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PARLIAMENT OF TASMANIA

**AUDITOR-GENERAL
SPECIAL REPORT NO 23**

**Managing School maintenance
And Minor Works**

No. 7 of 1997 – December 1997

*Presented to both Houses of Parliament in accordance with the provisions of Section 57 of the
Financial Management and Audit Act 1990*

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List of Acronyms

FECA	Fully Enclosed Covered Area
FTE	Full Time Equivalent
DECCD	Department of Education, Community and Cultural Development
CPI	Consumer Price Index

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INTRODUCTION

Under the provisions of Section 44(b) of the Financial Management and Audit Act 1990 the Auditor-General may

“... carry out examinations of the economy, efficiency and effectiveness of Government departments, public bodies or parts of Government departments or public bodies. ...”

The conduct of such audits is often referred to as performance auditing or value for money auditing.

This report relates to the performance audit conducted by the Tasmanian Audit Office during the period February to October 1997 of “Managing School Maintenance and Minor Works”.

The Audit Office appreciates the co-operation and assistance provided by the management and staff of the Department of Education, Community and Cultural Development including school principals in providing answers to the Office's survey.

EXECUTIVE SUMMARY

OVERALL CONCLUSION

This audit has been performed in accordance with Australian Auditing Standard AUS 806 Performance Auditing.

The standard states the objective of a performance audit is to enable the auditor to express an opinion whether, in all material respects, all or part of an entity's or entities' activities have been carried out economically, and/or efficiently and/or effectively.

The audit found that, subject to the availability of sufficient funding, the Department of Education, Community and Cultural Development (DECCD) has implemented an economical, efficient and effective process of managing school maintenance and minor works less than \$20 000.

However, the audit identified a number of areas where the process of managing school maintenance and minor works could be refined by the DECCD.

SUMMARY OF RECOMMENDATIONS

Part 1: Identifying Maintenance Requirements

The majority of schools appear satisfied with the composition of maintenance plans prepared by selected quantity surveyors. However, to ensure each school has a maintenance plan which adequately itemises maintenance required, some schools need to be more actively involved in the preparation and review of maintenance plans.

Page 13

The DECCD should consult with the three selected quantity surveyors to address concerns raised by some schools regarding the accuracy of school maintenance plan estimated payments.

Page 15

The Audit Office noted there was some inconsistency in the type of items included in maintenance plans between schools. The building maintenance needs identified by the maintenance plans directly affect the level of funding received by schools. Therefore, the DECCD should ensure the items included in maintenance plans are consistent between schools.

Page 17

It is recommended that the DECCD assess the effects of funding shortfalls. This review should focus on:

- the sources of funds for school maintenance work, particularly for schools in poorer socio-economic areas which may not receive additional monies from external fund raising; and
- the effects on the long term maintenance of all schools.

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Part 2: Providing Maintenance Funding

The formula used to allocate maintenance and minor works funding to schools appears weighted against schools with low utilisation of school facilities. Audit recommends DECCD review this formula to ensure that schools receive an equitable portion of available funding.

Page 29

The formula used to allocate maintenance and minor works funding to schools appears weighted against schools with relatively high building maintenance needs. The Audit Office recommends DECCD review this formula to ensure that schools receive an equitable portion of available funding.

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The Audit Office supports the ongoing review of proportional funding between sectors.

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Part 3: Expenditure of Maintenance Funding

The Audit Office recommends that the DECCD continue the engagement of Building Consultants to provide technical support to schools in addressing maintenance and minor issues.

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RESPONSE TO THE REPORT

Dr A J McHugh
Auditor-General

MANAGING SCHOOL MAINTENANCE AND MINOR WORKS

Thank you for the opportunity to comment on the report on “Managing School Maintenance and Minor Works”.

Summary

Maintenance was first delegated to schools in 1992 as part of the DECCD’s self management process. Asset condition appraisals and maintenance planning have been a feature of this process since 1993. The process is open to scrutiny and generally accepted by schools and interested organisations.

Over the last five years, this process has been constantly refined. No other State Education Agency, as evidenced in your Table 11, has developed the process to the level of sophistication that DECCD has done.

The process is considered by the DECCD to be cost effective. Studies undertaken by DECCD have confirmed that while the quality of school buildings in Tasmania are in now way inferior to other States, the cost to Government, on a pro-rata basis, is considerably less than other States. While the report does make some interstate comparisons, it does not comment on the overall efficacy of DECCD’s school maintenance program compared to other Tasmanian Agencies and other jurisdictions and this may have been useful.

In relation to the specific recommendations of the report comments by the Secretary are provided following each recommendation throughout the body of the report.

General Comments

As mentioned on page 29, a review of the allocation of the total funds within the School Resource Package has been initiated and the information in the report will be of value in this review.

I am concerned that some of the comments in the report seem to be at variance with the devolved style of management that has been adopted in DECCD. This approach is supported by the Premier’s Directions Statement and is consistent with the Australia-wide trend to make Government activity more efficient and effective.

(signed)

Dr Martyn Forrest
Secretary
Department of Education, Community and Cultural Development

AUDIT OBJECTIVES, SCOPE, APPROACH AND COST

AUDIT OBJECTIVES

The audit objectives were to examine the process used by the Department of Education, Community and Cultural Development to manage school maintenance and minor works less than \$20 000. The purpose of the review was to determine whether procedures and mechanisms exist which ensure this process is managed efficiently and effectively.

Procedures and mechanisms that should be in place include:

Identifying maintenance and minor works funding requirements

The method undertaken by the DECCD to determine the amount of maintenance required by schools should:

- provide reliable, useful and timely information as to the cost and scope of maintenance required; and
- be cost effective, when compared to alternatives in identifying such information.

Providing maintenance and minor works funding

The method of allocation of maintenance funding to Schools should provide each School with an equitable portion of the available funds to address maintenance requirements.

Expenditure of maintenance and minor works funding

The method of expenditure of maintenance funding provided to Schools should:

- ensure maintenance requirements are addressed according to set priorities; and
- ensure adequate procedures are in place to minimise cost, having regard to the appropriate quality.

Comparison with other States/Territories

Comparison of the process of managing School Maintenance & Minor Works established by the DECCD with other States/Territories to identify similarities and differences in approaches.

AUDIT SCOPE

Since 1990 the DECCD has progressively devolved responsibility for managing maintenance and minor works less than \$20 000 to schools. The scope of the audit is limited to the process of managing maintenance and minor works by schools. The DECCD definition of maintenance and minor works has been included at Appendix A.

The audit was comprised of the following parts:

- examining the method undertaken by the DECCD to determine the amount of maintenance required by schools;
- examining the method of allocation of maintenance funding to schools;
- examining the method of expenditure of maintenance funding provided to Schools; and
- comparison of the process of managing school maintenance and minor works established by the DECCD with other States and Territories.

AUDIT APPROACH

The project was selected in October 1996, the preliminary survey was commenced in late November 1996 and was designated as a performance audit in February 1997.

Discussion with DECCD staff and detailed examination of DECCD records was ongoing from March until October 1997.

A survey was sent to all schools by the Audit Office on 6 May 1997. Schools were asked to provide information on the process of managing maintenance and minor works on a confidential basis. A total of 177 (77%) completed survey responses were received by the deadline of 15 July 1997. The results of the survey are summarised in Appendix B. In addition, survey results are referred to throughout the Report.

The Audit Office obtained financial information with the objective of comparing maintenance funding, required and expended between States and Territories. However, due to differing definitions of maintenance and minor works and approaches to managing maintenance requirements it was determined that this comparative data was not sufficiently reliable.

A comparison was made of the approaches to managing school maintenance and minor works by other States and Territories using information obtained from research undertaken by the Department of Education - Queensland.

A draft report was issued for comment to the DECCD in October 1997.

AUDIT COST

The cost of the audit was \$22 860 which includes salaries and related on costs and office overhead expenses.

BACKGROUND

In accordance with DECCD policy of partial devolution, responsibility for the management of maintenance and minor works less than \$20 000 has been progressively devolved from Central Office to schools since 1990.

A total of \$9 470 860 was spent by Tasmanian Government schools on maintenance and minor works less than \$20 000 in 1996.

As at May 1997 there were 230 schools comprised of 8 colleges, 33 high, 26 district high, 147 primary and 16 special schools.

The process of managing maintenance and minor works less than \$20 000 for each school may be summarised as follows:

Identifying Maintenance and Minor Works Funding Requirements

- Schools receive funding for the preparation of a maintenance plan for items less than \$20 000.
- Schools may select an approved quantity surveyor to prepare the maintenance plan.
- The selected quantity surveyor identifies maintenance items required of less than \$20 000 over a period of 7 years including estimated payments.
- Technical support is available from the Central Office to assist the school with the preparation of the maintenance plan.
- A copy of the maintenance plan is forwarded to the Central Office.
- The maintenance plans are updated every two years.

Providing Maintenance and Minor Works Funding

- Central Office provide funding to each school for maintenance items less than \$20 000.
- The amount allocated to each school is based on a pre-determined formula. Central Office notifies each school of the funds to be provided as part of the global School Resource Package.
- Considering the allocation to be received from Central Office the school plans maintenance expenditure in accordance with the maintenance plan priorities and priorities established for non-maintenance plan items by the school.

Expenditure of Maintenance and Minor Works Funding

- The school expends money on maintenance in accordance with procedures established in the School Management Handbook.
- The school procures services from consultants and service providers to deliver maintenance works.
- Technical support is available from the Central Office to assist the school with maintenance issues.
- The school ensures maintenance performed is of a high standard and in accordance with all statutory and regulatory requirements and represents value for money.

PART 1 : IDENTIFYING MAINTENANCE REQUIREMENTS

INTRODUCTION

Schools are advised through the School Management Handbook of their responsibilities. Schools have responsibility for managing the following areas of maintenance and minor works:

- To arrange and fund maintenance and school-initiated capital works on the assets for which they are responsible up to a project cost of \$20 000.
- To maintain all equipment and replace where necessary.
- For damage or loss involving buildings and site improvements, such as fences, pools and playground equipment up to \$20 000 per event. For equipment only, the limit is \$5 000 per event.
- For dwellings under the school's control. If the accommodation is leased to the Department by another Government Agency, that Agency will have certain responsibilities that will be stated in the lease agreement.
- To refer certain works of a technical nature outside the school for advice, regardless of who is paying for them.
- To determine if any insurance is to be taken out.
- To provide Central Office with details of building alterations so that a register of the assets of the whole department can be maintained.
- To ensure that all statutory requirements (ie, local government and building regulations) are met before school-initiated building work is started.
- To ensure school-initiated works are carried out by qualified persons.
- To have a maintenance plan for all assets. To replace equipment as it depreciates and to establish a replacement schedule if considered necessary.
- To have a maintenance plan for a playground, swimming pool and gymnasium equipment and a program of maintenance inspections for playgrounds, pools and gymnasiums.
- To immediately forward a fire report form if a fire occurs in a school, residence, student hostel or teacher hostel.

All other areas of maintenance and minor works, such as items greater than \$20 000, are the responsibility of the individual Districts and/or Central Office.

SCHOOL BUILDING MAINTENANCE PLANS

The process of developing maintenance plans for all schools was initiated by the DECCD (then the Department of Education & the Arts) in September 1992.

In a memorandum to all schools the DECCD Central Office indicated that a well constructed maintenance plan would ensure that:

- future maintenance needs and costs are known;
- management attention can be focussed on these costs, and action taken to minimise or eliminate them;
- school, district, and central office asset management plans can be integrated;
- appropriate priority is given to important aspects of maintenance, for example statutory requirements and safety issues;
- equity between schools is maintained through the adoption of an understood and accepted process of identifying and funding maintenance needs; and
- scarce financial resources are used effectively.

The Central Office provided the following assistance to schools to develop building maintenance plans:

- the selection of quantity surveyors to undertake the preparation of each plan;
- the provision of technical support; and
- providing funds to offset the initial cost of each plan.

Since this time Central Office has allocated funds to allow for the update of plans every two years.

Schools may choose one of the selected quantity surveyors to complete the update of the plan.

Each plan comprises a list of maintenance and minor works required over a seven year period. Detailed work schedules are provided for each year of the plan. In addition, the total estimated maintenance payment required for each year is summarised by elements and by priority.

Elements

Each plan is intended to cover items of maintenance and minor works which maintain the structural elements of school buildings and grounds.

The following elements are addressed in each school building maintenance plan:

- Structure
- Roofs
- External Walls, Windows and Doors
- Interior Walls, Screens and Doors
- Floor Coverings
- Ceilings
- Joinery and Other Fitments

- Lighting, Heating and Ventilation
- External Structures (ground improvements, fences, paving, etc.)
- External Services (power lines, stormwater, etc.)

Surveyed schools were asked whether the current plans adequately identify specific maintenance required for each of these elements. A yes or no answer was requested for each element. In summary, survey responses providing a yes answer ranged from 68% for External Services to 89% for Internal Walls, Screens and Doors.

These survey responses suggest that the majority of schools are satisfied with the composition of their maintenance plans. However, in a number of schools there appears to some scope for the better itemisation of maintenance items required in maintenance plans.

The preparation of plans which do not adequately itemise maintenance items required may result from a lack of communication between school staff and the quantity surveyors.

Survey results indicate that 67% of Principals and 49% of Bursars or Administrative Officers are actively involved in the preparation of each school maintenance plan. In addition, in 32% of cases other school staff or parents were involved. This appears to be satisfactory.

It appears reasonable to suggest that a plan developed without input from school staff is less likely to provide adequate detail than one that does have staff input. The school staff as site managers are more likely to be able to identify areas of maintenance need for attention by the quantity surveyor. The quantity surveyor can then apply professional judgement as to the cost and priority of works required.

School staff should be actively involved in the preparation of the plan, including review prior to finalisation, to ensure a carefully planned document is prepared. DECCD has indicated that schools have always been advised to be actively involved in the preparation of maintenance plans. The most recent letter sent to schools prior to the condition audits does clearly state that the principal or his representative should be involved.

RECOMMENDATION

The majority of schools appear satisfied with the composition of maintenance plans prepared by selected quantity surveyors. However, to ensure each school has a maintenance plan which adequately itemises maintenance required, some schools need to be more actively involved in the preparation and review of maintenance plans.

Response from the Secretary, Department of Education, Community and Cultural Development: -

The recommendation is noted and further opportunities for ensuring school involvement will be sought.

Priorities

The completion of all works identified in maintenance plans is important to maintain the school buildings and grounds for the future operations of the school. However, some works have higher priorities than others. The following is a list of priorities assigned to maintenance and minor works in each school building maintenance plan, with health, safety and security as the highest priority:

- Health, safety or security
- Preserve asset - building envelope
- Preserve asset - structure and services
- Preserve asset - general repairs
- Preserve asset - general maintenance

It is expected by the DECCD that schools will attend to works identified in school building maintenance plans in order of priority.

Estimates of Maintenance Required

All plans are updated every two years to forecast maintenance needs over a seven year period from the date of the updated plan. Maintenance not attended to in the previous plan is also included in the updated plan. This update process is staggered so that half the school plans are updated each year. Consequently, the DECCD cannot identify the total estimated maintenance required for all schools for any given year.. To achieve this would require the update of all plans at the beginning of the school year which would be costly and impractical.

Therefore, to quantify the total estimated building maintenance needs of schools for 1996 and 1997, DECCD have used plans developed for schools in 1994,1995 and 1995,1996 respectively. The maintenance needs of each individual school is determined to be the average annual maintenance required over the first five years of each plan. For example, if School A last had a plan prepared in 1994 and the total maintenance required for the first five years of the plan was \$50 000, the annual maintenance need of School A in 1996 would be calculated as \$10 000.

The total annual maintenance required for all schools for 1996 and 1997 was calculated from this process by the DECCD as \$6 384 492 and \$6 776 430 respectively.

The total annual maintenance required for the 177 schools or 77% of all schools who responded to the Audit Office survey for 1996 was \$4 932 538. This represents 77% of the total annual maintenance required for all schools in 1996 of \$6 384 492 as noted above. This would appear to demonstrate the survey response is a fair representation of the population of schools.

Accuracy of Maintenance Plan Estimates

School building maintenance plans are intended to be used to plan for future maintenance payments. The Audit Office regards estimated plan payments to be sufficiently accurate when schools can rely on these estimates for budgetary needs.

Two situations which may result in plan payments not being sufficiently accurate are as

follows:

- the scope of the work required has not been correctly identified; and/or
- the scope of work required is correct, however, the estimated cost for work has been mis-stated.

Surveyed schools were asked whether from past experience school building maintenance plan estimated payments, as determined by the quantity surveyor, were sufficiently accurate when compared with actual payments.

Survey responses indicated that 32% of schools considered estimated payments to be sufficiently accurate when compared with actual payments, 39% did not and the remaining 29% did not have sufficient information to form an opinion.

These results suggest that methods used by quantity surveyors to estimate maintenance payments may not be appropriate for different schools with different building types and locations.

It is accepted by the Audit Office that estimates are unlikely to be completely accurate, especially when forecasts are made over a period of seven years. However, it appears reasonable to expect these payments to be sufficiently accurate when compared with actual payments.

RECOMMENDATION

The DECCD should consult with the three selected quantity surveyors to address concerns raised by some schools regarding the accuracy of school maintenance plan estimated payments.

Response from the Secretary, Department of Education, Community and Cultural Development: -

This issue has been raised with the consultants. The costings are based on industry standard costs. In many cases, schools have the opportunity to use free labour in the form of assistance by Parent and Friends groups and the like. The matter will be again raised with each of the consultants. DECCD will seek from the Tasmanian Audit Office a list of schools that have raised these concerns and will have the consultants examine the situation in detail to determine the causes of variations.

Use of Maintenance Plans

Survey results indicate that 69% of schools consult their maintenance plans at least once per term, 22% at least once per year and 9% less than once per year.

Whilst no benchmark figures for optimum use of maintenance plans exist, these figures do appear to show that the majority of schools regard these plans as useful documents. Review of comments made by schools in relation to the manner in which plans are used indicates that plans are generally utilised in prioritising works for the school year.

Cost of Preparing Plans

From 1995-96, Central Office initiated a formula to calculate a fair and equitable fee for the three selected quantity surveyors. The formula was structured on a base fee of \$300 plus 12.5 cents per square metre (FECA) and a cost price adjustment to cater for anticipated costs in the current financial year (CPI).

The total cost for the development and updates of plans for schools and other Agency buildings:

- 1994-95 \$ 97 950
- 1995-96 \$100 878
- 1996-97 \$ 83 393

It is anticipated that the cost of maintenance plans for the 1997-98 financial year will be \$107 425.

These costs represent actual amounts paid or estimated to be paid directly to quantity surveyors. They do not include administration costs of either the Central Office or the schools.

These fees represent a cost loading of approximately 1.5% on the estimated annual maintenance costs required derived from the plans. This is viewed as a reasonable and economical outcome.

NON-MAINTENANCE PLAN ITEMS

Introduction

The maintenance plans are not intended to cover all items of maintenance and minor works expense.

Significant items that should be excluded from the Plans in accordance with DECCD requirements are:

- vandalism;
- security;
- furniture, plant and equipment repair and maintenance;
- grounds maintenance;
- ground maintenance such as mowing, removal of trees etc.;
- minor works providing improvements or new developments; and
- Statutory Maintenance items such as air conditioning, fume extraction systems, lifts, emergency lighting, gas systems, fire protection, etc..

Estimated Non-Maintenance Plan Payments 1996

Surveyed schools were asked to identify amounts for non-maintenance plan items of maintenance and minor works expenditure in 1996. Table 1 shows the total of non-maintenance plan items advised by the 177 surveyed schools was \$2 401 874 in 1996.

Statutory Maintenance, which has been described above, was excluded from the survey as up until 1 January 1997 this work was carried out by a consultant funded directly by the Department of Treasury. From 1 January 1997 this area has been taken over by the DECCD. However, the funding and responsibility for statutory maintenance has been retained by Central Office and not devolved to schools. This is due to the technical nature of the required maintenance and the need to employ specialised contractors.

Table 1
Expenditure on non-maintenance plan items in 1996 by the 177 schools responding to the Audit Office Survey.

Item	1996 \$
Vandalism	278 397
Security (monitoring and maintenance of security only)	246 665
Plant and equipment (essential and cyclical maintenance only)	293 796
Grounds (eg. mowing, removal of trees)	423 524
Minor works less than \$20 000	756 457
Other	403 035
Total	2 401 874

Source: Survey of Tasmanian Government Schools, Tasmanian Audit Office, May 1997

Review of the survey results indicates items included in maintenance plans is not consistent between schools. For example, a number of schools indicated that vandalism and security has been included in their maintenance plan.

As a result the amount advised by surveyed schools for vandalism and security as non-maintenance plan items may not provide an accurate reflection of the cost of these items for these schools.

In addition, as noted in Part 2 of this Report the average building maintenance needs as identified by the maintenance plans directly affect the level of funding received by schools. Therefore, to ensure equity between schools the items included in maintenance plans should be consistent.

RECOMMENDATION

The Audit Office noted there was some inconsistency in the type of items included in maintenance plans between schools. The building maintenance needs identified by the maintenance plans directly affect the level of funding received by schools. Therefore, the DECCD should ensure the items included in maintenance plans are consistent between schools.

Response from the Secretary, Department of Education, Community and Cultural Development: -

DECCD agrees that the plans must be consistent. Each consultant is advised as to what is funded through the plan and what should not be funded. DECCD will examine each plan and any variance from the guidelines will be rectified. If significant variations are still occurring then these procedures will need to be strengthened. Details of the inconsistencies recorded by the audit will be sought to assist in this task.

It should be noted that the items not included in the plans, as itemised on page 14, are items that are funded through other mechanisms than the maintenance plan. This is discussed in detail below (page 18).

TOTAL ESTIMATED MAINTENANCE REQUIRED

As part of the audit it was decided to determine an estimate of the total maintenance required for 1996 and 1997 for comparison with maintenance provided to schools and maintenance expended by schools.

To determine a reasonable estimate of total maintenance required the following information was used:

- the total of non-maintenance plan items advised by the schools who responded to the Audit Office survey, which was \$2 401 874 in 1996; and
- the total annual maintenance measured by the maintenance plans for the schools who responded to the Audit Office survey, which was \$4 932 538 in 1996 or 77% of the total annual maintenance for all schools of \$6 384 492.

Based on the extensive sample of schools (77%), the Audit Office determined that non-maintenance plan items represented 32.75% of total maintenance, with maintenance plan items comprising the remaining 67.25%.

By extrapolation of these percentages to the entire population of schools for 1996 and 1997, the total estimated maintenance required is shown in Table 2. A comparison has been made with total funding provided and expended.

Table 2
Comparison of estimated total maintenance funding required for all schools in 1996 and 1997 to funding provided and funding expended.

	1997	1996
	\$m	\$m
Estimated Total Maintenance Required		
Estimated Total Maintenance Plan Needs (1)	6.776	6.384
Estimated Total Non-Maintenance Plan Needs (2)	3.300	3.109
	10.076	9.493
Total Maintenance Funding Provided (1)	5.658	7.269
Total Maintenance Funding Expended (1)	N/A	9.471

Source:

1. Department of Education, Community and Cultural Development
2. Survey of Tasmanian Government Schools, Tasmanian Audit Office, May 1997

The total maintenance funding provided to schools by the DECCD is intended to cover all maintenance plan and non-maintenance plan items. The total maintenance funding expended represents expenditure by schools on all maintenance items.

A comparison between amounts for funding expended and funding provided as noted in Table 2, both obtained directly from DECCD records, indicates that schools expended \$2.202 million more than funding provided in 1996. Additional funding for this expenditure may have come from the following areas:

- funding provided through the School Resource Package for other school programs; and/or
- external fund raising; and/or
- sale of surplus assets in accordance with DECCD guidelines.

The estimated funding required by all schools in 1996 of \$9.494 million when compared with actual expenditure of \$9.471 million appears to be reasonable. However, the funding provided in 1996 was \$7.269 million. The variance between these amounts suggests an estimated funding shortfall in the order of \$2.2 million in 1996.

Further comparison between the estimated funding required of \$10.076 million and the funding provided of \$5.658 million in 1997 suggests an estimated funding shortfall in the order of \$4.4 million in 1997.

Funding shortfalls of the magnitude noted above appear to provide some doubt as to the effectiveness of the current process to adequately address maintenance requirements.

However, it is emphasised that the amounts noted for Estimated Total Non-Maintenance Plan Needs in Table 2 for 1996 and 1997, have been calculated on figures advised by schools in response to the Audit Office survey. These figures have not been directly verified by the Audit Office through examination of individual school records. Consequently, errors may exist including both overstatements and understatements in

the total amount noted. The financial effect of any errors has not been quantified by the Audit Office. Furthermore, some of the Minor works expenditure amounting to \$756 457 in the sample and implying a total expenditure of \$0.98 million for all schools, may represent improvements to school facilities rather than actual maintenance.

RECOMMENDATION

It is recommended that the DECCD assess the effects of funding shortfalls. This review should focus on:

- the sources of funds for maintenance work, particularly for schools in poorer socio-economic areas which may not receive additional monies from external fund raising; and
- the effects on the long term maintenance of all schools.

Response from the Secretary, Department of Education, Community and Cultural Development: -

While the responses received from schools could be representative of the true situation, I am not convinced that the methodology is sufficiently sound to draw the conclusion that schools are seriously underfunded for their maintenance responsibilities and are required to fund maintenance from funds allocated to educational programs.

The audit team have accepted, seemingly at face value, the information from 77% of schools responding to the survey. However, it could be expected that the nature of the survey question would elicit an "insufficient funds" type response. There is no indication that the Tasmanian Audit Office followed up the survey with a detailed analysis of a sample of schools.

Also, as stated earlier (page 16), the "non maintenance plan" items are resourced independently of the maintenance plans. The assumption reached in the report appears to be based on the assumption that these "non maintenance plan" items are not resourced centrally. However, this is not the case, as demonstrated by the following:

- **Vandalism** - *Audit has noted that schools are funded for vandalism through a formula based on its socio-economic index. For all schools in the State this amounted to \$396 000 in the current financial year.*

Vandalism is a management problem, not a maintenance problem. Schools are encouraged to address vandalism by improving security and better facilities management, not simply responding to vandalism by repair and replace. One southern school, which once had the highest level of vandalism damage in the State, recently announced its 1000th vandalism-free day.

- **Security** - *Schools are funded for monitoring services although they are not funded for false alarms. Schools are also funded centrally for capital works associated with the upgrading of security systems.*
- **Furniture, plant and equipment** - *Maintenance of most plant and equipment is centrally funded.*
- **Grounds Maintenance** - *Schools are provided with a Grounds Keeping allocation on the basis of the area of the school grounds plus enrolments. Some schools have extensive areas of*

grounds. These schools are actively encouraged to dispose of the excess.

- **Minor works** (less than \$20 000) and new developments are not regarded as a higher priority than maintenance. Schools are advised that they should not fund new developments unless priority maintenance work has been satisfied.
- **Statutory maintenance** is Centrally funded.

It should be stressed that if such a funding shortfall exists, it is not considered to be a reflection on the process as stated in the report. The process attempts to equitably distribute available funds within financial restraints, but the process cannot generate more funding.

SCHOOL UTILISATION

A related topic that may impact on the level of maintenance funding required is the utilisation rate of schools. Schools which are fully utilised could be expected to cost less per FTE than schools less than fully utilised.

Measuring utilisation

The DECCD have adopted space standards used by the Commonwealth when assessing the provision of funding for capital works in non-government schools. These space standards define the total fully enclosed covered area or FECA required per student. Current Commonwealth space standards are 6.13m² of FECA per student for primary schools and 9.75m² of FECA for secondary schools.

To determine the utilisation rate for each school, the DECCD measure the actual FECA and compare it with the required FECA (calculated by multiplying the space standard by FTE enrolments). Where a school has an actual FECA higher than required FECA the school is less than 100% utilised. For example, if a primary school has FTE enrolments of 100 the required FECA would be 613m². However, if the school has an actual FECA of 1000m² then the utilisation rate for this school would be 61.3% (ie 613m²/1000m²).

The above space standards are intended to apply to all primary and secondary schools. However, some primary and secondary schools have special space requirements eg the Tasmanian Open Learning Service and these space standards are not used. In addition, the DECCD has not yet determined appropriate space standards for colleges or special schools.

Utilisation rates

Table 3 illustrates the utilisation rates for schools as at February 1997.

A total of 27 schools have been excluded from Table 3 as follows:

- all 8 colleges, all 16 special schools, 1 district high and 1 primary due to space standards not yet determined; and
- 1 primary for which actual FECA has not been measured.

Table 3

Summary of utilisation rates for schools as at February 1997 calculated in accordance with DECCD guidelines.

Utilisation Percentage	Number of Schools	Percentage of Schools
Equal to or greater than 85%	41	20%
Equal to or greater than 60% and less than 85%	79	39%
Equal to or greater than 45% and less than 60%	45	22%
Less than 45%	38	19%
Total	203	100%

Source: Department of Education, Community and Cultural Development, February 1997

Based on the DECCD definition of school utilisation the figures in Table 3 show that 83 of the 203 schools or 41% were less than 60% utilised as at February 1997.

Detailed examination of the 83 schools less than 60% utilised indicates 16 were district high schools. This represents 64% of the total of 25 district high schools included in Table 3.

It appears reasonable to suggest that schools with lower utilisation rates will require greater maintenance per FTE than schools with higher utilisation rates.

Investigation of the strategies undertaken by the DECCD to address under-utilisation of schools is beyond the scope of this Report.

PART 2 : PROVIDING MAINTENANCE FUNDING

INTRODUCTION

Funds are provided to schools by the Central Office through the School Resource Package. Most of the funds allocated are for general purposes, however, some must be used to meet a specific objective.

Funding for maintenance and minor works is for schools, the hostels and residences assigned to schools. The allocation also provides for the maintenance of equipment. These funds must not be used for other purposes.

GRANT ALLOCATION TO SCHOOLS

The DECCD receives an allocation in the State Government Budget each year for maintenance and minor works to divide amongst schools. The allocation to schools is achieved by a two stage process in accordance with DECCD policy, as follows:

- first stage, the cost of minimum grants, base grants for special schools and teacher residences are removed; and
- second stage, the remaining funds are allocated in accordance with a formula established by the DECCD.

The second stage is where substantially all the funding is allocated and is described further below.

The formula allocation involves splitting the remaining funds into two separate pools as follows:

- 40% Building needs pool
- 60% Sector-weighted (FTE) pool

Building needs pool

A proportion of the funds available are allocated to all schools on the basis of the average annual cost of the school maintenance plan items taken over a five year period (less the cost of projects costing more than \$20 000 as they are a Central Office responsibility). This method provides a percentage of actual building needs.

The actual building needs funding percentage is determined by dividing the average annual cost of maintenance plan items into the building needs pool. For example, if the average annual cost of maintenance plan items was \$100 and the building needs pool was \$80, the building needs funding percentage would be 80%.

Sector-weighted (FTE) pool

The funds in this pool are split, prior to allocation to schools, into two further sector-weighted pools. The two sectors used are primary, grades K to 6 and secondary, grades 7 to 12.

The proportion of distribution to these two sector-weighted pools is based on FTE enrolments, as follows:

Primary	proportion for each FTE = 1.00
Secondary	proportion for each FTE = 1.60

The total allocated to each pool is based on the number of FTE enrolments in each sector.

This proportional distribution between sectors is based on approved space standards of 6.13m² for a primary student and 9.75m² for a secondary student. These space standards are discussed in greater detail in Part 1 of this Report.

Therefore, this provides 60% more funding from the sector-weighted pool for each grade 7 to 12 students than each grade K to 6 students.

Funds are allocated to schools from these two sector-weighted pools using the percentages noted in Table 4.

Table 4
Maintenance and minor works funding allocation percentages from the sector-weighted pool.

Component	Percentage
Per capita (FTE enrolments)	45.0%
Educational Needs Index (1) multiplied by FTE enrolments	7.0%
Rurality Indices (2)	
Size of Centre Index	4.5%
Distance Index	3.5%
multiplied by FTE enrolments	
Total	60.0%

Notes

1. *Educational Needs Index*

This index is designed to reflect the socio-economic background of the school area. This is used to determine the allocation for vandalism.

2. *Rurality Indices*

The indices used in determining rurality are designed to reflect the additional costs rural or isolated schools incur in terms of items such as freight. In addition schools in rural areas may not have access to competitive markets and services that are available from other agencies in larger centres.

Source: School Management Handbook, Department of Education, Community and Cultural Development, 1997

Funding amounts for 1997

As noted above the total amount allocated to school maintenance and minor works is divided amongst schools in a two stage process. The level of funding provided for each stage in 1997, is illustrated in Table 5.

Table 5
Funding amounts provided to schools in 1997.

Stage 1

Minimum grant	\$1 850
Base grants special schools	\$2 000
Teacher residences	
each DECCD owned residence	\$1 400
each residence leased by DECCD	\$ 140

Stage 2

Building needs pool

The average annual cost of the school maintenance plans were multiplied by 33.49%

Sector-weighted pool

	Grades K to 6	Grades 7 to 12
Per capita (FTE)	\$ 28.4979	\$ 45.5966
Education Needs Index	\$ 0.0936	\$ 0.1498
Rurality		
Size of Centre Index	\$ 0.0988	\$ 0.1582
Distance Index	\$409.8680	\$655.7890

Source: Department of Education, Community and Cultural Development

EQUITY OF GRANT ALLOCATION

Surveyed schools were asked whether they considered the method of allocation to be equitable, ie fair between schools where the total available funds need to be allocated according to different needs.

Survey results indicated that 24% of respondents believed the method to be equitable, 68% did not and 8% had no response. Unfortunately the questionnaire did not request reasons underlying the responses.

This appears to indicate the large majority of schools are dissatisfied with the current method of allocating funds.

However, notwithstanding the attempt to differentiate between allocational equity and the matter of the total amount of funds made available, this response may have been caused in part by schools that confused the issues.

In this section the Audit Office has examined the method used to allocate funds to determine if the formula provides for:

- equity within sectors; and
- equity between sectors.

Equity within sectors

In undertaking an examination of equity within sectors, the Audit Office identified two groups of schools where it is possible that the formula may not provide an equitable allocation of funds. These schools are:

- schools which are under-utilised compared with schools which are close to or fully utilised; and
- schools with high maintenance needs due to location, construction type or age of school facilities.

The Audit Office has undertaken an analysis of the equity of the funding formula in relation to both of these groups. The results of this analysis are noted below.

Under-utilised schools

The hypothetical example shown in Table 6 illustrates the funding provided to identical schools except School A is 100% utilised and School B is 50% utilised.

Table 6
Calculation of grant allocation for two primary schools with different utilisation rates.

	School A Primary	School B Primary
<i>Details</i>		
FTE enrolments	200	100
Required FECA	1226m ²	613m ²
Actual FECA	1226m ²	1226m ²
Utilisation rate(1)	100%	50%
Building Maintenance Needs	\$10 000	\$10 000
Education Needs Index	50	50
Size of Centre Index	0	0
Distance Index	10	10
<i>Calculated grant allocation 1997 (2)</i>		
<i>Building needs pool</i>	\$3 349	\$3 349
<i>Sector-weighted pool</i>		
Per capita	\$5 700	\$2 850
Education Needs Index	\$936	\$468
Size of Centre Index	\$0	\$0
Distance Index	\$198	\$99
Total grant allocation	\$10 183	\$6 766

Notes

1. The method used by the DECCD to measure an individual school's utilisation rate has been outlined in Part 1 of this Report. Audit have used this method in Table 6 to measure utilisation rates for School A and School B.
2. The calculated grant allocation has been derived from the funding amounts provided in 1997, please refer to Table 5.

The comparison of the two schools in Table 6 suggests that despite having an identical school facility to maintain School A receives 51% more funding than School B. This variance may be accounted for in part by:

- the additional wear and tear due to School A having double the enrolments of School B; and
- the funding allocation is intended to cover all maintenance items including cyclical maintenance of equipment. Due to higher enrolments School A may have more equipment to maintain and consequently require more funding.

In addition, the Audit Office recognises that School B may be able to achieve some reduction in maintenance needs by removing part of the under-utilised facility from daily use, thus reducing maintenance costs. However, in practical terms this is limited. Overall, the magnitude of the variance appears to indicate the funding allocation is weighted towards schools with high utilisation of school facilities.

RECOMMENDATION

The formula used to allocate maintenance and minor works funding to schools appears weighted against schools with low utilisation of school facilities. The Audit Office recommends DECCD review this formula to ensure that schools receive an equitable portion of available funding.

Response from the Secretary, Department of Education, Community and Cultural Development: -

It is a fact that there are serious cost implications for funding schools that are under utilised. However, DECCD does not agree that the current funding allocation disadvantages under utilised schools.

In relation to the example shown on page 26, the following comments can be made.

Schools of equal size with one with half as many students as the other do not require similar maintenance funding. In the example on page 26, 50% of the classroom space should be closed and not used for service delivery. Similarly, toilet facilities and areas that are student-number-dependent should have areas closed-off.

Maintenance relating to interiors of these closed-off spaces, carpets, walls etc is not required. In-use areas have reduced occupant impact so maintenance related to wear and tear on this part of the facility is reduced by 50%.

In the under utilised school, cleaning requirements are obviously reduced yet under existing industrial agreements, school attendant resources are based on the area of the school. This available resource should and can be used for undertaking maintenance work.

Maintenance of common elements such as roofs are generally beyond the schools' \$20 000 limit and are maintained under central programs.

In many cases under utilised schools are used to house support staff or are hired out to other Agencies for purposes such as Adult Education thereby generating a cash flow for the under utilised school.

In the example on page 26, the 50% utilised school receives 68.4% of the funding that the 100% utilised school would have received. This percentage is believed to be correct and would withstand any detailed analysis of actual costs. DECCD therefore does not support the assumption that under utilised schools are disadvantaged in terms of their maintenance allocation.

High maintenance needs

The hypothetical example shown in Table 7 illustrates the funding provided to identical schools except School C has building needs of \$10 000 and School D has building needs of \$20 000.

Table 7
Calculation of grant allocation for two primary schools with different building needs.

	School C Primary	School D Primary
Details		
FTE enrolments	200	200
Required FECA	1226m2	1226m2
Actual FECA	1226m2	1226m2
Utilisation rate	100%	100%
Building Maintenance Needs	\$10 000	\$20 000
Education Needs Index	50	50
Size of Centre Index	0	0
Distance Index	10	10
Calculated grant allocation 1997 (1)		
<i>Building needs pool</i>	\$3 349	\$6 698
<i>Sector-weighted pool</i>		
Per capita	\$5 700	\$5 700
Education Needs Index	\$936	\$936
Size of Centre Index	\$0	\$0
Distance Index	\$198	\$198
Total grant allocation	\$10 183	\$13 532

Note

1. The calculated grant allocation has been derived from the funding amounts provided in 1997, please refer to Table 5.

The comparison in Table 7 indicates the formula does provide more funds to School D which has the greatest need. However, School C receives a total of 102% of building needs, whereas School D receives only 68%.

RECOMMENDATION

The formula used to allocate maintenance and minor works funding to schools appears weighted against schools with relatively high building maintenance needs. The Audit Office recommends DECCD review this formula to ensure that schools receive an equitable portion of available funding.

Response from the Secretary, Department of Education, Community and Cultural Development: -

DECCD accepts that the formula appears weighted against schools with a high maintenance needs index and will review the formula. A review of the allocation of the total funds within the School Resource Package has been initiated and this issue will be addressed as part of this process.

Equity between sectors

Following comments made in response to the Audit Office survey by a number of principals of primary schools, it was decided to review the equity of proportional funding between primary and high sectors.

Proportion required between sectors

The average maintenance required per FTE enrolment for each sector was calculated for the schools which responded to the Audit Office survey. The relevant FTEs were obtained from the DECCD. Total maintenance required for these schools is the sum of the annual expenditure identified in the maintenance plans plus the sum actually expended on non-maintenance plan items. As noted previously, the latter non-maintenance plan expenditure includes minor works less than \$20 000 that may in some cases be more appropriately classified as a betterment rather than maintenance.

Table 8 below shows the components of the total estimated maintenance required per FTE enrolment for the 111 primary schools and 28 high schools which responded to the Audit survey.

Table 8
Total estimated maintenance required per FTE enrolment for primary schools and high schools which responded to the Audit Office survey.

	Primary		High	
	\$	\$ per FTE (1)	\$	\$ per FTE (2)
Non-Maintenance Plan				
Vandalism	112 192	4.43	136 311	9.11
Security	118 518	4.68	80 021	5.35
Plant & Equipment	130 461	5.15	114 619	7.66
Grounds	193 804	7.65	191 490	12.79
Minor Works	344 096	13.58	297 677	19.89
Other	99 882	3.93	237 237	15.84
Total Non-Maintenance Plan	998 953	39.42	1 057 355	70.64
Total Maintenance Plan	2 199 341	86.78	1 480 064	98.87
Estimated Total Maintenance Required	3 198 294	126.20	2 537 419	169.51

Notes

1. FTE enrolments for the 111 primary schools was 25 343 as at February 1997.
2. FTE enrolments for the 28 high schools was 14 969 as at February 1997.

Thus the average maintenance required or needed per FTE enrolment has been estimated as \$126.20 per FTE for primary schools and \$169.51 per FTE for high schools.

Funding provided in 1996 is shown in Table 9 below.

Table 9
Funding provided to all schools for maintenance and minor works less than \$20 000 in 1996.

	1996	1996
	\$	%
Stage 1		
Residence/Hostels	297 715	4.10%
Total Stage 1	297 715	4.10%
Stage 2		
Per Capita	2 821 373	38.81%
Educational Needs	434 071	5.97%
Rurality	278 102	3.83%
Distance	215 248	2.96%
Building Needs	2 521 871	34.69%
Total Stage 2	6 270 665	86.26%
Other		
Miscellaneous	46 400	0.64%
Security	9 560	0.13%
Central Works Programs	544 689	7.49%
Maintenance Plans	100 288	1.38%
Total Other	700 937	9.64%
Total Funding Provided	7 269 317	100.00%

Source: Department of Education, Community and Cultural Development

In 1996, the average primary school would have received, from the funds specifically allocated for maintenance for every FTE enrolment (ignoring components for educational needs, rurality and distance), 39.50% of identified annual maintenance plan needs plus \$32.6939 per FTE. Therefore, the average primary school would have received:

$$(\$86.78 * 39.50\% + 1.00 * \$32.6939) = \$66.97 \text{ per FTE enrolment or } 53\% \text{ of total maintenance required of } \$126.20 \text{ per FTE enrolment.}$$

The average high school would have received:

$$(\$98.87 * 39.50\% + 1.60 * \$32.6939) = \$91.36 \text{ per FTE enrolment or } 54\% \text{ of total maintenance required of } \$169.51 \text{ per FTE enrolment.}$$

Note that from Table 9 it can be seen that only 73.50% of the maintenance funding budget of \$7.269 million is actually distributed on the per capita and building needs basis which amounts to \$5.343 million. This represents 56% of the total maintenance funding required.

On the basis of the above, primary schools and high schools on average receive almost identical proportions of the funding that they require. Hence there is equity between sectors.

Advice received from the DECCD indicates the Commonwealth is to review the approved space standards. The proportion allocated from the sector-weighted pool is likely to be re-assessed in line with this review.

RECOMMENDATION

The Audit Office supports the ongoing review of proportional funding between sectors.

Response from the Secretary, Department of Education, Community and Cultural Development: -

DECCD agrees that ongoing reviews of the proportional funding should be part of the monitoring of the School Resource Package which is carried out on a routine basis.

PART 3 : EXPENDITURE OF MAINTENANCE FUNDING

INTRODUCTION

The School Management Handbook documents procedures required of schools in expending funding on maintenance and minor works. The following extract outlines the approach schools are required to implement:

“... Objectives

Obtaining value for money means obtaining what is required in good quality, in the right quantity and on time at the best possible price. Price is an important factor, but not an overriding one.

Ethics

Staff involved in purchasing, tenders, contracts and leases shall observe the following code of ethics:

- to conduct all business in the best interests of the State and avoid any situation that may impinge or might be deemed to impinge on impartiality;*
- to purchase without prejudice and without favour in all transactions;*
- to maintain confidentiality in all dealings; and*
- to decline gifts, gratuities or any other benefits that may influence or might be deemed to influence, equability or impartiality. ...”*

PROCEDURES

Table 10 below summarises the action necessary for purchasing goods and services and for leasing.

Table 10
Procedures for purchasing of goods and service and for leasing by schools.

Estimated value (1)	Purchasing goods (2)	Works and services (3)	Leasing
0 - \$1 000	Local purchase arrangements	One quote	State Purchasing and Sales
\$1 001 to \$2 000	State Purchasing and Sales	Three verbal quotes	State Purchasing and Sales
\$2 001 to \$5 000	State Purchasing and Sales	Three written quotes	State Purchasing and Sales
\$5 001 to \$20 000	State Purchasing and Sales	Tender submissions	State Purchasing and Sales
>\$20 000	State Purchasing and Sales	Tenders through Central Office	State Purchasing and Sales

Notes

1. General and periodic contracts are to be used in all cases.
2. The 'estimated value' column refers to a value per item in regard to goods. (The 'estimated value' is that before trade-in is allowed. For example, an item valued at \$1 500 with a trade-in value of \$1 000 has a net cost of \$500, but the pre trade-in value is \$1 500.)
3. Tenders by open advertisement or through a minimum of three selected tenderers. Competitive quotations are not required if State Purchasing and Sales is used.

Source: **School Management Handbook, Department of Education, Community and Cultural Development, 1997**

INTERNAL AUDIT

The DECCD Internal Audit section has set an audit program for schools. As part of this program a review is undertaken by the auditor of the following areas related to the expenditure of maintenance funding:

Budgeting and Reporting

- review school budget allocation for maintenance of school buildings and plant and equipment for adequacy; and
- analysis of funding received to ensure adequate to provide for maintenance.

Purchasing and Payments

- discussion with staff to ensure aware of purchasing requirements;
- review of controls over purchasing and payments; and
- review of purchases to ensure reasonable and bona fide.

School Property

- brief inspection of condition of school buildings and grounds; and
- review of the manner in which the school is attending to matters identified in the school maintenance program.

The aim of Internal Audit is to ensure each school is audited once every three years.

Internal Audit have summarised the results of audits conducted during the 1996 school year. The following findings relate directly to the expenditure of maintenance funding:

“... In general, planning and budgeting processes are well developed, as is community involvement in school activities. However, some schools are not regularly comparing their budget with actual results. This should be done each month and budget area managers advised of the outcome. ...”

“... Most audits reflect the need for careful study of long term maintenance requirements. Maintenance appears to be reactive rather than in accordance with a well developed Maintenance Plan. There should be appropriate provisions in the school budget. ...”

All schools were advised of these findings by the Internal Audit section in May 1997, for appropriate action.

QUALITY CONTROL

The School Principal, administrative and other senior staff are effectively the day to day site managers of their school. As the funding for maintenance and minor works less than \$20 000 has been devolved to schools, so has the responsibility for quality control of work undertaken. The school staff arrange, supervise and review the maintenance and minor works projects undertaken by external contractors.

The DECCD has provided technical support in the form of two Building Consultants. One services the North of the state and the other the South. Schools may contact these Consultants for advice over the telephone and, where necessary, by visiting the school site.

School Principals require a range of skills to cope with the following roles:

- educational leader;
- administration; and
- site manager of school facilities.

Principals are primarily trained in education and administration and may lack the expertise to deal with technical issues related to maintenance and minor works. Examination of comments made in survey responses indicates a number of School Principals consider the technical support provided by the Building Consultants a valuable resource in dealing with maintenance and minor works issues.

RECOMMENDATION

The Audit Office recommends that the DECCD continue the engagement of Building

Consultants to provide technical support to schools in addressing maintenance and minor issues.

Response from the Secretary, Department of Education, Community and Cultural Development: -

DECCD will continue to provide technical support to schools.

PART 4 : COMPARISON WITH OTHER STATES/TERRITORIES

INTRODUCTION

Surveyed schools were asked to rate the process of managing maintenance and minor works requirements in terms of effectiveness, efficiency and economy.

Survey responses indicated that 5% of schools rate the process as excellent, 28% as good, 33% as adequate, 18% as poor, 13 % as unsatisfactory and 3% did not respond. Further examination of comments made by the 31% of schools who rated the process as less than adequate indicates the majority of these schools believe the process itself to be at least adequate, however, the funding provided is not sufficient.

Therefore, based on these results it appears, given sufficient funding, Tasmanian schools regard the process as at least adequate.

Reliable performance measures to compare the Tasmanian process against other States/Territories to determine “best practice” were not available. However, information was obtained from the Asset Maintenance Solutions Project - Summary of Research Notes report prepared by the Department of Education - Queensland in February 1997.

This project involved documenting the process of managing maintenance and minor works in all other States/Territories, with the exception of the Australian Capital Territory. This information has been used to compare with the Tasmanian process.

COMPARISON

Table 11
Comparison of the Tasmanian process of managing maintenance and minor works by schools with other States/Territories.

TAS	NT	WA	SA	VIC	NSW	QLD
Overview						
<ul style="list-style-type: none"> Responsibility for maintenance less than \$20 000 has been devolved from Central Office to the schools. 	✓	✓ (2)		✓ (3)		
Identifying Maintenance Required						
<ul style="list-style-type: none"> Schools receive funding for the preparation of a maintenance plan for items less than \$20 000. 	(1)	(1)	(1)	(1)	(1)	(4)
<ul style="list-style-type: none"> Schools may select an approved quantity surveyor to prepare the maintenance plan. 	(1)	(1)	(1)	(1)	(1)	(4)
<ul style="list-style-type: none"> The selected quantity surveyor identifies maintenance items required less than \$20 000 over a period of 7 years including estimated payments. 	(1)	(1)	(1)	(1)	(1)	(4)
<ul style="list-style-type: none"> Technical support is available from the Central Office to assist the school with the preparation of the maintenance plan. 	(1)	(1)	(1)	(1)	(1)	(4)
<ul style="list-style-type: none"> A copy of the maintenance plan is forwarded to the Central Office. 	(1)	(1)	(1)	(1)	(1)	(4)
<ul style="list-style-type: none"> The maintenance plans are updated every two years. 	(1)	(1)	(1)	(1)	(1)	(4)
Providing Maintenance Funding						
<ul style="list-style-type: none"> Central Office provide funding to each school for maintenance items less than \$20 000. 	✓	(2)		✓ (3)		
<ul style="list-style-type: none"> The amount allocated to each school is based on a pre-determined formula. Central Office notifies each school of the funds to be provided as part of the global School Resource Package. 	✓			✓		
<ul style="list-style-type: none"> Considering the allocation to be received from Central Office the school plans maintenance expenditure in accordance with the maintenance plan priorities and priorities established for non-maintenance plan items by the school. 	✓			✓		
Expenditure of Maintenance Funding						
<ul style="list-style-type: none"> The school expends money on maintenance in accordance with procedures established in the School Management Handbook. 	✓			✓		
<ul style="list-style-type: none"> The school procures services from consultants and service providers to deliver maintenance works. 	✓			✓		
<ul style="list-style-type: none"> Technical support is available from the Central Office to assist the school with maintenance issues. 	✓			✓		
<ul style="list-style-type: none"> The school ensures maintenance performed is of a high standard and in accordance with all statutory and regulatory requirements and represents value for money. 	✓			✓		

Notes

1. Maintenance plans are not prepared, however, condition audits are undertaken.
2. Funding is provided for minor works less than \$25 000 only. Responsibility for maintenance is not devolved to schools.
3. Schools are responsible for maintenance less than \$30 000.
4. Maintenance plans covering a period of five years are prepared from bi-annual condition audits. Condition audits are undertaken centrally by Q-Build.

Source: **Asset Maintenance Solutions Project - Summary of Research Notes (unpublished), The Department of Education - Queensland, February 1997.**

Review of Table 11 suggests the Northern Territory and Victoria have gone down a similar path of devolving responsibility and resources for maintenance and minor works to schools. The approaches of other States vary, however, review indicates substantial control has been retained at a central level.

APPENDIX A - DEFINITION OF MAINTENANCE AND MINOR WORKS

The DECCD have developed guidelines as to the types of items that constitute maintenance and minor works for schools. These guidelines have been included in the School Management Handbook and are reproduced below.

“...304.2. **Maintenance and minor works issues**

As with other areas of transaction classification, it is important that the rules relating to the classification of maintenance and minor works activities are closely observed. This should apply regardless of the source of the funds which are financing the particular activity. For example, payments incurred on the provision of playground equipment, where the funding was raised by the school's Parents and Friends organisation or by school fundraising, should be classified as Maintenance and Minor Works.

a. Purchase and replacement of equipment is not maintenance

The most common problem relating to the classification of maintenance and minor works transactions lies in the area of purchase and replacement of assets.

The Department's policy is that, with some specific exceptions, equipment purchases and replacements are not legitimate maintenance or minor works payments and should not be classified as such.

Purchase and replacement of equipment should be classified either as Other Overheads or Education Programs payments, based on the dominant intended use of the purchase.

b. Exceptions

The exceptions are those items which can either be considered to be part of the school building and property structure or which are purchased for use in the maintenance of the school.

Structural items which satisfy these criteria include:

- Curtains;
- Carpets;
- Boundary fences;
- Security systems, locks and keys;
- Fire safety systems and equipment;
- Water tanks, pumps and sewerage systems;
- Light fittings, globes and tubes;

- Fixed heating appliances;

Maintenance equipment which satisfy these criteria include:

- Mowers – hand or industrial;
- Buffers and polishers;
- Vacuum cleaners;
- Brush cutters;
- Wheel barrows;
- Tractors;
- Tools;

c. Repairs

Repairs to buildings, grounds and equipment are legitimate payments within the Maintenance and Minor Works classification. However, it is important to be careful in determining just what constitutes a repair and where the concept of repair ends.

A repair involves the replacement or renewal of a worn out or dilapidated part of something but not the replacements of the entire item. In terms of equipment, replacement of the whole item cannot be regarded as maintenance and minor works, except of course for some exceptions which were referred to above.

A repair involves the restoration of an item to a condition it formerly had without changing its appearance, character or value. For example:

- While the repair and maintenance of an existing computer or computer network are legitimate maintenance and minor works payments, the purchase of a new computer to replace a burnt out one, the installation of a new computer network, or the networking of current computing equipment, is *not*. This type of payment should be classified as either Other Overheads or Educational Programs payments.
- The repair of an existing piece of classroom furniture is a maintenance and minor works payment. However the replacement or purchase of a new piece of classroom furniture is *not* a maintenance and minor works payment. This type of payment should be classified as an Educational Programs payment.
- The repair, service, maintenance and insurance of the school bus is a maintenance and minor works payment, however the costs of fuel and registration are *not* maintenance and minor works payments.

d. Other payments which should be classified as maintenance and minor works

- Removal of asbestos;
- Painting (including the purchase of paint);
- Insurance (buildings and equipment only);
- Pest control;
- Telephone installations and repair costs;

-
- Sanitary systems (including service costs);
 - Equipment service plan costs (eg. photocopiers);
 - Ground improvements, including hard paved areas, ie. roads, playgrounds and car-parks;
 - Consultants (architects, building surveyors and drafts persons); and
 - Mowing of grounds, including fuel.

e. Other payments which should not be classified as maintenance and minor works

- Photocopier leases and rentals;
- Any equipment leases or rentals;
- Cleaning supplies;
- Rubbish removal; and
- Portable heating appliances.

f. Classification of payments on minor works projects

The equipping of a new room or extension are *not* Maintenance and Minor Works payments. Although the actual erection, modification, painting, glazing, carpeting and curtaining are maintenance and minor works payments, the purchase of equipment and/or furniture to place in the room are *not* maintenance and minor works payments.

g. Classification of payments on hostels and residences

Schools are responsible for all maintenance and minor works projects associated with residences and hostels under their control. This responsibility extends to the provision of furniture and fittings and therefore the purchase or replacement of furniture and fittings for hostels and residences *are* legitimate maintenance and minor works payments.

h. Leased buildings and grounds

Generally, funds should not be expended on maintenance and minor works projects associated with leased buildings or grounds, as schools should not expend funding on buildings or grounds that the Department does not control. In those situations where the Department enters into a lease agreement on behalf of a school, the lease agreement will usually include a provision for maintenance costs, levied by the owner and payable as part of the lease costs. In those situations where schools find it necessary to expend some funding on the maintenance of leased premises, eg certain kindergartens, then payments should be classified in accordance with these guidelines and against the maintenance and minor works classification.

i. Employment of staff from maintenance and minor works funding

Staff may not be employed as "maintenance officers" through the *School Resource Package* process.

Schools should look to having maintenance and minor works carried out by contractors, though it is possible for part of the work of utility officers to be directed to maintenance and repair duties. Such officers can be employed through the *School Resource Package*

process and it is legitimate for that part of their employment relating to maintenance and repairs to be classified as "non-cash" maintenance and minor works payments.

The decision to engage a Utility Officer should only be made after substantial consideration has been given to re-prioritising the tasks of cleaning and grounds staff.

There is a further strict condition on such an arrangement. The tasks that a Utility Officer can undertake are general and must not include those that require a trade certificate such as plumbing, carpentry, or electrical work. Allowable tasks could include the following:

- minor repair of furniture;
- minor repainting of walls (interior or exterior);
- preparing rooms or areas that are no longer to be used (and reverse); and
- other tasks that may reasonably be undertaken without specific training.

In all other circumstances the school should buy the service required from a recognised and licensed contractor.

Tasks like those above *must not* be added to those undertaken by Teacher Aides. The tasks must be codified into a position with a defined number of working hours per week and an employee selected, using established procedures. An existing employee may apply for the position. However, if selected for the position, the employee may be employed for no more than 38 hours per week. ...”

APPENDIX B - AUDIT SURVEY OF GOVERNMENT SCHOOLS

All 230 of Tasmanian Government schools were surveyed on 6 May 1997. Completed responses were received from 177 (77%) by the deadline of 15 July 1997. The composition of the schools surveyed and responses is illustrated in the table below.

Category	Surveyed Schools	Responses	Responses %
Colleges	8	7	88
High	33	28	85
District High	26	20	77
Primary	147	111	76
Special	16	11	69
Total	230	177	77

The survey questions and responses have been recorded below. Comments were requested and made by schools on questions 2,3,4,6, and 7. Audit have reviewed the comments made and relevant summarised comments have been appended to each question.

Question 1

This question deals with the preparation of your current School Maintenance Plan.

With the exception of the selected Quantity Surveyor, who was **actively** involved in the preparation of your current School Maintenance Plan?

Principal	67%
Bursar or Administration Officer	49%
School Council	10%
DECCD Building Consultant	20%
Other eg School Maintenance Committee, Parents and Friends or other Staff	32%

Question 2

Part (a)

How often is the current School Maintenance Plan consulted?

Once per month	20%
Once per term	49%
Once per year	22%
Less than once per year	9%

Part (b)

How do you use your School Maintenance Plan?

Relevant summarised comments

- Review indicates majority use the School Maintenance Plan to plan and prioritise maintenance and minor works for the school year.

Question 3

Central Office have recommended that School Maintenance Plans include the elements noted in the table below. Do you consider your current Plan adequately identifies specific maintenance required for each of these elements?

Element	Yes response
Structure	75%
Roofs	80%
External Walls, Windows and Doors	88%
Interior Walls, Screens and Doors	89%
Floor Coverings	86%
Ceilings	87%
Joinery and Other Fitments	83%
Sanitary Fixtures and Plumbing	77%
Lighting, Heating and Ventilation	73%
External Structures (ground improvements, fences, paving, sealed areas)	75%
External Services (power lines, storm water)	68%

Question 4

The following question deals with the accuracy of School Maintenance Plan estimated payments compared to actual payments.

From past experience do you consider School Maintenance Plan estimated payments, as determined by the Quantity Surveyor, to be sufficiently accurate when compared with actual payments?

Yes	32%
No	39%
I do not have sufficient information to form an opinion	29%

Question 5

Which of the items of maintenance and minor works expenditure in the table below are **not** included in your current Plan and how much did the School spend on these items in 1996?

The following table categorises the items surveyed schools noted as not included in current Plans and the amount spent on these items in 1996.

Item	1996 \$
Vandalism	278 397
Security (monitoring and maintenance of security only)	246 665
Plant and equipment (essential and cyclical maintenance only)	293 796
Grounds (eg. mowing, removal of trees)	423 524
Minor works less than \$20 000	756 457
Other	403 035
Total	2 401 874

Question 6

This question deals with the method of maintenance and minor works grant allocation to individual Schools.

The method of maintenance and minor works grant allocation for 1996 was determined on the following basis by the Central Office:

Step one: Building Needs: (40 per cent)

A proportion of the funds available have been allocated to all schools on the basis of the average annual cost of the school maintenance plan taken over a five year period (less the cost of projects costing more than \$20 000 as they are a Central Office responsibility). This method provides an amount in direct proportion to the actual needs.

Step two: Sector-Weighted Funds: (60 per cent)

Funds are distributed to sectors on the basis of full time equivalent students (FTE). The distribution is weighted as follows:

K-6:	1.00
7-12	1.60

The weighting is derived from the approved space standards of schools.

Funds are allocated to a pool for each sector. For example, and as an illustration only, each year K-6 student might attract \$100 to that sector's pool and each year 7-12 student might attract \$160 to its pool.

Within each separate pool for each sector, funds are further allocated to individual schools on the following basis.

For FTE students:	45 per cent
Education Needs Index:	7 per cent (this allocation is for vandalism)
Rurality Index:	8 per cent

Source: School Management Handbook, Department of Education, Community and Cultural Development

Do you consider this method of allocation to be equitable, ie fair between schools where the total available funds need to be allocated according to different needs?

	Total	College	High	District High	Primary	Special
Yes	24%	43%	25%	20%	22%	45%
No	68%	57%	71%	70%	70%	45%
No Response	8%	0%	4%	10%	8%	10%

Relevant summarised comments

- A number of primary schools expressed dis-satisfaction with the proportional funding allocation of 1.00 to 1.60 between primary and secondary sectors.
- Some schools did not believe the funding formula adequately accounts for schools with high building maintenance needs.

Question 7

The process of managing School maintenance and minor works may be summarised as follows:

Identifying Maintenance Funding Requirements

1. The School receives funding for the preparation of a School Maintenance Plan by a quantity surveyor.
2. The School has a choice of three approved quantity surveyors to prepare a School Maintenance Plan.
3. The selected quantity surveyor visits the School and prepares the School Maintenance Plan in co-operation with School staff detailing the estimated cost of maintenance and minor works projects less than \$20 000 over a 7 year period. The services of a DECCD Building Consultant is available to provide advice to Schools about the compilation of the Plan. A copy is forwarded to the School and to Central Office.

Providing Maintenance Funding

4. Central Office calculate each School's maintenance and minor works allocation based on a pre-determined formula (refer Question 6 for 1996 method) and notifies each School of funds to be provided as part of the School Resource Package.
5. Based on the allocation to be received from Central Office the School plans maintenance and minor works expenditure in accordance with the School Maintenance Plan priorities and priorities established for non-Maintenance Plan items by the School.

Expenditure Of Maintenance Funding

6. The School expends money on maintenance and minor works funding in accordance with procedures established in the School Management Handbook.
7. The School ensures maintenance and minor works performed is of a high standard and in accordance with all statutory and regulatory requirements and represents value for money.

How do you rate this process in terms of managing maintenance and minor works requirements in an effective, efficient and economic manner?

	Total	College	High	District High	Primary	Special
Excellent	5%	14%	0%	15%	4%	0%
Good	28%	43%	14%	20%	33%	18%
Adequate	33%	29%	32%	25%	33%	64%
Poor	18%	0%	29%	30%	15%	9%
Unsatisfactory	13%	14%	14%	0%	14%	9%
No Response	3%	0%	11%	2%	1%	0%

Relevant summarised comments

- Review of the 31% of survey responses with a rating of “Poor” or Unsatisfactory” indicates the majority of these schools believe the process itself to be at least adequate, however, the funding provided is not sufficient.
- A number of schools consider the technical support provided by the Building Consultants a valuable resource in dealing with maintenance and minor works issues.

APPENDIX C - BIBLIOGRAPHY

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Asset Maintenance Solutions Project - Summary of Research Notes (unpublished), The Department of Education - Queensland, February 1997.

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1992	SPECIAL REPORT NO. 2	STUDENT TRANSPORT
1993	SPECIAL REPORT NO. 3	EDUCATION INSTITUTIONS CLEANING SERVICES
1993	SPECIAL REPORT NO. 4	STANDARD OF ANNUAL REPORTING BY GOVERNMENT DEPARTMENTS
1993	SPECIAL REPORT NO. 5	MUNICIPAL SOLID WASTE MANAGEMENT
1994	SPECIAL REPORT NO. 6	ADMINISTRATION AND ACCOUNTABILITY OF GRANTS
1994	SPECIAL REPORT NO. 7	REGIONAL HEALTH MEDICAL REVIEW
1994	SPECIAL REPORT NO. 8	WASTEWATER MANAGEMENT IN LOCAL GOVERNMENT
1995	SPECIAL REPORT NO. 9	HERITAGE COLLECTION MANAGEMENT
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