ireland. It will provide the content necessary to support the curriculum, professional development and school administration and management. It is a development of the Computerised Local Administration System for Schools (CLASS), the original system in place to support LMS.

3.19   NIAO recommends that all schools should reconcile their C2K reports with the monthly budget reports provided by their Board. In particular this could highlight any erroneous charges to the school budget.

3.20   NIAO sought to determine the extent to which Governors were involved in budget monitoring. The construction of the survey meant that this issue was addressed in three separate sections:

- when asked generally about the involvement of governors in the business of the school, 93 per cent said governors had at least some involvement in budget setting and monitoring;

- when asked specifically about budgetary matters and who was responsible for budget monitoring within schools, 34 per cent of schools said that governors were responsible; and

- in the context of monitoring mechanisms, 62 per cent of schools indicated that governors were involved in monitoring of budgets.

3.21   These responses suggest that some schools may not be clear about the meaning of budget monitoring and the role of governors in relation to budgetary matters. Governors should be involved in both setting and monitoring budgets. We recommend that schools should ensure that reconciled reports (see paragraph 3.19) are provided regularly for Boards of Governors. It is also recommended that the budget monitoring reports should, where appropriate, draw out key points for action, which identify problems that may have arisen, and opportunities to bring forward priorities in the school development plan. In this way, the possibility of unnecessarily large surplus or deficit balances being carried forward to the next financial year could be reduced.

3.22   When we last reported on LMS in 1995 (see paragraph 1.1), we noted that the financial management module of C2K (see footnote 5) used by schools did not interface with Boards' systems. This required manual reconciliations, adding to the administrative burden on schools. It also meant duplication of processing, with schools entering invoice details onto their system and then Boards having to re-enter the same information onto their systems. NIAO is surprised to find that this situation is still the same, some eight years later, apart from a very small pilot project in the Western Board area. The Boards told NIAO that developments surrounding the accruals accounting project[6] should help facilitate the development of links between Boards and schools.

3.23   NIAO recommends that the development of an information technology interface between schools and Boards should be a priority.

Year-end Flexibility

3.24   Local management arrangements introduced a degree of flexibility and schools can carry unspent funds over to the next financial year. Schools with a planned year-end deficit, due to unforeseen changes in pupil numbers or emergency costs, are required to agree the level of deficit with their Board and again, any deficit is carried over to the following year.

3.25   NIAO examined Boards' outturn statements, which summarise expenditure and year-end information for all schools. It found that, overall, the percentage of schools in deficit had increased since 1997-98 and that there were marked differences between Boards, as shown in Figure 2.

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6. The introduction of accruals accounting in the Boards has required the development of a new computerised system, undertaken as a PFI project

Figure 2: Percentage of Schools in Deficit

	1997-98 %	1998-99 %	1999-00 %	2000-01 %	2001-02 %
Belfast	19.6	28.7	39.7	40.7	36.1
North Eastern	20.4	30.1	47.3	39.3	37.2
South Eastern	21.2	12.0	17.8	10.1	13.9
Southern	26.6	21.0	30.4	29.9	32.0
Western	30.8	18.6	23.1	18.0	11.4
Total	**24.1**	**22.1**	**31.3**	**27.5**	**26.2**

Source: Boards

3.26   While the Boards' oversight of local management arrangements involves monitoring longer-term trends across schools, they concentrate their efforts on schools which are in deficit by five per cent or more. An analysis of the percentage of schools falling into this range is at Figure 3. Overall this shows a fairly constant position, with around 10 per cent of schools having this level of deficit, but again there are marked differences between Boards.

Figure 3: Percentage of Schools in Deficit by 5 per cent or More

	1997-98 %	1998-99 %	1999-00 %	2000-01 %	2001-02 %
Belfast	4.1	5.3	13.7	14.0	10.4
North Eastern	2.5	6.5	17.6	17.3	15.3
South Eastern	12.0	4.3	6.3	3.4	5.8
Southern	7.0	6.3	12.7	14.1	16.3
Western	5.4	0.8	3.7	1.2	1.2
Total	**6.1**	**4.6**	**11.3**	**10.6**	**10.0**

3.27   The picture that emerges is close monitoring by the Boards has generally been effective in ensuring that excessive surpluses and deficits have been avoided. We asked the Department if there have been any cases in the last five years when planned corrective action had not been sufficient to safeguard a school's financial position. The Department told us that it has checked with all Boards and they have confirmed that, apart from one school, there are no such cases at present. This school is operating in particularly difficult circumstances and the corrective action to date has not returned the school to a sound financial position. Action is still ongoing in relation to this school.

3.28   The North Eastern Board told us that schools in its area have experienced particular financial difficulties in recent years. The Board's view is that there has been a history of under-funding for its schools and the cumulative impact of this is now becoming apparent. However, this view has not been substantiated by us as part of this audit. In the Belfast Board, the financial position of schools reflects the fact that many are coping with the effects of population movement and demographic decline.   By contrast, the South Eastern Board told us that it had informed its schools that many of them would be likely to have reduced budgets as part of the implementation of the new common funding formula (see paragraph 1.3). This has encouraged schools to be more cautious and as a result, the number of schools with a significant deficit has decreased.

3.29   NIAO found that 77 per cent of schools had carried over a surplus of funds at some time within the previous five years. Eighty-five per cent of these schools had planned the surplus for a particular purpose. The main purposes schools identified surpluses being used for were additional teaching and learning resources (72 per cent), additional teachers (49 per cent) and spending on premises (47 per cent).

3.30   In the same period, 57 per cent of schools had at some point carried forward a deficit into the following financial year. Only 48 per cent of these deficits were planned and, in most cases, agreed with the relevant Board. The main reasons

for schools having a year-end deficit were staff costs (79 per cent) and falling pupil numbers (60 per cent). In particular, schools with older more experienced staff suffer because staff costs are funded at average cost rather than actual cost. Smaller schools will receive some compensation for this through the Teacher Salary Protection Factor in each formula. Conversely, schools with a young staff will gain in this way. The main way in which deficits were made good was by a reduction in teaching staff costs. This might be by redundancy, by not filling a vacant post, or by using short-term contracts for staff.

3.31

> Both deficit and surplus balances can have implications for the education of pupils in schools. Deficit balances are treated as a charge against a school's budget share for the following year which may impact on the resources available for the classroom; surplus balances, on the other hand, may indicate that money is not being spent usefully and promptly on pupils already in school. In line with Departmental policy, we recommend that school Boards of Governors should ensure that where deficits exist, plans are put in place to eliminate these at the earliest opportunity. Where schools accumulate year end balances, Boards of Governors should ensure that unspent resources are earmarked for specific projects and that these schemes are implemented with minimum delay.

Financial Management in Schools

3.32   The ability to manage resources successfully is a key requirement for those in senior educational roles today. The general feeling expressed by the Boards is that the standard of financial management in schools has not improved to the extent originally envisaged as local management has continued to operate. This is demonstrated by the fact that LMS Branches in Boards still have to provide principals with a significant level of support and advice. Training on financial management is included in training packages for new principals and new governors but Boards feel there is still a lack of confidence among many principals and governors on financial matters. It is likely that many principals will come to the job with little financial management experience. One Board (the South Eastern) has begun training courses on financial issues for vice-principals, so that when they secure a principal post they have some financial background.

3.33   One recent initiative which may help improve the situation is the Professional Qualification for Headship in Northern Ireland (PQH(NI)). This is based on the national qualification but is tailored for local circumstances. It was introduced in September 1999 on a pilot basis and is administered by the Regional Training Unit (RTU). It comprises four modules:

- strategic leadership and accountability;

- teaching and learning;

- leading and managing staff; and

- efficient and effective deployment of staff and resources.

The first of these is compulsory and the others are optional, although candidates will be assessed in all four whether they have been trained in them or not. It is the fourth module which includes financial management and resource management.

3.34   The Education and Training Inspectorate (the Inspectorate) reported on the operation of the pilot PQH(NI) in the period 1999 to 2001. It found that "most of the candidates have been in middle or senior management positions in their school for several years....and the area of headship in which they were least secure was efficient and effective deployment of staff and resources." Overall, however, it found the regional programme had made a good start.

3.35   The Boards' view of PQH(NI) is that it is too early to say whether it will have an impact on financial management in schools. It may take a few years for those who have been trained to secure principal posts and only then may the benefits be realised. One Board (the North Eastern) felt the Inspectorate itself had a greater role to play, by looking at all aspects of management, including financial management, when inspecting a school.

3.36   Some responses to our survey made the point that the role of school principals

has changed significantly under LMS. In addition to their function as an education professional, LMS requires principals to be more closely involved in the management and deployment of resources than would have been the case under previous non-delegated arrangements. One possible way of supporting the principal in this work is to recruit someone who can fulfil a financial management role, for example a bursar. One Board (the South Eastern) said that some of its schools would like to employ a bursar but felt they didn't have the resources to recruit additional support staff. This Board now intends to run two pilot projects in the near future to provide financial administration and related services to schools. The proposals consist of:

- a free service to be provided to a selection of small schools; and

- a "buy-in" service using delegated LMS budgets, involving large schools in the Lisburn area.

3.37   The Department for Education and Skills in GB has recently produced a White Paper, "*Schools - Achieving Success*", which includes some consideration of the role of support staff. It records the Government's commitment to training 1,000 more bursars by 2006. One related case example is of a group of nine schools in Nottingham that employ a budget management assistant between them. They each have his services for one day a fortnight for a range of defined tasks, which are set out in an agreement.

3.38   Under LMS, Boards of Governors have a central role in and responsibility for the effective use of resources - identifying and agreeing priorities, deciding what action should be taken, monitoring and evaluating the outcomes and holding the school management to account. There were concerns amongst the Boards, however, that Governors were still not sufficiently equipped to deal with their full range of responsibilities. The Boards acknowledged the voluntary nature of the governor's role and felt that governors may not always appreciate the responsibilities of the role. CCMS (see paragraph 1.1) in particular felt that governors had not been properly empowered to fulfil their role under LMS.

3.39   One Board (Belfast) said that larger schools in their area benefited from having governors with financial skills. CCMS said that it sought to attract governors with financial and management skills. In its report, the Audit Commission (see paragraph 1.6) emphasised that Governors have a central role in, and responsibility for, the effective use of resources. It noted the benefits of having governors with business backgrounds, as they can bring a fresh approach to resource allocation and management.

3.40
> Although LMS has been operating for more than 12 years, available evidence from the Boards and the Inspectorate indicates that principals and Boards of Governors still have some way to go in meeting the resource management demands made on them by LMS. We consider it essential that the Boards and schools monitor the continuing support and training provided to principals and Boards of Governors to ensure that they fulfil their roles effectively (see also paragraph 3.16). In addition, seeking to build on the financial expertise within Boards of Governors should help to improve their capacity to challenge how resources have been allocated. Consideration should be given to various strategies to support schools in resource management, including the scope for spreading the cost of employing bursars or finance officers to provide a service to local clusters of schools.

Management Information

3.41   In order to manage successfully, school managers need good quality and timely management information. In addition, the need for accountability and transparency has emphasised the requirement that schools have good financial management systems. The introduction of local management was supported by the introduction of a new management information system for schools, originally called CLASS but now known as C2K (see paragraph 3.18). This was introduced on a phased basis, with larger schools coming on-line first. In its survey, NIAO found that 28 per cent of schools responding still did not have the system in place. The Department has indicated that all schools, regardless of size, should be on-line by April 2004.

3.42   The C2K system comprises a number of modules, including :

- admissions;

- assessment;

- attendance;

- equipment register;

- financial management; and

- key stages.

3.43   The financial management module provides the reports necessary for sound financial management of a school, including budget listings, trial balance, cumulative expense analyses and outstanding orders. In addition to the reports generated from C2K, schools receive monthly budget reports from their Board, as outlined at paragraph 3.18. These reports do not include committed expenditure, so are not as up-to-date as the school's own reports.

3.44   NIAO asked who made use of the financial management module within schools. Of the 108 schools in the survey that have the system in place, 88 per cent said the principal used the financial management system. Administrative staff used the system in 77 per cent of schools. Usage by governors was minimal, with only 4 per cent of schools indicating that governors made use of the system. This is in line with the findings of the 1997 review (see paragraph 1.5).

3.45   We recognise that it would be inappropriate for governors to be using the financial management module on a constant basis. However, we recommend that, in providing Boards of Governors with ongoing involvement in financial issues, it is important that finance committees should make use of this facility in compiling reports for the main governing body on areas within their remit. As the empowerment of governors is an essential ingredient of LMS we consider that an understanding of the facilities available within the financial management module can help to strengthen the role of governors in contributing to a school's capacity for improvement.

Comparative Data

3.46   As well as knowing their own financial position, it can be useful for schools to compare their expenditure with other similar schools. Financial benchmarking can provide schools with the evidence they need to identify significant differences in resource management, which may suggest that there is scope for doing things better, improving efficiency or reducing costs, or identifying the potential scope for savings.

3.47   All Boards in Northern Ireland provide their schools with detailed budget statements and outturn statements. The budget statements show, for each individual school, what resources have been allocated under each element of the funding formula. The outturn statements show, again for each individual school, how the money was spent under four main headings - teaching staff costs; non-teaching staff costs; other (non-staff) costs; and income. Pupil numbers are also given. School principals can use the information in these statements to make comparisons as they see fit.

3.48   Two Boards (the Southern and Western) provide their schools with additional, more detailed, comparative information. The Southern Board produces an annual booklet which shows, under a range of expenditure headings and for each individual school:

- actual expenditure;

- expenditure expressed as a percentage of total net expenditure; and

- expenditure expressed in terms of cost per pupil.

The headings analysed include teaching staff costs; non-teaching staff costs; energy; maintenance; books and equipment; cleaning; postage/telephones; and

income. The Western Board has produced analysis in terms of cost per pupil for certain groups of schools and expenditure headings. The other three Boards undertake ad hoc comparative exercises if schools make specific requests.

3.49   Our survey asked schools whether they received information from their Board that enabled comparison with other schools. Overall, 72 per cent of schools responding to the survey said they did. This ranged from 67 per cent of schools in the North Eastern Board to 81 per cent of schools in the Southern Board. The figures indicate that 28 per cent of schools, who receive information from their Board, do not perceive it as information that can be used for comparative purposes. Even in the Southern Board, where detailed booklets with comparative data are issued to all schools, 19 per cent of schools believed they did not receive comparative information. Of all the schools that said they did receive comparative information, 60 per cent found it very useful or of some use. In the Southern Board, this figure was slightly higher at 63 per cent.

3.50   We further asked schools if they felt they received sufficient financial management information to enable principals and governors to fulfil their functions properly. Seventy-two per cent of schools said they did receive sufficient information. Those who felt they did not receive sufficient information identified issues which they believe need to be addressed:

- timeliness of information from the Boards - schools need prompt feedback on charges to their budget which do not go through the school's own ordering system;

- interface between C2K and Board systems - some schools pointed out that, because the systems are not linked, there is still a need for paperwork which adds to the administrative burden on schools. Development of links would also help with the timeliness of information (see paragraphs 3.22 and 3.23);

- additional support and guidance - while LMS Units within the Boards will provide guidance when asked, some principals said they were not financial managers and would need more help in interpreting the management information that they already had. This could be from, for example, a bursar or from governors with financial backgrounds (see paragraph 3.36);

- longer term projections of resources, to enable better planning by schools. Also more notice of any additional money in-year, so that it could be spent more effectively.

3.51   In England, the Department for Education and Skills, in conjunction with the Audit Commission and the Office for Standards in Education, has developed Consistent Financial Reporting, a new national framework for schools and local education authorities, of income, expenditure and assets. It summarises school level financial information into practical and understandable headings and is the main source of information about how schools spend their resources. A return is required from all schools at the end of each financial year and the information is held on the Audit Commission website, enabling schools to benchmark their expenditure profile against that of similar schools. These schools can be selected using criteria such as size, type, percentage of pupils with special needs, etc. The site can then present a series of charts showing expenditure per pupil for the schools that match the selection criteria used.

3.52 We recognise that school principals and governors can be extremely busy people and often do not have the time to devote to budget management that they would wish. However, we also believe that there is room for improvement in the management information that is made available to schools in order that they can properly promote self-management and improve value for money. Towards this end, we recommend that, building on the models developed by the Southern and Western Boards, the Department should establish a Consistent Financial Reporting framework similar to that operating for schools in England. Using this framework to benchmark their performance can provide schools with the opportunity to make better use of their finite resources and to have a positive impact on education outcomes.

Part 4:

Monitoring and Evaluation

4.1 As described in Part 3, the main responsibility for managing resources under LMS rests with schools. However, sustaining and ensuring effective local management in schools also requires a strong accountability framework in terms of external challenge and support. Moreover, when introducing an educational innovation like LMS, it is important to build into the scheme an appropriate method of evaluation. This Part of the report explores these issues further.

Departmental Monitoring

4.2 Each year, the Department carries out detailed analysis of Boards' budget statements. This analysis comprises a series of spreadsheets looking at a range of information, for example:

- the percentage of each Board's general schools budget (GSB) allocated to specific Departmental and Board initiatives

- the percentage of each Board's general schools budget delegated directly to schools (ie the aggregated schools budget - see Appendix 1)

- the percentage of each Board's aggregated schools budget (ASB) delegated under each element of the Board's formula

- per pupil allocations of ASB.

This analysis enables the Department to keep an oversight of school funding. The Department also receives copies of Boards' outturn statements for review, and may question Boards on the position of individual schools, in particular those with significant deficits or surpluses.

Board Monitoring

4.3   The Boards have an on-going role in relation to the financial management of their schools. This includes: distribution of budgets to schools on the basis of the Board's formula; agreeing a three-year financial plan with all schools; monitoring of schools' expenditure and the provision of monthly budget monitoring reports to all schools; distribution of any additional funds in-year; provision of advice and guidance to schools; and training of new principals and Governors in the execution of their responsibilities under LMS. Schools with deficits of 5 per cent or more would be the subject of closer monitoring and visits from Boards' LMS staff.

4.4   Internal Audit has a key role in the monitoring of schools by Boards. In our 1995 Report, we noted that all Boards were working towards establishing a cycle of audit coverage of every two years for post-primary schools and every two to three years for primary schools. We also noted that not all Internal Audit units had their full complement of staff.

4.5   The current position is summarised in Figure 4:

Figure 4:   Internal Audit in the Boards

Belfast	• schools audited on 5-year cycle • risk matrix used to identify schools to be visited • self-assessment audit to be introduced from 2002-03 • audit work based on detailed schools audit programme - covers corporate governance, management, budgeting and pupil numbers • audit findings reported to principal and Board of Governors • Internal Audit currently under complement
North Eastern	• audit visits based on schools' self-evaluation • main emphasis of audit work is on school census data, which is the main basis for school funding • audit findings are reported to governors, but through principals • Internal Audit currently under complement
South Eastern	• aim to adhere to two-year cycle for post-primary schools and larger primary schools and a three-year cycle for all other primary schools. Risk based approach to prioritise audit. • comprehensive audit programme used - covers management plan, salaries policy, managing attendance, LMS funding, main areas of income and expenditure, inventory records and school funds • audit findings are reported to school principals, Governors and also to the Assistant Senior Education Officer in the Board • Internal Audit is up to complement
Southern	• rolling programme of audits based on risk assessments • audit work based on comprehensive schools audit programme- includes audit of school enrolments • audit findings are reported to the principal, but major issues would also be brought to the attention of Board of Governors
Western	• four-year cycle of audit coverage for schools, based on detailed schools audit programme • risk assessment approach now being adopted to determine schools to be visited • annual enrolment audit in a sample of schools • audit findings are reported to the principal, Chair of Governors and head of Administration and Management Division • Internal Audit is up to complement

4.6 The Audit Commission review (see paragraph 1.6) highlighted the importance of monitoring by local education authorities (the equivalent of the Education and Library Boards in Northern Ireland). It said that proactive budget monitoring would help ensure that schools struggling to balance their budgets were identified and helped before problems escalated. It pointed up the practice of some local education authorities (LEAs) carrying out more formal investigations if a school's balance fell above or below a set threshold. This is in line with the practice in Northern Ireland, where Boards concentrate their monitoring efforts on schools with a deficit of 5 per cent or more.

4.7 The Audit Commission also emphasised the importance of Internal Audit's monitoring and challenge role. It advocated using risk-based approaches for targeting audit efforts in schools. It recommended that Governors should receive audit reports directly as they are responsible for school finances. And in order to maximise the impact of audit work, summaries of audit findings should be presented to relevant officers and members within the local education authority.

4.8

> NIAO recommends that all Boards should endeavour to bring their Internal Audit branches up to the full complement of staff. It also recommends that, in those Boards where it doesn't already happen, audit findings should be reported directly to the Chairman of the Board of Governors and copied to the school principal.

4.9 Whilst Departmental guidance emphasises the need to link the school development plan to the budgetary process, the monitoring of these two elements by the Boards is not linked. LMS branches monitor the school budgets and the Curriculum, Advisory and Support Services (CASS) work with schools on the drawing up and implementation of their school development plans. The Audit Commission report commented on the scope for greater linkage between the work of school finance staff within local education authorities and that of the advisory services. The way that schools manage their resources has a direct

impact on the learning environment provided and, thereby, on standards achieved. The Audit Commission believes that, to monitor and challenge schools effectively, internal audit, school finance and advisory staff need to work closely together.

4.10

NIAO recommends that Boards should consider how LMS staff and advisory services staff might work more closely together to reinforce the link between school development planning and the efficient and effective use of resources to achieve those plans. It is important also that a strong level of expertise is maintained within these units.

In-school Monitoring

4.11   While it is essential that the Department and Boards maintain a monitoring role to ensure proper accountability for funding, it is of prime importance for schools to be aware of their additional responsibilities under LMS. There need to be monitoring mechanisms at school level to ensure that delegated funds are used to their maximum effect.

4.12   In its survey, NIAO asked schools about monitoring mechanisms in place. The two main focuses in terms of monitoring are the school budget and the development plan. As noted at paragraph 3.18 above, in all schools responding to the survey, budget monitoring was carried out by the principal, with involvement from governors in 62 per cent of cases.   In terms of frequency of monitoring, 66 per cent of schools said they monitored budgets either monthly or more frequently. A further 12 per cent monitored either quarterly or by term, and the remainder less frequently than each term.

4.13 Our survey also found that in 96 per cent of schools responding, the principal monitored the achievement of development plan objectives and was assisted by the vice-principal and senior management team in around 60 per cent of cases. Forty-three per cent of schools responding said that governors had no involvement in reviewing progress on the development plan, a surprising figure given that governors are statutorily responsible for school management. Monitoring of school development plan objectives was undertaken quarterly or more frequently in 36 per cent of schools responding. Thirty three per cent monitored on a termly basis and the remainder either six-monthly or annually.

4.14
> The findings confirm the importance of our recommendations (paragraphs 3.40 and 3.45) on the greater involvement of governors in areas of school management. Significant proportions of schools in our survey indicate that governors have no involvement in the monitoring of school plans and budgets. This should not be the case.

Impact on Resources

4.15 In order to achieve the best educational outcomes for pupils, LMS encourages the more effective use of resources by schools. NIAO analysed financial information contained in Boards' outturn statements (see paragraph 3.47) for the period 1997-98 to 2001-02 (the last available year) to see if there were any marked trends in the resources made available to schools. Figure 5 summarises some key information.

Figure 5:   Financial Information 1997-98 to 2001-02

	1997-98 £'000	1998-99 £'000	1999-00 £'000	2000-01* £'000	2001-02* £'000	Increase %	Increase Real Terms** %
Total resources available	**611,694**	**633,984**	**673,044**	**738,137**	**803,970**	**31.4**	**20.4**
Expenditure on Teaching staff	425,181	438,641	457,788	483,989	513,600	20.8	9.5
Expenditure on non-teaching staff	58,524	60,762	66,493	72,717	81,577	39.4	26.4
Expenditure on non-staff items	101,526	100,431	116,293	138,845	158,339	56.0	41.4
Income	2,252	2,464	3,311	4,545	5,599	121.4	100.8
Southern Board Centre Expenditure	15,242	20,195	24,602	28,602	30,386		
Total Net Expenditure	**597,944**	**617,566**	**661,866**	**719,607**	**778,303**	**30.2**	**19.2**
Unspent resource carried forward	13,750	16,419	11,178	18,530	25,667	86.7	71.0
Unspent resource as % of total resources	2.2	2.6	1.7	2.5	3.3		

* Figures for 2000-01 and 2001-02 are on an accruals basis rather than a cash basis.

**Real terms trend calculated using HM Treasury deflators - see Appendix 4

4.16   The figures indicate an increase in available resources of 20 per cent in the period and an increase in net expenditure of just over 19 per cent. Expenditure on non-teaching staff and non-staff items have increased to a much greater degree than expenditure on teaching staff. The most significant increase has been in income generated by schools - LMS guidance encouraged schools to generate income from, for example, school lettings and said that such income could be kept for use by the school, in addition to their formula allocation.

4.17   Given the depth of analysis in the outturn statements, it is difficult to say whether spending in the classroom has increased. None of the Boards has undertaken any

detailed analysis of the movement of resources between expenditure headings. However, the Department pointed out that pupil-teacher ratios had improved over the period since the introduction of LMS from 18.3 in 1989-90 to 16.4 in 2002-03. In its survey of schools, NIAO asked principals if they believed that LMS had resulted in more resources being spent in the classroom. Sixty-three per cent said they believed it had.

4.18   The overall statistics at Figure 5 can be disaggregated to Board and sector level, to highlight some considerable differences between Boards. Figure 6 clearly illustrates that, overall, schools in the Belfast and North Eastern Boards had a lower level of unspent resources at the end of the period than five years previously. Those in the South Eastern Board built up a surplus of over £11 million during the same period.

Figure 6: Unspent Resources at Year-end, by Board

	1997-98 £'000	1998-99 £'000	1999-00 £'000	2000-01* £'000	2001-02* £'000	% change	1997-98 at 2001-02 prices	% change in real terms
Belfast	2,663	2,919	1,215	1,543	1,784	-33.0	2,907	-38.6
Northern Eastern	2,439	1,313	-261	772	2,626	7.7	2,662	-1.4
South Eastern	2,775	4,564	4,886	9,011	11,106	300.2	3,029	266.7
Southern	3,421	4,679	2,546	3,116	4,571	33.6	3,734	22.4
Western	2,452	2,944	2,792	4,088	5,580	127.6	2,676	108.5
Total	**13,750**	**16,419**	**11,178**	**18,530**	**25,667**	**86.7**	**15,008**	**71.0**

Source: Board Outturn Statements
*Figures for 2000-01 and 2001-02 are on an accruals basis rather than a cash basis.

4.19   Analysis of total resources available by school sector in Figure 7 shows that the greatest gains in terms of resourcing have been in the nursery and controlled grammar sectors. In terms of nursery schools, this reflects the gradual move of schools from the pre-school expansion programme on to local management arrangements, while the figures for controlled grammar schools reflect the inclusion of a provision for capital expenditure. However, net expenditure in the

controlled grammar sector has also increased significantly and as a result there has been a large decrease in the sector's year-end reserves. The secondary sector has seen the greatest increase in year-end reserves.

Figure 7: Total Resources Available, by Sector

	1997-98 £,000	1998-99 £,000	1999-00 £,000	2000-01* £,000	2001-02* £,000	Increase %	1997-98 at 2001-02 Prices	Real Increase %
Nursery	10,277	10,696	11,589	13,557	15,251	49.1	11,163	36.6
Primary	322,483	336,348	356,391	386,035	424,533	31.6	351,995	20.6
Secondary	238,678	244,032	262,602	288,384	310,425	30.1	260,521	19.2
Controlled Grammar	40,306	42,908	42,462	50,161	53,761	33.4	43,995	22.2
Total	**611,694**	**633,984**	**673,044**	**738,137**	**803,970**	**31.4**	**667,674**	**20.4**

Source: Boards' outturn statements

*Figures for 2000-01 and 2001-02 are on an accruals rather than cash basis.

Strategic Evaluation

4.20   In order to judge the success of a policy, it is essential that clear objectives are defined for the policy and that monitoring and evaluation arrangements are put in place to gauge whether objectives are achieved. As outlined at paragraph 1.4 above, the Department identified the overall objective of LMS as being to improve the quality of teaching and learning in schools.

4.21   We acknowledge that evaluating LMS is challenging for a number of reasons: lack of baseline data against which to compare performance; variability in the implementation of the reforms within schools; and the fact that outcomes usually change slowly in response to educational interventions. Furthermore, it is difficult to disentangle the effects of LMS from a range of other initiatives which

were introduced around the same time: for example, open enrolment, a new common curriculum, and new assessment arrangements.

4.22   In its 1995 report, NIAO noted that the Department's progress on strategic evaluation of the LMS policy was slow. A draft evaluation plan had been drawn up and a project team put in place. The draft plan made reference to research by the higher education sector. This resulted in the 1997 review by the University of Ulster (see paragraph 1.5 above). While this review drew some conclusions on how LMS was operating within schools and reflected the positive perceptions of principals, there is little direct evidence available on the key question of whether LMS has improved educational outputs and educational effectiveness in schools.

4.23   In its survey, NIAO sought the views of principals on the general success of LMS. It found that:

- 78 per cent of principals believed that LMS was a better system of school management, compared to the previous system of more centralised Board control. This finding is similar to the 1997 review by the University of Ulster, when 79 per cent of principals said they would not want to return to pre-LMS days and 76 per cent believed that formula funding was a better way of allocating resources; and

- 66 per cent of principals believed that LMS had supported improved teaching and learning in schools. Again this is similar to the 1997 findings when 65 per cent of principals agreed that the learning experience had improved under LMS.

Chief Inspector's Review

4.24   School inspections by the Inspectorate provide qualitative judgements on schools, using a common set of criteria developed out of many years of

inspection. Evidence arising from this inspection process, therefore, provides another potential source of information on the link between LMS and gains in pupil academic achievement. While the most recent review published in 2003 makes no specific reference to LMS arrangements, the review published in 2001 (see paragraph 3.11) said that LMS arrangements had been well received and were generally successful. In particular, it reported that schools had responded constructively and successfully to radical change, including arrangements for funding, and had sustained continuous improvement in the level and range of qualifications achieved by pupils.

4.25

While LMS would seem to provide an appropriate framework for addressing learning issues, the evidence of variability in performance within the school sector demonstrates that a positive outcome is by no means certain. We consider, therefore, that there is a need for the Department to improve its evidence base by developing a better understanding of how resource allocation and organisational structures within schools contribute to effective learning environments. This should lead to guidance on how the wider school community can make best use of the potential provided by the most successful local management arrangements.

Appendices

Types of Schools - Management and Funding

Controlled Schools

Controlled schools are schools which are under the management of the Education and Library Boards (the Boards). Each school has a board of governors. Primary and secondary school boards of governors consist of representatives of transferers (mainly the Protestant churches) along with representatives of parents, teachers and the Boards. Nursery, grammar and special school boards of governors consist of representatives of the latter three categories.

A number of integrated schools operate within the controlled sector. Controlled schools are funded 100 per cent by the Boards.

Voluntary (maintained) schools

Voluntary (maintained) schools are managed by boards of governors, which consist of members nominated by trustees (mainly Roman Catholic), along with representatives of parents, teachers and the Boards. Voluntary schools are fully funded by the Boards.

Voluntary (non-maintained) schools

These are mainly voluntary grammar schools, managed by boards of governors which consist of persons appointed as provided in each school's scheme of

management, along with representatives of parents and teachers and, in most cases, members appointed by the Department or the Boards. To date, voluntary grammar schools have been funded directly by the Department, but there is provision in legislation for this eventually to pass to the Boards.

Grant-maintained integrated schools

In recent years, a number of grant-maintained integrated schools, managed by boards of governors, have been established at primary level and post-primary level. To date, these schools have been fully funded directly by the Department, but legislation provides for this role eventually to pass to the Boards.

School Funding

```
┌─────────────────────────────────────────────────────┐
│     Department of Education sets overall education    │
│              and youth services budget                │
└─────────────────────────────────────────────────────┘
                          ↓
┌─────────────────────────────────────────────────────┐
│      Remainder is divided between the five Boards     │
│   through annual Assessment of Relative Needs         │
│              Exercise (ARNE)                          │
└─────────────────────────────────────────────────────┘
                          ↓
┌─────────────────────────────────────────────────────┐
│   Department retains funding for voluntary grammar    │
│       and grant-maintained integrated schools         │
└─────────────────────────────────────────────────────┘
                          ↓
```

Each Board receives its **General Schools Budget (GSB).** This includes money for three categories of expenditure:

- school resources held at centre by the Boards - for Departmental and Board initiatives, some substitution costs, rates, rent etc
- school resources held at centre by the Boards but attributed to schools -for capital expenditure, central administration costs, home-to-school transport, education psychology and welfare services etc
- resources delegated to schools - the **Aggregated Schools Budget (ASB)**

The Boards determine how much they retain for the first two categories. The remainder is the ASB.

The ASB is allocated to schools on the basis of each Board's funding formula. The major factor in allocating resources by formula is the **Average Weighted Pupil Unit (AWPU).** Each Board sets its own value and weightings for the AWPU, and other factors

The resulting individual school budgets are delegated to **Boards of Governors**. Governors are required to produce an annual financial plan to indicate spending decisions and there are arrangements to allow the carry over of approved savings or deficits.

School Survey

Part 1   General

1.1   Do you believe Local Management of Schools has achieved "local management"?

Yes/No   *(please delete as appropriate)*

1.2   Do you believe Local Management of Schools is a better system for school administration than the previous system of central control by the Education and Library Boards?

Yes/No   *(please delete as appropriate)*

1.3   Do you believe Local Management of Schools has resulted in **more resources** being spent in the classroom?

Yes/No   *(please delete as appropriate)*

1.4   Do you believe Local Management of Schools has helped support **improved teaching and learning in schools?**

Yes/No   *(please delete as appropriate)*

1.5   What is your view of the continuing level of **support and guidance** from your Education and Library Board? *(Please tick appropriate box)*

Very Good	
Good	
Satisfactory	
Poor	
Very Poor	

1.6   What do you regard as the **main advantages** of Local Management of Schools?

Greater flexibility in spending	
More local input to decision-making	
Ability to carry unspent resources into future years	
Ability to direct resources towards school's own development priorities	
Other (please specify)	

Please tick appropriate box(s)

1.7   What do you regard as the **main disadvantages** of Local Management of Schools?

Insufficient delegation of resources	
Increased administrative burden	
Inequity of funding between schools/sectors	
Other (please specify)	

Please tick appropriate box(s)

Part 2   General

2.1   How many members are **currently** on the School's Board of Governors? ____

2.2   How many times did the full Board of Governors meet in the following school years?

School Year	Number of Meetings
1997-98	
1998-99	
1999-00	
2000-01	
2001-02	

2.3 Which of the following specialty interests are **currently** represented on the Board of Governors?

Education	
Finance/accountancy	
Personnel/recruitment	
Business	
Other (please specify)	

Please tick appropriate box(s)

2.4 Which of the following **sub-committees** are in place, and how many times have they met in the last three school years?

Committee	In place (please tick)	Number of meetings		
		1999-00	2000-01	2001-02
Finance				
Curriculum				
Appointments				
Salaries				
Admissions				
Health and safety				
Other (please specify)				

2.5 To what extent are governors involved in the following areas of school business?

Area of Business	Significant Involvement	Some Involvement	No Involvement
Formulation of policies			
Attendance at senior management team meetings			
Attendance at staff meetings			
Participation in school planning (including setting school priorities)			
Budget setting and monitoring			
Annual parents' meeting			
Other parent/governor meetings			

Please tick appropriate box(s)

2.6   Is there a **senior management team** (SMT) in place?

Yes/No   *(please delete as appropriate)*

2.7   How frequently does it meet?

Monthly	
Quarterly	
Termly	
Other (please specify)	

Please tick appropriate box

2.8   Which of the following are members of the SMT?

Principal	
Vice-principal (s)	
Senior teachers	
Other teaching staff	
Non-teaching staff	
Governors	
Other (please specify)	

Please tick appropriate box(s)

2.9   Has the school's **management structure** altered since the introduction of LMS?

Yes/No   *(please delete as appropriate)*

2.10   If so, which of the following reflect the changes made?

More management layers	
Fewer management layers	
Larger senior management team	
Smaller senior management team	
Increased delegation to staff	
New posts eg bursar	
Other (please specify)	

Please tick appropriate box(s)

2.11   Why were these changes considered necessary?

_____

_____

_____

2.12   In your school, what mechanisms of accountability have been put in place between the principal and governors?

Regular reporting by principal to governors	
Attendance of principal at Board of Governor and Committee meetings	
Governors' attendance at SMT meetings	
Other (please specify)	

Please tick appropriate box(s)

2.13   In your school, what mechanisms of accountability have been put in place between governing body and the Education and Library Board?

Regular reporting to Board on school finances	
Regular reporting to Board on achievement of objectives in school development plan	
Attendance of Board officers at Board of Governors meetings	
Other (please specify)	

Please tick appropriate box(s)

2.14   In your school, what mechanisms of accountability have been put in place between the school and parents?

Regular parents meetings on school issues	
Year group parent-teacher meetings	
Parents' involvement in the classroom	
Regular written information/feedback to parents	
Other (please specify)	

Please tick appropriate box(s)

Part 3   School Development Plan

3.1   When preparing the **school development plan**, which of the following are used to help your school determine its **priorities**?

Government targets	
Regional targets	
Local targets	
Self-evaluation outcomes	
Inspection findings	
Other (please specify).	

Please tick appropriate box(s)

3.2   Of the following, who is involved in the setting of school **priorities**?

Governors	
Principal	
Senior management	
Teachers	
Parents	
Pupils	
Other (please specify)	

Please tick appropriate box(s)

3.3   What period does the school development plan cover?

1 year	
2 years	
3 years	
Other (please specify)	

Please tick appropriate box(s)

3.4 What level of detail does the plan reflect for each year?

	Detailed Plan	**Outline Plan**
1st year		
2nd year		
3rd year		

Please tick appropriate box(s)

3.5 What reasons, if any, prevent detailed planning for more than one year?

_____

_____

_____

3.6 Are the **cost implications** of school development priorities identified within the development plan?

Yes / No *(please delete as appropriate)*

3.7 Are **perfomance targets** set in the development plan, which will help lead to the objectives of the plan being achieved?

Yes / No *(please delete as appropriate)*

3.8 Does the plan include details of how **achievement of objectives** will be measured?

Yes / No *(please delete as appropriate)*

3.9 Who is responsible for **reviewing** the achievement of development plan objectives and rolling the plan forward?

Governors	
Principal	
Senior management team	
Other (please specify)	

Please tick appropriate box (s)

Part 4   School Budget

4.1   Once you have been notified of your annual funding allocation, how does your school determine its **spending priorities** and set its budget internally?

On an **incremental** basis ie figures uplifted by a fixed percentage, based on the previous year's expenditure	
Built up afresh from a **zero base**, in line with identified priorities	
A mixture of incremental and zero-based	
Other (please specify)	

Please tick appropriate box

4.2   Who is involved in the budget setting process?

Governors	
Principal	
Senior management team	
Teaching staff	
Other (please specify)	

Please tick appropriate box(s)

4.3   To what extent is the **full Board of Governors** involved in the setting of spending allocations?

Fully involved in allocation decisions	
Ratifying decisions of the Finance Committee	
Ratifying decisions of the principal	
Not involved at all	

Please tick appropriate box

4.4   Is there **delegation of funds** to budget holders within the school?

To senior management	
To heads of departments	
To heads of years	
To non-teaching staff	
No internal delegation	
Other (please specify)	

Please tick appropriate box(s)

4.5   If so, on what basis is money delegated to budget holders?

Bids from budget holders	
An internal formula, eg based on pupil numbers	
In line with development plan priorities	
Other (please specify)	

Please tick appropriate box(s)

4.6   Who is responsible for **budget monitoring** within the school?

Governors	
Principal	
Vice-principal(s)	
Bursar	
Individual budget holders	
Other (please specify)	

Please tick appropriate box(s)

4.7   Do budget monitoring reports from the Education and Library Board's LMS Branch include **committed expenditure** as well as actual expenditure?

Yes / No   *(Please delete as appropriate)*

4.8   Do you reconcile these reports with the information on your own CLASS system?

Yes / No   *(Please delete as appropriate)*

4.9   In the last five years (ie since 1997-98), has your school had any year-end surpluses (under-spends)?

Yes / No   *(Please delete as appropriate)*

4.10   Were these surplus balances planned?

Yes / No   *(Please delete as appropriate)*

4.11   If so, for what specific purpose(s) has your school used surplus resources?

Additional teachers	
Additional teaching/learning resources	
Increased salaries	
Specialist help in the classroom	
Creation of contingency fund	
Purchase of a large item	
Spending on premises	
Other (please specify)	

Please tick appropriate box(s)

4.12   Which factors contributed to the achievement of a surplus?

Increased pupil numbers	
Savings on staff costs	
Savings on non-staff costs	
Increased income generation by school	
Formula funding more favourable than historic funding	
Other (please specify)	

Please tick appropriate box(s)

4.13   In the last five years (ie since 1997-98) has your school had any **year-end deficits** (over-spends)?

Yes / No   *(please delete as appropriate)*

4.14   Were budget deficits planned?

Yes / No   *(please delete as appropriate)*

4.15   Where any planned deficits agreed with your Education and Library Board?

Yes / No   *(please delete as appropriate)*

4.16   What were the main reasons for budget deficits?

Falling pupil numbers	
Staff costs	
Non-staff costs	
Lack of experience in financial management	
Formula funding less favourable than historic funding	
Other (please specify)	

Please tick appropriate box(s)

4.17   Was a **recovery plan** agreed with the Board to make good any deficit?

Yes / No   *(please delete as appropriate)*

4.18   How were budget deficits made good?

Use of contingency fund	
Additional income generated	
Reduction in teaching costs	
Reduction in non-teaching costs	
Other (please specify)	

Please tick appropriate box(s)

Part 5   Management Information

5.1   Does your school have the **financial management** module of CLASS/CLASPS in place?

Yes / No   *(please delete as appropriate)*

5.2   Who makes use of the CLASS financial management system (FMS) within the school?

Principal	
Vice-principal(s)	
Bursar	
Senior teachers	
Other teachers	
Office staff	
Governors	
Other (please specify)	

Please tick appropriate box(s)

5.3   What financial reports does the school regularly produce from the system? (*Please list*)

_____

_____

_____

5.4   Does your Education and Library Board provide you with management information on other schools in your sector, to enable you to compare performance?

Yes / No   *(please delete as appropriate)*

5.5 If yes, how useful do you find this information?

Very useful	
Of some use	
Of little use	

Please tick appropriate box(s)

5.6 If no, would you like the board to provide this information?

Yes / No *(Please delete as appropriate)*

5.7 Do you feel there is sufficient **financial management information** to enable both the principal and Governors to fulfil their functions properly?

Yes / No *(Please delete as appropriate)*

5.8 If no, what further information do you feel is required?

_____

_____

_____

Part 6   Monitoring and Evaluation

6.1   Is your school required to provide **monitoring information** to the Education and Library Board?

Yes / No   *(please delete as appropriate)*

6.2   If yes, who is the information provided to?

LMS Branch	
Finance Branch	
Advisory Service (CASS)	
Internal Audit Branch	
Other (please specify)	

Please tick appropriate box(s)

6.3   How frequently do you provide monitoring information to the Board?

	LMS Branch	Fianance Branch	Internal Audit	CASS	Other
Weekly					
Monthly					
Quarterly					
Termly					
6-monthly					
Annually					
Other (please specify)					

Please tick appropriate box(s)

6.4   Which of the following are regularly provided to the Board?

Budget reports	
Progress reports on school development plan	
Copies of Board of Governor/ Committee meetings minutes	
Reports on self-evaluation outcomes	
Other (please specify)	

Please tick appropriate box(s)

6.5   What monitoring mechanisms are in place **within your school** and by whom are they carried out?

	Governors	Principal	Vice-principal	SMT	Bursar	Budget holders	Other
Monitoring of budgets							
Monitoring of development plan							
Other monitoring (please give details below)							

Please tick appropriate box(s)

Other Monitoring: _____

6.6   How frequently are monitoring exercises undertaken?

	Budget Monitoring	Development Plan Monitoring	Other Monitoring
Weekly			
Monthly			
Quarterly			
Termly			
6-monthly			
Annually			
Other (please specify)			

Please tick appropriate box(s)

Part 7   Common Funding Formula

7.1   Were you content with the recent consultation process in relation to the introduction of a common funding formula?

Please tick appropriate box(s)

Very content	
Content	
Not content	

7.2   What do you regard as the main problems of the existing formulae that need to be addressed through the introduction of a new common formula?

Differences in funding between Board areas	
Differences in funding between school sectors	
Differences in funding within school sectors	
Inappropriate pupil weightings	
The inclusion of teachers' salaries at average, rather than actual, cost	
Insufficient funding for special needs and social deprivation	
Too much delegation of funding	
Not enough delegation of funding	
Other (please specify)	

Please tick appropriate box(s)

7.3   Do you believe the proposals in the recent consultation document will help address the problems of the existing formulae?

	Common formula will help	
	Yes	**No**
Differences in funding between Board areas		
Differences in funding between school sectors		
Differences in funding within school sectors		
Inappropriate pupil weightings		
The inclusion of teachers' salaries at average, rather than actual, cost		
Insufficient funding for special needs and social deprivation		
Too much delegation of funding		
Not enough delegation of funding		
Other (please specify)		

Please tick appropriate box(s)

GDP Deflators

GDP deflators used in Tables 5 to 7 are those published by HM Treasury in June 2003. These were the latest available deflators at the time of drafting this report.

1997-98	89.077
1998-99	91.507
1999-00	93.196
2000-01	94.802
2001-02	97.229

List of Reports

Title	NIA/HC No.	Date Published
2002		
Northern Ireland Tourist Board Accounts 2000/01} Travelling People: Monagh Wood Scheme}	NIA 45/01	26 February 2002
Indicators of Educational Performance and Provision	NIA 48/01	21 February 2002
NIHE Housing the Homeless	NIA 55/01	21 March 2002
Repayment of Community Regeneration Loans	NIA 59/01	28 March 2002
Investing in Partnership - Government Grants to Voluntary Bodies	NIA 78/01	16 May 2002
Northern Ireland Tourist Board: Grant to the Malone Lodge Hotel	NIA 83/01	20 May 2002
LEDU: The Export Start Scheme	NIA 105/01	2 July 2002
Compensation Payments for Clinical Negligence	NIA 112/01	5 July 2002
Re-Roofing of the Agriculture and Food Science Centre at Newforge	NIA 24/02	17 October 2002
The Management of Substitution Cover for Teachers	NIA 53/02	12 December 2002
2003		
The Sheep Annual Premium Scheme	NIA 75/02	6 February 2003
The PFI Contract for the Education and Library Board's New Computerised Accounting System	NIA 99/02	20 March 2003
Areas of Special Scientific Interest	NIA 103/02	27 March 2003
Financial Auditing and Reporting: 2001/02	NIA 107/02	2 April 2003
The Use of Operating Theatres in the Northern Ireland Health and Personal Social Services	NIA 111/02	10 April 2003
Investigation of Suspected Fraud in the Water Service	HC 735	26 June 2003

Title	NIA/HC No.	Date Published
Management of Industrial Sickness Absence	HC 736	1 July 2003
Encouraging Take-up of Benefits by Pensioners	HC 737	3 July 2003
2004		
Navan Centre	HC 204	29 January 2004
The Private Finance Initiative: A Review of the Funding and Management of Three Projects in the Health Sector	HC 205	5 February 2004
De Lorean: The Recovery of Public Funds	HC 287	12 February 2004

ISBN 0-10-292526-7

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