



SAINT HELENA **AUDIT SERVICE**

PILLING PRIMARY SCHOOL



VALUE FOR MONEY REPORT

V10 - October 2010

Value for Money audits are conducted by the Audit Service on behalf of the Legislative Council, in order to determine whether St Helena Government resources have been used with proper regard to economy, efficiency and effectiveness.

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Report Distribution: Chief Education Officer, Chief Secretary, Financial Secretary, Legislative Council, Public Accounts Committee and Internal Audit.

The executive summary is provided to the Audit Committee. It is available to the public through our website (www.audit.gov.sh), in the Public Library and at the Audit Service Office.

EXECUTIVE SUMMARY

This review formed part of the Value for Money Audit Plan for 2009/10. The objective of this audit was to determine whether Pilling Primary School (PPS) has achieved the targets set out in the departmental business plan and whether management arrangements provide for the efficient use of resources.

One of the key initiatives in the Sustainable Development Plan (SDP) for 2007/08 – 2009/10 was the amalgamation of primary education to make more efficient use of teaching staff and buildings, and to allow these schools to be run more autonomously in managing and monitoring their own budgets. In September 2007, Jamestown First School and Pilling Middle School were amalgamated into one primary unit.

Based upon the work undertaken and the findings detailed in the body of this report, the overall opinion is given below. The range of possible audit opinions given for Value for Money is good, adequate and inadequate. Definitions of the audit opinions can be found at Appendix A to the main report.

PILLING PRIMARY SCHOOL

ADEQUATE

	Management arrangements are generally conducive to achieving Value For Money – but further important enhancements could be made.
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The underlying objective of Pilling Primary School (PPS) is summed up in National Strategic Objective 2 "*improve the education of the people of St Helena*". PPS directly contributed to three of the targets set to achieve this objective in the Education Department's business plan for 2007/08 – 2009/10. At March 2010, PPS had achieved two targets and is making good progress towards the third target.

The key performance indicator of PPS is the SATs results in core subjects. Examination results for English exceeded the target by more than 20%. Whilst the targets for Math and Science were not met by August 2009, the examination results reflect an improvement compared with performance prior to the amalgamation. In comparison with UK results for August 2009, the results for PPS for English and Science were within 15%.

The budget for PPS is incorporated in the Primary Sector budget. Our audit did not review PPS budget or actual expenditure as this information was not separately maintained. We have made two recommendations with regard to the structure of the Primary Sector budget and monitoring system. The relationship between budget management and resource usage needs to be improved to promote accountability, provide for more efficient use of resources and enhanced management information.

The assistance given by all SHG staff and third parties is acknowledged with appreciation. A list of those involved is included at Appendix C.

1. FINDINGS AND CONCLUSIONS

Introduction

- 1.1 The main findings and conclusions are presented here and are based upon the actual work undertaken and evidence gathered.
- 1.2 The SDP 2007/08 – 2009/10 highlighted education as one of the pillars supporting the plan and a necessity in providing the island with a sustainable workforce with which to fuel the development of the economy. National Strategic Objective 2: *“Improve the standard of education for the people of St Helena”* has been filtered down from the SDP into the Education Department’s business plan.
- 1.3 One of the key initiatives in the SDP for 2007/08 – 2009/10 was the restructure of first and middle schools to “make more efficient use of teaching staff and buildings, and to allow these schools to be run more autonomously in managing and monitoring their own budgets.”¹
- 1.4 In September 2007, Jamestown First School and Pilling Middle School were amalgamated into one primary unit, PPS.

Review of performance against targets

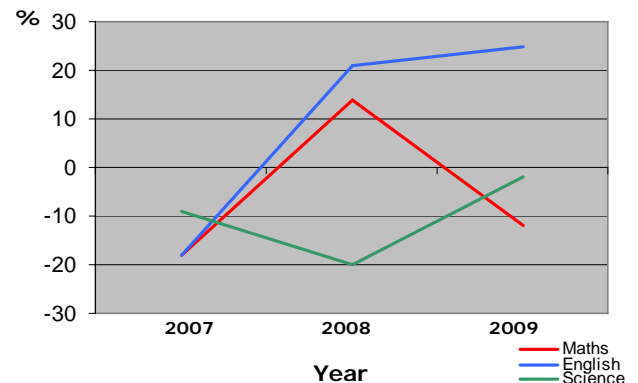
- 1.5 PPS directly contributed to two of the departmental strategic objectives. They are “Reorganise and restructure primary and secondary schooling” and “Maintain and improve education standards at primary and secondary levels”. PPS contributed to three of the targets set to assess the achievement of these objectives.
- 1.6 The first target is “phased restructuring of six first and middle school units to three primary units with vertical grouping and reduced Pupil Teacher Ratios (PTRs)”. Two performance indicators were set to assess the achievement of this target:

- o the reduction of PTRs from 9:1 to 23:1 by September 2007; and
- o PPS action planning and analysis reflect primary strategy from September 2007.

This target has been achieved. The formation of PPS in September 2007 and change to vertically grouped classes of pupils reduced the PTRs from 8:1 to 23:1. Since 2007, PPS has operated under a primary timetable with a primary curriculum.

- 1.7 The second target is “to have 3 vertically grouped primary schools functioning with efficient PTRs”. The performance indicator set to assess the achievement of this target was “projected average PTRs continue to project SDP target average 24:1 up to 2010”. This target has been achieved. Close monitoring throughout the primary sector has enabled PPS to achieve targeted PTRs of 22:1.
- 1.8 The final target is based on the performance of the students at Key Stage 2 (KS2) in the core subjects. Targeted examinations results by August 2009 are:
 - o Math - 50% achieving Level 4+;
 - o English - 50% achieving Level 4+; and
 - o Science - 77% achieving Level 4+.

1.9 The graph below illustrates actual performance in relation to targets between 2007 and 2009. The results for 2007 are before the formation of PPS.



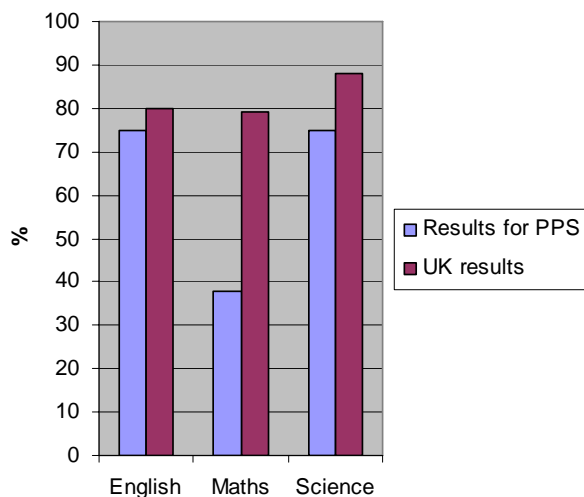
¹ Quoted from SDP 200708-200910 Sec: 4.4.6 Pg 36

Primary Sector Budget

1.10 This target has been part met. PPS has achieved over the required target for English and has marginally missed the target for Science. The target for Math has not been met. However, the results for August 2009 reflect an improvement compared with the examination results prior to the formation of PPS.

1.11 In 2009, a total of eight pupils from PPS sat SATs exams. It is essential to note, when reading the above graph, the significant impact of one pupil's performance (as one pupil represents 12.5%) on the overall percentage achieved by the school.

1.12 The graph below illustrates the percentage of PPS pupils achieving level 4 and above compared to the percentage of pupils in the UK achieving level 4 and above in August 2009².



1.13 As can be seen from the graph, the results for PPS are lower than that of the UK, but the results for English and Science were within 15%.

1.14 Overall, PPS has achieved two targets and the third target has been part met.

1.15 The Education Department's budget is divided into functions and not individual schools or institutions. PPS does not have its own budget; instead it is accounted for in the Primary Sector Section budget which contains all primary schools.

1.16 The Primary Sector budget is compiled by the Education Officer Primary (EOP); Head Teachers do not contribute to this process.

1.17 On approval of the budget, the EOP allocates budget lines for furniture and equipment and materials equally between the three primary schools, with an amount held back to cover any unexpected costs. The Head Teacher of the school will then prioritise significant items to be purchased in the forthcoming year.

1.18 The Head Teacher of PPS keeps a record of local expenditure incurred through Local Purchase Orders (LPO's) for the purchase of local materials and small equipment which is communicated to the EOP on a monthly basis. This information is recorded by the EOP.

1.19 Monitoring of budgeted expenditure against actual expenditure throughout the year is not performed by the school, who incur the costs. This function is performed by the Administration Section of the department who monitors the entire Education Department's budget at sector level. Results for the Primary Sector are communicated to the EOP who compares with her records.

1.20 Consequently, those responsible for the preparation and monitoring of the budget are separate from those using resources. The risk is that inefficiencies or potential overspends are not quickly identified. We have made a recommendation to encourage more efficient use of resources by individual schools through strengthening the relationship between the estimation of future costs and incurring costs. (Recommendation 1)

² Information obtained from www.dcsf.gov.uk

Recharge of expenditure

- 1.21 The Primary Sector budget only holds salary costs, furniture and equipment, computer equipment and consumables and materials costs. Other specifically identifiable costs such as electricity, water, telephones and testing fees are included in the Department's Administration Section budget.
- 1.22 Costs included in the Administration budget are subsequently recharged to the Primary Sector budget. The recharge is based on the apportionment of 90% of the Administration Section budget to the other section budgets in proportion to their level of expenditure. The same basis of apportionment is used for actual expenditure.
- 1.23 The implication of this is that the specifically identifiable costs are not charged to the Primary Sector budget and the costs recharged may not be a reasonable reflection of the costs incurred by schools. We have made a recommendation to promote accountability, provide for more efficient use of resources and enhance management information by including specifically identifiable costs in individual school budgets. (Recommendation 2).
- 1.24 Recommendations are summarised in the table on pages 7-8.

	RECOMMENDATION	Officer responsible for implementation	Priority	Implementation expected to be complete by: (Month, Year)	Management Comments
1	<p>Pilling Primary School does not have its own budget; it is incorporated in the Primary Sector budget. The Primary Sector budget is compiled by the EOP with limited input from Schools Head Teachers. The Primary Sector budget is not monitored at School level. Consequently, those responsible for the preparation of the budget are separate from those who responsible for ensuring the efficient use of resources.</p> <p>We recommend that:</p> <ul style="list-style-type: none"> a) each school has its own budget; b) Head Teachers of each school be involved in the development of their individual budget during the annual budget setting process; and c) EOP involves Head Teachers in monitoring the budget for all subheads. 	CEO	Medium		<p>Disagree</p> <p>Although in the Audit report it is quoted that the restructuring would allow schools to run more autonomously in managing and monitoring their own budgets, this aspect was never included as an action to be implemented in relation to the pillars of the SDP strategy. It was not set as a target or included in the High level indicators of the SDP – ref : SDP 6.2. MIE Framework Annex 4, Table 11 High level indicators. Pgs 52,53,68</p> <p>This target was not one of the Primary Consultant's targets who was engaged by the Education Department to train, manage and guide all schools through their amalgamation process. The Primary Consultant's Terms of Reference and remit did not include training and developing the Head teachers to manage their own primary budgets.</p> <p>This target did not from part of any consequent Primary Sector Business Plans, Strategic Plans or Departmental actions or goals for Primary Head teachers to manage their own budgets</p> <p>In view of this evidence I will reiterate</p>

	RECOMMENDATION	Officer responsible for implementation	Priority	Implementation expected to be complete by: (Month, Year)	Management Comments
					<p>again as CEO that it is totally unfair to evaluate and judge Pilling Primary School or any primary school on the fact that they do not manage their own budgets as this was never included in any of the planning frameworks and targets for the Primary Amalgamation process so realistically the Primary Head teachers and Primary Schools cannot be evaluated against this target. They would never have achieved this target as it was indeed not part of any of their training, planning, targets, goals or operational processes for the amalgamation of their schools. This is a target and a recommendation that needs to be made against the Education Department and not an individual school as it is the Education Department that first need to change their budget processes if a recommendation like this is to be achievable.</p> <p>Disagree with recommendation 1 (b) – Head teachers are involved and made aware of the budget planning and allocations for each school through Primary Heads meetings and liaison with EOP, however EOP is overall responsible for budget control and monitoring. This is the case for all sectors within the Education Department and management of the budget through our Senior Administration staff by each sector head</p>

	RECOMMENDATION	Officer responsible for implementation	Priority	Implementation expected to be complete by: (Month, Year)	Management Comments
					<p>is efficient and effective – CEO.</p> <p>This is not one of our strategic targets for the Primary Sector (EOP)</p> <p>It should be emphasized that schools managing their own budgets was not a set target for action under the SDP or Department' strategic plan. (EOP)</p> <p>Heads would need to have this reflected in their salaries and job profile also will need to have the admin/ clerical support in schools and a system implemented for this.</p> <p>Overall conclusion Pilling is being penalized in this Audit report and evaluation for something that is beyond their control.</p>
2	<p>Costs that are specifically identifiable with individual schools are included in the Administration Section budget and are recharged to the Primary Sector budget. The implication of this is that the specifically identifiable costs are not charged to the Primary Sector budget and the costs recharged may not be a reasonable reflection of the costs incurred by schools.</p> <p>We recommend that:</p>	CEO	Medium		<p>Disagree</p> <p>This is an SHG accounting system that is operated by the Education Department. Pilling Primary School cannot be penalised or judged on a SHG process which is outside of their control. These recommendations should be set for the Education Department to achieve and work towards and not an individual school such as Pilling Primary SHG / Education Department's Budget</p>

	RECOMMENDATION	Officer responsible for implementation	Priority	Implementation expected to be complete by: (Month, Year)	Management Comments
	<p>a) items that can be specifically identified with the individual schools be included in the school budgets; and</p> <p>b) the recharge is only used for items of expenditure that cannot be directly traced to a specific sector or school.</p>				<p>System would have to be changed to suit this recommendation</p> <p>I also disagree with the recommendation as we will need an Executive Officer post in each school to assist the head teachers with the management of their budgets – in this climate of reducing the footprint of SHG this is not a practicable target for us to meet.</p>

APPENDIX A**AUDIT OPINION DEFINITIONS**

Every Value for Money audit concludes with an overall opinion based upon individual opinions that are applied to each of the review areas identified in the scope of the audit. The range of opinions, together with an explanation of their meanings, is as follows:

<i>Value For Money Opinions</i>	
GOOD	Management arrangements are conducive to achieving Value For Money and only minor enhancements, if any, can be identified.
ADEQUATE	Management arrangements are generally conducive to achieving Value For Money – but further important enhancements could be made.
INADEQUATE	Management arrangements are not considered to be adequately conducive to achieving maximum Value For Money.

APPENDIX B**SCOPING AND RESOURCING**

To examine whether the objectives were achieved with regard to efficiency and effectiveness, the Audit Service assessed the following:

- The progress made by Pilling Primary School in achieving their targets.
- The budget setting and monitoring system for Pilling Primary School.
- The structure of the Primary Sector Budget,

This was done by:

- Identifying Pilling Primary School objectives and targets from the Education Department's business plan and the Sustainable Development Plan for 2007/08-2009/10.
- Interviewing and obtaining information from Education Department's personnel.
- Reviewing the Education Department's and Primary Sector budgets for 2009/10.

The audit was undertaken during the period January to June 2010. The total cost of undertaking the audit was £3,000

APPENDIX C**LIST OF PERSONS CONSULTED**

The assistance given to the Audit Service by all those listed below during the course of the audit is acknowledged with appreciation.

Names	Title	Department
Lilla Oliver	Chief Education Officer	Education
	Primary Training Consultant	St Helena Education Support Programme
Alice Greentree	Education Officer Primary	Education
Joanne Crowie	Senior Executive Officer	Education
Joy Peters	Executive Officer	Education