

## Chapter 5

# Evaluating the use of school funding

*This chapter analyses the role of evaluation in school funding to hold decision makers accountable and to ensure available resources are used effectively and equitably. First, it discusses key aspects of evaluating the use of school funding in complex governance systems. Second, the chapter provides a description of the processes for evaluating the use of resources by agents at all levels of the system. This includes internal management and control, accounting, financial reporting, external audits and evaluations, and individual performance management. It discusses the key role of data and information management, indicator frameworks and benchmarking systems to facilitate an effective monitoring of the use of school funding. Third, the chapter offers an overview of processes to evaluate particular types of school funding, such as targeted funds for equity. The chapter concludes with a set of policy options for evaluating the use of school funding.*

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

**E**valuating the use of school funding is essential for both accountability and improvement purposes. Evaluation provides information on what a planned budget actually delivers beyond the intentions for the use of resources as expressed in the budget allocation. Evaluating the use of school funding thus gives a fuller picture of the educational experience that is provided to students with the available resources. Evaluation also helps to ensure that resources are managed effectively and used in line with stated purposes and the requirements and regulations attached to funding, while leaving some room for uncertainty in the execution and implementation of the budget (Johansen et al., 1997).

In practice, budgets are rarely implemented exactly as approved. This can be for legitimate reasons, such as adjustments in policies in response to emerging challenges. But the effective implementation and execution of a budget may also be hindered by a lack of capacity (e.g. to budget adequately for expenses or to comply with the planned budget), mismanagement, unauthorised expenditures, inefficiencies, and corruption and fraud (Vegas and Coffin, 2013; Ramkumar, 2008). Ensuring integrity has gained new and increasing relevance in a context in which levels of public trust in government have decreased in the wake of the financial and economic crisis in many countries (Burns and Cerna, 2016).

Continuously monitoring the execution and implementation of a budget helps to reallocate funds during the fiscal year, if needed, and to avoid both overspending as well as underspending. Among other things, this may help to avoid losing claims in subsequent fiscal years (Johansen et al., 1997). Also, in a context where resources are channelled across various levels and actors in the education system (from one level of government to the next, and ultimately to schools and students), monitoring and evaluation help to reveal potential mismanagement and inefficiencies at different levels of the system, provide transparency of sub-central spending, and facilitate accountability of authorities and decision makers.

Monitoring and evaluation are also crucial for determining the efficiency and effectiveness of resource use by providing information on whether resources have been allocated productively. Monitoring and evaluation facilitate learning about the ways in which financial resources are used at different levels of the system, the extent to which the use of financial resources translates into outcomes for different groups of students, and how resources could be used more efficiently and effectively to achieve the goals of a system. Such information can then inform budget debates and processes for planning a future budget with robust evidence as analysed in Chapter 4. The relationship between decision making and the availability of information is a crucial one as both the range and quality of decisions are dependent on the knowledge that is available (Baines, 2000). The good use of information and analysis in allocation decisions can increase the amount of government resources dedicated to education and improve the efficiency of spending (Vegas and Coffin, 2013).

It is important to keep in mind that monitoring and evaluation arrangements fundamentally depend on the overall school funding architecture, in terms of governance, planning and budgeting, as well as distribution mechanisms. The degree of decentralisation and school autonomy determine the necessary level of accountability and

transparency at the lower levels of a system. The organisation of monitoring, evaluation and reporting varies across OECD countries and tends to be adapted to the management needs of public spending (see Tables 5.A1.1 and 5.A1.2 for an overview of responsibilities for monitoring and evaluation in OECD review countries). Typically, however, internal and external control systems work at each level of government, with a national supreme audit institution overseeing the whole system and with international audit standards being generally applied both for internal and external audits (Sevilla, 2006).

This chapter uses the term evaluation in a broad sense, encompassing elements such as monitoring, reporting and auditing. When a distinction between monitoring and evaluation is made, monitoring refers largely to an ongoing assessment of the use of financial resources, that is an assessment of the implementation and execution of the budget, for example through accounting and the recording of transactions. Evaluation refers largely to an assessment of the use financial resources in retrospect, that is once the budget has been executed, for example in the form of internal management and controls, external audits, and staff performance management. Evaluation and monitoring may entail different reporting processes and requirements, such as in-year financial reports of the central budget or reports on the closing budget of individual schools.

### Evaluating the use of school funding in complex governance systems

As analysed in Chapter 2, education systems today are increasingly characterised by multi-level governance with shared responsibilities between central and sub-central governments. In such systems, the question of which actors at which levels should be held accountable for which decisions and outcomes becomes central (Burns and Koester, 2016). Giving sub-central authorities the power to make funding decisions may enhance the quality of public services. At the same time, the expansion of sub-central spending, revenue collection and borrowing powers creates challenges for fiscal control and financial reporting (Schaeffer and Yilmaz, 2008). It is therefore important to ensure through monitoring, evaluation and reporting that funds transferred from the central to sub-central governments are used efficiently and in line with laws and regulations and as approved by the legislative (Sevilla, 2006).

#### ***Ensuring accountability in the use of school funding at different levels of governance***

As Hooge's (2016) work on multiple school accountability in OECD countries highlights, when the national level is increasingly held accountable for the outcomes of the education system while goal-setting and decision making take place at the local level, making accountability work at lower levels of governance within the overall accountability framework becomes a critical topic. The central government remains responsible for ensuring high quality, efficient and equitable education at the national level despite decentralisation and the introduction of new governance mechanisms (Burns and Koester, 2016).

In this context, the central government may have an interest in taking on a strong role in monitoring and controlling sub-central spending and performance. Some central governments seek to control and monitor sub-national spending and performance through the use of input-related control mechanisms, such as the allocation of funds through earmarked grants (Lotz, 2006; see also Chapter 3). For example, in Denmark, the use of funding at a local level is generally not monitored or evaluated by central authorities, but there has been a deliberate emphasis on monitoring the use of specific grants provided to the municipalities (Nusche et al., 2016b). Similarly, in Sweden, the central government

increasingly tries to steer municipalities by means of specially allocated subsidies (Swedish Agency for Public Management, 2016). Sub-central authorities and governments, on the other hand, may perceive central monitoring and controlling as interference in their areas of responsibility. This can lead to tensions between different governance levels (Schaeffer and Yilmaz, 2008). Accountability in multi-level governance systems thus needs to be carefully balanced with trust between actors at different levels of governance (Burns and Cerna, 2016).

Governance arrangements characterised by fiscal decentralisation or a network of publicly funded private schools (Chapter 2) require adequate accountability and controls of the quality of spending in terms of legality and efficiency (Sevilla, 2006). In a well-functioning sub-central government budget and managerial structure, sub-central governments face different types of accountability (Schaeffer and Yilmaz, 2008):

- As part of **bottom-up accountability**, citizens act through the electoral process or indirectly through civil society organisations or the media. Beyond the electoral process, citizens can also hold their local authorities accountable through accessing publicly available local government financial information, involvement in the budgetary process through participatory budgeting practices, and through independent budget analysis.
- **Horizontal accountability** covers the range of public entities responsible for checking local government abuses and inefficiencies, such as local government councils, court systems or auditing agencies.
- **Vertical accountability** entails rules set by higher-level governments often for the operation of local governments and requirements for financial reporting in return for the provision of financial resources through fiscal transfers.

As discussed in Chapter 2, private school providers may be subject to distinct or additional regulatory frameworks, particularly if they benefit from public subsidies. To qualify for the receipt of public funds, private providers typically have to fulfil certain requirements and comply with rules and regulations that need to be accompanied by adequate monitoring and compliance mechanisms.

In decentralised governance contexts, it is important that each level of government is accountable for its specific spending decisions. This requires a clear and transparent division of responsibilities and adequate financial capacity to fulfil these responsibilities, as discussed in Chapter 2. Effective accountability of sub-central authorities also requires reliable and co-operative control structures across levels of government. The line ministry or the ministry of finance should collaborate with sub-central internal controls. Central audit bodies should collaborate with sub-central audit bodies. Effective co-operation, and thus overall accountability, can be facilitated by clear rules regarding the scope of external audit institutions and their relationship with managers and other controllers at each level of government as well as valuable and reliable information (Sevilla, 2006). In the absence of adequate collaboration and the sharing of information, accountability and transparency across the system suffer. The OECD country review of the Czech Republic, for example, identified a lack of co-ordination across different information sources as a major challenge for transparency and accountability. It thus recommended deepening collaboration within the governance structures while at the same time strengthening accountability mechanisms, including the transparent reporting of key information (Shewbridge et al., 2016a).

Effective internal and external controls also require consistent data that are gathered through homogeneous statistics and accounting and reporting systems across levels of

government. Consistent data help to produce more accurate findings and recommendations (Sevilla, 2006). However, countries with decentralised governance structures can face challenges in providing a robust data base with comparable information on sub-central expenditures. In Denmark, for example, different accounting practices and ways of organising the local school systems can make it difficult to compare municipal spending data and to effectively monitor the use of funding by municipalities and schools. Accounting data are available to the public, but the variation in the use of account plans by different municipalities makes these data difficult to analyse and to monitor the impact of funding. For example, some staff categories are counted as local employees in some municipalities and as school employees in others (Nusche et al., 2016b). Estonia provides another example. Here, the mixing of local and national government funds both by level of education (e.g. pre-primary and primary education) and by function (e.g. salaries for support staff are not covered by the central education grant) complicates the audit of local education spending (Santiago et al., 2016a).

### ***Involving stakeholders in the evaluation of the use of school funding***

While a growing number of increasingly vocal stakeholders also increases the complexity of education governance (Burns and Koester, 2016), bottom-up accountability through the direct engagement of citizens can play an important role in complementing vertical and horizontal accountability of public authorities, including of sub-central governments. Bottom-up accountability can help safeguard against a misuse of budgetary resources. Citizens, however, must have the ability and the opportunity to demand accountability (e.g. through access to budgetary information) and governments must have the means and incentives to respond to citizen demands for accountability and better delivery of services (Schaeffer and Yilmaz, 2008).

Budget transparency, as defined by the OECD, is the full disclosure of relevant fiscal information in a timely and systematic manner. Transparency is important throughout the whole budgeting process (from preparation and approval to execution and evaluation) for accountability and participation and is affected by several factors. This includes efforts to ensure the quality and integrity of information, the legal framework regulating the disclosure of information, the existence of a clear chain of responsibility within the budget process, and the degree of legislative participation in the budget process (OECD/IDB, 2014; OECD, 2002). In some OECD review countries, the dissemination of information on the education budgets of sub-central authorities could be improved. Four out of 16 OECD review countries reported that information about education budgets of sub-central authorities is only available upon request and/or at the discretion of the concerned authority. In one country (the Czech Republic), general information is published by the concerned education authority but detailed information is only available upon request by the central financial authorities. Another three countries reported that no information is publicly available at all (see Table 5.A1.3).

Also at the local and school level, there has been a trend to move towards more explicit multiple accountability designs that involve stakeholders in decision making and accountability. Burns et al. (2016) note that a diverse set of stakeholders in a local education system (such as unions, employer organisations, foundations, non-state education providers, and education practitioners) are important actors to include in monitoring and evaluation. They can also act to increase the sustainability of initiatives and help in their implementation. Accountability measures in schools that involve multiple stakeholders can usefully complement traditional measures of vertical accountability.

In some countries, school boards, which usually comprise representatives of parents, teachers, the local community and sometimes students, can play a key role in monitoring the use of funding at the school level and in providing horizontal accountability of school-based resource management (see Box 5.1). Multiple accountability, however, is still a fairly new concept and the amount of available research on how to make it work is modest. While it provides opportunities, such as new sources of information to learn, improve and steer, it also carries a risk of information overload, and it can be difficult to involve less powerful voices in multiple accountability processes (Hooge, 2016). The impact that school boards can have for financial oversight depends on the definition of their roles and responsibilities, their capacity, and their access to sufficient, relevant and comprehensible information. School boards, for example, should be aware of the funding that is available and how resources are allocated and used for teaching and learning (Vegas and Coffin, 2013).

**Box 5.1. The financial monitoring responsibilities of school boards in selected OECD review countries**

In **Denmark**, school boards play a role in evaluating school quality. It is part of the school boards' role to set principles and long term goals for the school and to follow up on school budgets, policies and results. In most schools, the school leader prepares the school budget with input from the teaching staff and presents it to the school board. By law, it is the role of the school board to hold the school leader accountable and make the final decision on the school budget (Nusche et al., 2016b).

In **Estonia**, boards of trustees play a strong role for horizontal accountability and for ensuring that decision makers use funds in compliance with the law. Boards of trustees also typically review budgets, revenues, and expenditures at the school level (Santiago et al., 2016a).

In **Iceland**, school boards have a crucial statutory responsibility regarding the operation of compulsory schools in each municipality. School boards are responsible for ensuring that laws and regulations are complied with and for making recommendations for improvements to the municipality. In addition, compulsory schools are required to establish a school council which should also discuss the school's annual operational plan. At the upper secondary level, school boards are, among other things, responsible for the annual operating and financial plan of the school (Icelandic Ministry of Education, Science and Culture, 2014).

In **Lithuania**, legislation promotes the importance of self-governance at the school level and the particular role of the school council as the highest self-governance body at school level. The OECD country review of Lithuania suggests a strong role of school councils for decisions about and oversight of the use of resources. (Shewbridge et al., 2016a).

In the **Slovak Republic**, the school board acts in an advisory capacity with respect to the school budget. The school director presents the school budget plan to the board for its consideration and is also required to submit an annual school economic report (Santiago et al., 2016b).

Source: Nusche, D. et al. (2016b), *OECD Reviews of School Resources: Denmark 2016*, <http://dx.doi.org/10.1787/9789264262430-en>; Santiago, P. et al. (2016a), *OECD Reviews of School Resources: Estonia 2016*, <http://dx.doi.org/10.1787/9789264251731-en>; Icelandic Ministry of Education, Science and Culture (2014), *Review of Policies to Improve the Effectiveness of Resource Use in Schools: Country Background Report for Iceland*, [www.oecd.org/education/schoolresourcesreview.htm](http://www.oecd.org/education/schoolresourcesreview.htm); Shewbridge, C. et al. (2016a), *OECD Reviews of School Resources: Czech Republic 2016*, <http://dx.doi.org/10.1787/9789264262379-en>; Santiago, P. et al. (2016b), *OECD Reviews of School Resources: Slovak Republic 2015*, <http://dx.doi.org/10.1787/9789264247567-en>.

Central education authorities can provide individual school boards with guidance to fulfil their role. In England (United Kingdom), for example, the Governors' Handbook gives guidance to governors in schools maintained by local authorities, academies and free schools on financial requirements and the accountability of the bodies on financial matters (Fakharzadeh, 2016). Central education authorities can, furthermore, support parent associations in providing training and guidance to school boards. In Denmark, for example, the Ministry of Education provided the national parents' association with substantial funding to raise the competencies and professionalism of the school boards to strengthen democratic involvement of stakeholders and horizontal accountability at the school level (Nusche et al., 2016b).

However, in various countries there are concerns about the capacity of school boards to get involved in the monitoring of school funding. The OECD country review of Kazakhstan, for example, noted that the involvement of parents and other key stakeholders in holding the school accountable is still incipient and that boards of trustees, which were created in 2007, are only rarely involved in overseeing the financial performance of their school, even though this is among their functions (OECD/The World Bank, 2015).

### ***Evaluating the use of school funding at different levels of the school system***

A number of countries have introduced performance-oriented approaches to central budgeting, often as part of wider public sector reforms (see Chapters 1 and 4) (Sevilla, 2006). Among the OECD review countries, Austria, for example, introduced performance-based budgeting to increase the transparency of central budgets and to establish links between resource inputs and outcomes (Bruneforth et al., 2016; Nusche et al., 2016a). The Slovak Republic constitutes another example having initiated a reform for a more efficient, reliable and open public administration in 2012 that also aims to establish a new quality management system to monitor and assess performance efficiency (Santiago et al., 2016b). An approach to the evaluation of funding that sets inputs in relation to the performance of a system, such as the quality of teaching and learning and educational outcomes, has the potential to improve decision making and make the use of available resources more effective. However, in the field of education, the OECD country reviews found that the analysis of the impact of school funding on school system quality is still not very common. Monitoring and evaluation mostly concentrate on budgetary compliance and pay limited attention to linking inputs with outcomes.

### ***Evaluating the use of school funding at the system level***

Given the complex nature of education, countries face a number of challenges in monitoring and evaluating the use of school funding in relation to educational processes and quality and equity outcomes. Costing inputs, quantifying outputs and relating particular outcomes to particular inputs is difficult to realise in an educational context. Considering the role that factors outside of education play for outcomes and the time it may take for an intervention to have an effect, conclusions may be difficult to draw even where both costs and outcomes can be realistically assessed (Burns and Koester, 2016; Simkins, 2000).

The evaluation of school system performance requires the setting of goals and objectives, the identification of appropriate indicators and the collection of relevant data for these indicators (OECD, 2013). It can, however, be difficult to agree which objectives to use and preference may be given to outcomes that are measurable at the expense of other valuable, but more intangible outcomes (Levačić, 2000; Simkins, 2000). In some countries,

comparable measures of student outcomes may not be available at all or only for particular stages of education and/or in discrete skills. This runs the risk of policy being driven primarily in areas where there are measures available (OECD, 2013). Setting goals and objectives also requires a weighting of different outcomes and, at times, certain outcomes may only be produced at the expense of other outcomes (Levačić, 2000). There are inevitable trade-offs between different goals in school systems and the focus on one goal may lead to a smaller focus on other goals. The orientation towards certain goals and objectives can lead to distortions in the education process, such as an excessive focus on teaching students the specific skills that are assessed as part of a policy or programme evaluation (OECD, 2013).

The analysis of efficiency and effectiveness requires sufficient analytical capacity and the ability to interpret the available data, for example by identifying the value added of a particular education policy or programme (OECD, 2013). Making sound judgements about the effectiveness with which resources are used requires professional experience and expertise, a willingness to draw on a broad range of indicators, and an awareness of the partial nature of evidence (Baines, 2000). The implementation of performance audits, for example, requires considerable expertise. To evaluate and report on the performance of a programme, the performance audit team must be familiar with the programme's technical and managerial aspects. As a result, performance audits are often also resource intensive and require large expenditures (OECD, 2016b).

### *Evaluating the use of school funding at sub-central levels*

Evaluating how funding relates to the quality of teaching and learning is even more challenging in systems with a large extent of decentralisation. Given sub-central autonomy in using funds in many countries, central oversight of sub-central funding may be limited by legislation or regulations to monitor budgetary and regulatory compliance. In Estonia, for example, audits of local government expenditures funded by their general budgets carried out by the ministry of finance and the national audit office can only assess legal compliance. Broader questions of efficiency and effectiveness can only be assessed when audits concern expenditures from earmarked grants (Santiago et al., 2016a). In Chile, similarly, evaluations through the Education Superintendence assess the legality of expenses declared by school providers as part of their financial reporting but legislation, specifies that the Superintendence should not analyse or evaluate the effectiveness with which resources are used. However, at the time of writing this report, the Superintendence was in the process of focussing its audits and evaluations towards a model that seeks to not only determine the use of financial resources in line with legal requirements, but to contribute to educational quality and to improve school resources management (MINEDUC, AQE and ES, 2016).

Measuring the results of sub-central spending may be further complicated by the difficulty of agreeing on targets and objectives as well as the technical complexity of defining indicators and results. This can be complicated by political situations, such as different political parties governing in central government and sub-central governments which may impede the use of information on the performance of different policies and programmes.

In addition, reporting on inputs assigned to a certain policy or programme implies an accounting exercise and typically the use of a generally accepted accounting system. It also requires the timely submission of complete information and possibly the homogenisation of accounting systems. Reporting on outputs and outcomes requires basic co-operation between levels of government to develop a consensus about the definition and measurement of objectives and results (Sevilla, 2006).



It is also important to recognise the inherent tension between accountability and innovation. Tightly controlled accountability mechanisms seek to minimise risk and error, both of which are fundamental elements in the innovation process. As Burns and Koester (2016) argued, “strong accountability systems [should] thus keep a clear focus on achievement and excellence, while being nuanced enough to allow for innovation, creativity and a rounded learning experience”.

### ***Combining the evaluation of financial aspects of school operation with pedagogical considerations***

Evaluating the impact of funding in schools involves a review of how resource use affects the achievement of teaching and learning goals (Glover, 2000). This requires professional judgement and appropriate management processes to combine knowledge about school effectiveness with considerations of resource use and costs (Levačić, 2000).

Within schools, school management and leadership require both budget as well as a general cost consciousness to achieve an efficient and effective use of their resources. While budget consciousness describes an awareness of the financial implications of an activity or decision in the school, a general cost consciousness entails an understanding that costs in education are not only borne by the school, but by a number of parties involved, such as parents’ and students’ in terms of their time. The management of school funding that is oriented towards performance in terms of the quality of teaching and learning involves the regular analysis of cost drivers and the monitoring of some key efficiency data, at least on an annual basis. This can facilitate the effective planning and management of resource provision and offer the opportunity to achieve higher levels of efficiency, for example by changing curriculum staffing patterns or by utilising economies of scale (Simkins, 2000).

A school’s view of how the budget is running can be regularly informed by monitoring reports of income and expenditure. These can be automatically produced by the school’s financial information software. In Slovenia, for example, the budget management of schools entails self-evaluations and the adoption and discussion of reports on the realisation of the annual work plan and the financial and human resources plans (Slovenian Ministry of Education, Science and Sport, 2016).

Considering the importance of teaching staff costs for the school budget, resource management and self-evaluation in schools may involve an assessment of how the school uses its staff (e.g. student-teacher ratio for the school as a whole or for particular age groups, the proportion of the school budget spent on teachers, teacher contact time) (McAleese, 2000). Such analyses can help determine the costs of different patterns of staff deployment to the curriculum and help evaluate the cost implications of different use and deployment of learning support staff, different policies of class size, and the use and deployment of support services, such as psychologists (Simkins, 2000).

The financial and resource management of schools may also be evaluated as part of external school evaluations and audits. The processes which OECD review countries have in place are described further below. The evaluation of financial and budgetary aspects in schools should focus on the ways in which the use of school funding promotes school improvement and development. As a recent OECD study on evaluation and assessment highlighted, school evaluations must go beyond compliance with regulations, focus directly on the quality of teaching and learning, and provide meaningful feedback, to contribute towards school improvement. The same is true for the performance management of school

leaders, which needs to include a strong focus on pedagogical leadership considering the role this type of leadership can have on the learning environment (Radinger, 2014; OECD, 2013). However, in practice, the evaluation of financial aspects of school operation may rather focus on schools' compliance with rules and regulations and shift the focus away from the evaluation of pedagogical aspects and the quality of teaching and learning.

The evaluation of financial aspects in relation to educational processes and outcomes may be complicated by various factors. It may stem from an overall lack of a shared focus on effectiveness and efficiency at all levels of a system, particularly at the level of sub-central authorities and schools. Governance arrangements and the distribution of responsibilities between different authorities can also be a factor. In the Czech Republic, for example, school providers typically fail to take educational aspects into account in the financial oversight over their schools and in the evaluation of individual school leaders and focus on budgetary and regulatory compliance only as they rely on the school inspectorate to evaluate pedagogical processes (Shewbridge et al., 2016a). Also, responsibilities for the management of financial resources and for organising pedagogical aspects of school operation may be distributed between school providers and schools. This can not only complicate the strategic management of financial resources in light of pedagogical considerations, but also the effective monitoring and evaluation of resource use in relation to teaching and learning.

The evaluation of financial and pedagogical aspects of school operation can be integrated in a single process or carried out separately (see Box 5.2). Both approaches entail potential benefits and drawbacks. On the one hand, the separation of responsibilities provides favourable conditions for the implementation of school evaluations that contribute to school improvement. On the other hand, such arrangements may make it more difficult to connect resource use decisions with pedagogical considerations, as this requires sufficient co-ordination and links between both processes, and entails the risk of overloading schools with external processes, pressures and expectation in complex environments of multiple accountabilities.

#### Box 5.2. Different approaches to evaluating financial and pedagogical aspects of school operation

In the **Netherlands**, until recently, financial and pedagogical-didactical inspections were conducted separately by two different units of the inspectorate. However, a number of cases of financial and organisational mismanagement of schools led to calls for stronger supervision of educational governance. As a result, the inspectorate has integrated the two lines of inspection, also in recognition of substantial linkages between the quality of financial and human resource management at the level of schools and school boards and the quality of education (Nusche et al., 2014).

In **Chile**, responsibilities for financial and pedagogical oversight are largely distributed between the Agency for Quality Education and the Education Superintendence. While the agency focuses on pedagogical processes and the quality of education in schools, the Superintendence focuses on the compliance of schools and school providers with legal requirements. The agency evaluates schools against a central evaluation framework, the Performance Standards for Schools and School Providers, which entail a "resource management" domain and six standards related to the management of financial resources. Evaluations of the Superintendence check that school providers and schools meet the minimum requirements for official recognition and other issues, such as building and

**Box 5.2. Different approaches to evaluating financial and pedagogical aspects of school operation (cont.)**

infrastructure standards, safety standards, labour standards, and compliance with the Inclusion Law which prohibits school providers and schools with public funding from making a profit, from selecting students, and from charging student fees. As school providers tend to be responsible for the management of resources, evaluations by the Superintendence focus on the evaluation of school providers. There are some links between the two processes. Evaluation reports by the agency should take into account the results from evaluations of the Superintendence as one element (Santiago et al., forthcoming).

Source: Nusche, D. et al. (2014), *OECD Reviews of Evaluation and Assessment in Education: Netherlands 2014*, [www.oecd.org/edu/evaluationpolicy](http://www.oecd.org/edu/evaluationpolicy); Santiago, P. et al. (forthcoming), *OECD Reviews of School Resources: Chile*, OECD Publishing, Paris.

**Evaluating equity outcomes of the use of school funding**

Countries typically invest considerable resources to improve the educational opportunities and outcomes of disadvantaged students. To ensure that resources are targeted effectively towards the needs of different student groups, monitoring and evaluation should pay adequate attention to equity issues and how resources translate into outcomes for disadvantaged students. As the OECD Review of Evaluation and Assessment in Education recommended, monitoring performance across specific groups of students should be a priority (OECD, 2013). While evaluating equity in terms of outcomes is important to ensure that the investment of resources has an impact on equity, it is also important to ensure that the funding arrangements overall meet the equity goals of a system and that any inequities in available resources between different schools and providers that may be linked to funding and governance arrangements are made transparent (see Chapters 2 and 3).

Countries typically set certain goals and objectives for improving the outcomes of particular student groups and have processes in place to monitor and evaluate the achievement of these goals (OECD, 2013). The OECD country reviews, however, suggest that some countries could pay more attention to the ways in which inputs translate into outcomes for different groups of disadvantaged students. The OECD country review of Lithuania, for instance, notes that there is a commitment to providing additional support to students growing up in families at risk of poverty. The focus, however, is on providing inputs rather than on monitoring the outcomes of disadvantaged groups of students to determine the extent to which the education system serves their needs (Shewbridge et al., 2016b). Similarly, in the Flemish Community of Belgium, although additional resources are targeted to students with particular characteristics of disadvantage, there is no national strategy for assessing the outcomes and progress of different groups of students (Nusche et al., 2015).

Monitoring the impact of school funding on priority groups is particularly important in complex governance systems where resources intended for disadvantaged groups are channelled through different authorities or providers. Depending on the governance context, sub-central governments can play an important role both in providing additional funding and in influencing the distribution and use of financial resources in schools (Chapter 2). Sub-central or school level autonomy to make such decisions can make it difficult to measure expenditure outputs for specific student groups. The expenditure

output is the real cost of educating a student as opposed to the centrally planned funding per student. The difference between inputs and expenditure outputs lies in spending decisions made at the different levels of the school administration, and often even at the school level, which are not always transparent.

Local autonomy in school funding decisions may mean that steps to ensure an equitable resource allocation taken at the central level, for example through a central funding formula (also see Chapter 3), may be undermined at the local level. It is therefore important to ensure transparency about the distribution and use of funding and the actual resource outputs for specific student groups in each school. A lack of transparency will make it difficult to analyse the extent to which financial resources are distributed equitably among schools. Such concerns about the equitable distribution of school funding within and across school districts in the United States have led to new federal data collections on school-level expenditures (see Box 5.3).

**Box 5.3. Developing and implementing systems to collect school expenditure data: A study about the experience of states and school districts in the United States**

Concerns about the equitable distribution of school funding within and across school districts in the United States have led to new federal data collections on school-level expenditures. However, many school districts in the United States do not have experience in systematically tracking expenditures at the school level, and the quality of these large-scale data collections is uncertain. To better understand the feasibility of broadening the collection and reporting of detailed school-level expenditure data, and improving the quality of such data, a mixed-method study by the United States Department of Education examined five states and four school districts that have developed their own accounting systems for school-level expenditures. While findings are not generalisable, the study findings may be useful to inform efforts to implement school-level expenditure reporting systems, particularly in large urban areas that were the subject of this study.

The states and districts that participated in the study had been collecting and reporting school-level expenditure data for varying amounts of time and reported similar motivations for developing or expanding their school expenditure data systems. Reasons include a response to the introduction of state laws intended to promote equity and transparency in school spending and district efforts to give schools more authority over spending decisions. To implement a system for collecting school-level expenditure data, authorities typically had to invest in new hardware and software, make changes to charts of accounts, and train their staff. They incurred both personnel and non-personnel expenses, which included staff time spent to choose and/or design the data system, to plan system roll-out strategies and to develop training materials, as well as contracts with vendors or consultants and technology upgrades. Commonly identified challenges in developing a system to track school-level expenditure data included staff capacity and training.

As the study demonstrates, collecting and reporting high-quality school-level expenditure data is feasible and has perceived benefits for transparency, equity, and the efficient use of resources. A key challenge in the process of collecting and reporting school-level expenditure data lies in ensuring consistency in practices surrounding the attribution of funds to schools both within and across districts and states.

*Source:* US Department of Education, Office of Planning, Evaluation and Policy Development, Policy and Program Studies Service (2017), *Exploring the Quality of School-Level Expenditure Data: Practices and Lessons Learned in Nine Sites*, [www2.ed.gov/about/offices/list/opepd/ppss/reports.html](http://www2.ed.gov/about/offices/list/opepd/ppss/reports.html).

In systems where schools have considerable resource autonomy, school leaders also need to make equity judgements when allocating resources between different age groups, curriculum areas, courses, and students with different learning needs (Levačić, 2000). Monitoring and evaluation of the use of financial resource at the school level may, however, not pay sufficient attention to the ways in which resource use decisions in schools promote equal learning opportunities and outcomes for all students, including those from disadvantaged backgrounds. Differentiated analysis is necessary to understand whether certain interventions may have differential effects on students from different groups and to design adequate strategies to meet specific learning needs (OECD, 2013).

In Denmark, for example, municipalities recognise the additional needs of schools with a disadvantaged student intake, and invest heavily in schools enrolling students from such backgrounds, but there is generally little evaluation of how this additional funding is used and in how far it contributes to improving learning opportunities for these students. While there is increasing focus on analysing student assessment results to formulate improvement strategies, it does not seem to be common practice to analyse results separately for different groups at risk of underperformance (Nusche et al., 2016b). Similarly, in the Flemish Community of Belgium, the OECD country review noted that the impact and effectiveness of additional resources for equal opportunities in schools is not sufficiently monitored (Nusche et al., 2015).

## Key procedures and tools for evaluating the use of school funding

### Reporting

Transparency in the use of school funding is important in terms of public sector integrity and accountability for the use of public resources that are derived from citizen's expenditures and earnings (OECD/IDB, 2014). Transparency about financial resource flows reduces the risk for corruption and misuse of resources if it enables public stakeholders to hold authorities and schools accountable (Wodon, 2016). Reporting on the use of financial resources is an important element for creating transparency in school funding flows. It can provide information to different stakeholders about the flow and use of funding and the effectiveness and efficiency with which the available financial resources are used. This is a precondition to enable stakeholders (such as teachers, parents, students, professional organisations and labour unions) to participate in discussions and decisions about the use of school funding.

### Reporting at the central level

In the central budget cycle (see Chapter 4), the monitoring and reporting of school funding begins at the budget execution stage. During the budget execution stage, expenditure transactions are recorded in accounting books and accounting and budgeting reports are produced. This also involves a continuous analysis and assessment of how funds are actually spent to implement the policies, programmes and projects outlined in the budget. Monitoring the implementation and execution of a budget typically involves an analysis of the differences between projected and actual revenues and expenditure in total and by account as well as the debt levels. It can focus on the responsibilities of individuals or organisations and take the form of *ex ante* or *ex post* control. While the former seeks to limit managerial discretion, the latter assesses the execution of a decision after operation.

Budget execution is monitored through accounting and reporting practices. During the course of the financial year, accounting officers or their delegated staff members record all

of the outstanding revenue and expenditure transactions. Accounting follows certain accounting standards which are set by the ministry of finance or an independent professional advisory body and may be described in public budgeting documents. Accounting standards can help achieve integrity, control and accountability objectives and influence the quality of financial data and information. Accounting standards, therefore, also influence the quality of reporting of financial data (e.g. in terms of comparability) and the quality of decision making to plan the use of financial resources (for detailed information on accounting practices, see Fakharzadeh, 2016).

The recorded transactions form the basis for accounting and budgeting reports that help to inform the executive, the legislative and the public on the budget execution (OECD, 2014). Reporting requirements for central governments can be stipulated by law or policy that has been approved by the legislature (OECD/IDB, 2014). Information about the execution and implementation of budgets may also be available to citizens thanks to legislation on transparency and public access to information. In Chile, for example, a transparency law (Law No. 20.285) implemented in 2008 ensures the right of any person to request and receive information available in any body of the public administration. Based on this legislation, all government services report information such as the number of staff, administrative acts, purchases, and budget details through a dedicated platform. The same law also regulates requests to access public information (MINEDUC, AQE and ES, 2016).

Throughout the financial year, in-year and mid-year reports compare the actual expenditures with the approved budget to show whether the budget provisions are being adhered to during the execution phase. In-year reports help to identify budget implementation issues and to develop appropriate responses in a timely manner, but they generally do not monitor service delivery and performance. According to the OECD Budget Practices and Procedures Survey 2012-13, three out of four participating OECD countries issue a consolidated mid-year report (OECD, 2014).

### ***Reporting at the sub-central level***

Permanent and transparent reporting structures are necessary for fiscal discipline and for accountability and control in systems with decentralised public spending. This regards both reporting about grants that are transferred from the central to sub-central governments as well as reporting about the total spending and financing activity of sub-central authorities (Sevilla, 2006).

Countries may have certain requirements for accounting and financial reporting for sub-central authorities and other school providers in place. Among OECD review countries, legislation in Iceland, for example, requires municipalities to produce annual financial plans and reports for their services and institutions. It is up to municipalities to work within this legal requirement (Icelandic Ministry of Education, Science and Culture, 2014). In Kazakhstan, the Ministry of the National Economy establishes reporting requirements on operations of regional and local authorities. In education, specifically, monitoring and reporting on resource use takes place at multiple levels and is operated in a bottom-up cascade. Every unit and level regularly reports to the hierarchically superior level about itself and the levels below (OECD/The World Bank, 2015).

### ***Reporting at the school level***

Schools typically have to comply with requirements regarding accounting and reporting practices to describe the nature, sources, and amount of their revenues, the allocation of

revenues within the school to various domains, and the actual expenditures in these domains. Accounting provides the basis to meet reporting requirements by education authorities and to inform the school community about the fiscal and educational activities of the school. Among OECD review countries, Slovenia provides one example. Here, all public schools must send a financial report each semester to their school provider, that is the municipality in the case of basic schools (primary and lower secondary education) and the Ministry of Education, Science and Sport in the case of upper secondary schools. These reports enable authorities to monitor the operations of the individual user of the budget and, in case of identifying an interim deficit of funds, take steps to ensure that the amount of funds set out in the financial plan will not be exceeded by the end of the year. Upper secondary schools record the spending of annual funds in their books of accounts and submit reports on the use of funds received and on the realisation of their financial plans to the ministry. All public schools must also submit reports on the use of funds (balance sheets) to the Agency for Public Legal Records and Related Services (AJPES) which publishes the financial data from the annual accounts of public institutions on its website (Slovenian Ministry of Education, Science and Sport, 2016).

New Zealand provides another example. The country's Education Act 1989 sets the requirements for school boards in relation to annual reports and provides general guidelines and standards applicable to the annual financial statements. Accordingly, annual reports should include annual financial statements and performance information that provides an analysis of any discrepancy between the school's performance and the relevant aims, objectives, directions, priorities, or targets set out in the school charter (Fakharzadeh, 2016). In addition, a school's view of how budget is running is reported to their board of trustees by the monthly monitoring reports of income and expenditure. The Ministry of Education can request these monthly reports if a school is at financial risk.

While requirements for reporting are in place in most systems, the OECD country reviews pointed to concerns about transparency in the reporting of school budgets. Financial reports may have room for improvement with regards to the type of information that is reported. In the Flemish Community of Belgium, for example, schools are required to follow the general regulations on the sound application of accountancy rules in relation to the legal structure of the school provider and have to give proof that funding has been used according to the objective of the allocation and that there is no diversion of resources (Flemish Ministry of Education and Training, 2015). The Court of Audit, however, found that school reports on their financial activities varied and that schools' accounts often lacked cost details. The OECD review of the Flemish Community indicated that the real cost of running programmes and services at the school level was not reported. In addition, information on income from non-public sources is not collected by the Department of Education and Training, even if it might be exhumed from audit reports for the Ministry of Finance where the emphasis is on accounting compliance rather than educational use and value (Nusche et al., 2015).

More generally, the OECD review suggests that the public disclosure of budgetary information at the school level could be improved in a number of countries. Among the 17 systems participating in the OECD review's qualitative survey, only 5 systems (Chile, Iceland, Israel [for central funding], the Slovak Republic and Slovenia) reported that information about budgets of individual schools is published. In six systems, information is available upon request from the school or a public authority (the Czech Republic, Estonia, Lithuania, Portugal, Sweden and Uruguay) while in three systems (Denmark, Israel [for local

funding] and Kazakhstan) information is available at the discretion of schools and/or the relevant education authority. In four systems, no such information is available (Austria, the Flemish and French Communities of Belgium and Spain) (see Table 5.A1.4).

It should be noted that there is a tension between the benefits of transparency and reporting at the local and school level and the administrative burden this entails. In Chile, for example, school providers, the Ministry of Education and the Education Superintendence have to dedicate considerable resources to monitor and check daily attendance records. The monitoring of student attendance alone involves 640 million entries per month that need to be checked. This is related to the system of school funding which allocates resources to school providers based primarily on a block grant in return for effective provision as measured by student attendance. Reporting requirements for the multiple programmes serving schools are typically different which multiplies the time and effort involved (Santiago et al., forthcoming). Kazakhstan is another case in point where general extensive reporting requirements raise concerns about the administrative burden this involves for national and local authorities (OECD/The World Bank, 2015).

### ***Auditing and evaluating the use of funding at different levels of the system***

#### ***Auditing and evaluating the use of school funding at the central level***

Budget evaluation is the last stage of the budget cycle that assesses whether financial resources have been used appropriately and effectively. This entails both internal and external audits and financial reporting. It can be an annual end-of-year activity or based on an ongoing process throughout the budget year. The production and publication of a year-end report concludes the financial year. It is the main accountability document of the government towards the legislature and the public and demonstrates compliance with the level of expenditures and revenue authorised by parliament. Internal audit, for example within ministries of education, constitutes a key part of the public financial management system. Internal auditors carry out the first review of the quality of budget, financial and accounting information concerning the extent to which organisations have achieved previously established objectives. Internal audit units are subordinate to the head of the entity within which they reside, but are organisationally and functionally independent. Internal audit findings and recommendations can facilitate informed and accountable decision making, which enhances effectiveness and produces greater value for money. Moreover, internal auditing allows decision makers and public managers to focus their attention on areas in need of improvement (OECD/IDB, 2014). Box 5.4 provides examples of internal audit procedures in OECD review countries.

Most countries have external audit processes in place (see Table 5.A1.1). National audit bodies such as the supreme audit institution, the national audit office, the auditor general, or the state comptroller, are in charge of overseeing public expenditures, of evaluating the effectiveness of internal audit operations, and of verifying expenditures in the year-end report for accuracy (Fakharzadeh, 2016; OECD/IDB, 2014; Ramkumar, 2008). Auditing follows certain standards that apply to the auditing process in general (e.g. in terms of qualifications and independence), for field work (e.g. in terms of planning and internal controls), and for reporting (e.g. distribution of audit reports) (Thai, 1997).

Auditing typically involves a survey phase, a review phase and a reporting phase. The end product of an auditing process is the auditing report which provides information about the operations and audit recommendations. The usefulness of the auditing process



#### Box 5.4. Internal audit of school funding in select review countries

In **Estonia**, the internal audit department of the Ministry of Education and Research analyses the efficiency and lawfulness of the preparation of the budget, financial reporting and organisation of accounting and evaluates the expediency, economy and lawfulness of the use of resources. The reports prepared as a result of the internal audits are internal documents and available only to internal parties (Ministry of Education and Research, 2015).

In the **Slovak Republic**, the Ministry of Education carries out financial audits and controls the use of the state budget and of funds from the European Union through its Department of Control. The ministry co-ordinates its audits with the Ministry of Finance and the Supreme Audit Office. The department presents the annual plan of its activities to the minister of education. A Summary Financial Management Report and individual auditing reports are presented to the Ministry of Finance. There are also governmental audits which assess the setup and efficiency of management and control systems (Education Policy Institute, 2015).

In **Uruguay**, the internal audit unit of the National Public Education Administration (ANEP) controls and monitors the execution of the expenditure and reports to the ANEP's central governing council (CODICEN). The internal audit has jurisdiction over all the education councils of the central governing council and programmes operating within ANEP. Its tasks include monitoring the use of resources within the school system, assessing compliance with laws and regulations, analysing information systems to assess their reliability, and providing advice to ANEP in the fulfilment of its objectives. It can "propose corrective measures deemed appropriate in order to achieve greater efficiency and effectiveness in the use of resources, both human and material". ANEP's internal audit has free access to all offices managed by ANEP, including individual schools. The internal audit comprises one internal general auditor, three central internal auditors, and delegated internal auditors (INEEd, 2015).

*Source: Ministry of Education and Research (2015), OECD Review of Policies to Improve the Effectiveness of Resource Use in Schools: Country Background Report for Estonia, [www.oecd.org/education/schoolresourcesreview.htm](http://www.oecd.org/education/schoolresourcesreview.htm); Educational Policy Institute (2015), OECD Review of Policies to Improve the Effectiveness of Resource Use in Schools: Country Background Report for the Slovak Republic, [www.oecd.org/education/schoolresourcesreview.htm](http://www.oecd.org/education/schoolresourcesreview.htm); INEEd (2015), OECD Review of Policies to Improve the Effectiveness of Resource Use in Schools: Country Background Report for Uruguay, [www.oecd.org/education/schoolresourcesreview.htm](http://www.oecd.org/education/schoolresourcesreview.htm).*

depends on the effectiveness of the actions taken to follow up on audit recommendations (Thai, 1997). Public sector audits generally take one of the following three forms: Financial audits (which verify the accuracy and fairness of the presentation of financial statements); compliance audits (which assess if the expenditure has been authorised by a competent authority, if it has been authorised by the budget appropriation law and made in accordance with the terms of the law); and performance audits (which report on economy, efficiency and effectiveness). More recently, countries' supreme audit institutions have increasingly begun measuring budget impact through value-for-money audits, but there is wide variation among countries in terms of the frequency with which they undertake such audits (for more information, see Fakharzadeh, 2016; OECD, 2016b). Box 5.5 provides some examples of external auditing of central school funding in select OECD review countries.

Other public bodies and institutions may hold additional responsibilities for financial monitoring and oversight (see Table 5.A1.1). In Kazakhstan, for example, the Department for Combating Economic Crimes and Corruption and the General Prosecutor's Office implement inspections in the case of complaints or in the frames of the thematic planned controls (OECD/The World Bank, 2015). In Sweden, the Agency for Public Management

**Box 5.5. External audit of school funding in select OECD review countries**

In **Austria**, the Federal Court of Audit can carry out audits on all aspects and levels of the school administration, whether operated by federal or state (provincial) authorities, and typically publishes a number of reports on audits in the area of school administration every year (Bruneforth et al., 2016).

In **Belgium**, the Court of Audit provides budgetary advice and exercises financial control, which includes a control of the legality, compliance and good use of public funds. Its competencies extend to the Communities. The Court of Audit can perform audits on the public funding mechanisms applied by public authorities, including for education. In the area of education in the Flemish Community, the Court of Audit examined a number of issues over the last decade (Ministère de la Fédération Wallonie-Bruxelles, 2016; Flemish Ministry of Education and Training, 2015).

In **Lithuania**, the National Audit Office is responsible for supervising the legitimate management and use of public property and the execution of the public budget. It examines and evaluates the legitimacy of the use of funds allocated to education. The National Audit Office also provides occasional independent scrutiny of the activities of the Ministry of Education through its performance audits. The office, for example, audited non-formal education during the period 2011-13. After a reform of the education finance system in Lithuania, the audit office also prepared several reports evaluating the reform (Shewbridge et al., 2016b; NASE, 2015).

Source: Bruneforth, M. et al. (2016), *OECD Review of Policies to Improve the Effectiveness of Resource Use in Schools: Country Background Report for Austria*, [www.oecd.org/education/schoolresourcesreview.htm](http://www.oecd.org/education/schoolresourcesreview.htm); Ministère de la Fédération Wallonie-Bruxelles (2016), *Examen de l'OCDE des politiques pour un usage plus efficace des ressources scolaires : Rapport Pays*, [www.oecd.org/education/schoolresourcesreview.htm](http://www.oecd.org/education/schoolresourcesreview.htm); Shewbridge, C. et al. (2016b), *OECD Reviews of School Resources: Lithuania 2016*, <http://dx.doi.org/10.1787/9789264252547-en>; NASE (2015), *OECD Review of Policies to Improve the Effectiveness of Resource Use in Schools: Country Background Report for Lithuania*, [www.oecd.org/education/schoolresourcesreview.htm](http://www.oecd.org/education/schoolresourcesreview.htm).

(Statskontoret) is responsible for conducting studies in all areas of government for the central government and ministries with the aim of making the public sector more efficient (Swedish Ministry of Education and Research, 2016).

***Auditing and evaluating the use of school funding at the sub-central level***

Sub-central authorities may have to comply with legal requirements to implement internal auditing and controlling processes. This is, for example, the case in Estonia where municipal governments, like all government agencies, are legally required to have internal audit commissions in place. These commissions are required to make judgments if an institution has complied with the law and if it is spending financial resources efficiently and effectively (Santiago et al., 2016a).

Various OECD review countries have external audits and evaluations of sub-central authorities in place which may build on internal financial management processes and assess and validate financial statements and reports produced by sub-central authorities (see Table 5.A1.1). Central auditing bodies, such as national audit offices, may control sub-central financial activities, including expenditure on school education, although the model and scope of such audits differs between countries (Sevilla, 2006). This is, for example, the case in Chile, Estonia and Lithuania. In a range of OECD review countries, external monitoring and evaluations of the use of school funding by sub-central authorities may

also involve central government authorities more broadly, such as the ministry of finance or the ministry of the interior.

Expenditures by sub-central authorities that receive grants from higher levels of government may, furthermore, be part of broader evaluations of performance in the provision of local services. In Denmark, for example, annual negotiations between the central government and Local Government Denmark (KL/LGDK), the interest group and member authority of the Danish municipalities, provide an important space for discussing municipal economic performance and the development of municipal services. They are thus an important mechanism to keep the balance between central regulations and local autonomy and provide space for discussing and evaluating progress towards established goals across the system. Since 2013, the implementation of a major reform of compulsory education (2014 *Folkeskole* reform) has been an important part of these negotiations (Nusche et al., 2016b).

The role of central education authorities (e.g. ministries of education or education inspectorates) in overseeing the finances of sub-central authorities and other school providers differs between OECD review countries (see Table 5.A1.1). In some countries, central education authorities may not get involved in monitoring and evaluating the use of school funding by sub-central authorities. In Denmark, for example, the Ministry for Education does not get involved in monitoring individual municipal budgets as long as national framework laws are respected. Individual municipalities are autonomous in their spending decisions and the central level only follows up if there is evidence that laws are not respected. The ministry may, however, monitor and supervise municipal quality reports and follow up in case of any concerns.

In some countries, central education authorities supervise the use of financial resources by individual sub-central authorities and other school providers. In the Slovak Republic, for example, the Ministry of Education controls local and regional authorities in the financing of basic and secondary schools with a focus on the transparency of financing, the correctness of the methods and procedures applied and the data provided, and the purpose of the use of the granted funds in accordance with the law. The Ministry of Education also performs governmental audits with the permission of the Ministry of Finance (Education Policy Institute, 2015). In Sweden, the central education inspection services in the form of the National School Inspectorate monitor that municipalities comply with education legislation and regulations (Swedish Ministry of Education and Research, 2016). Some countries have set up specialised institutions to carry out external audits and evaluations of public and publicly-subsidised private school providers (see Box 5.6).

At a sub-central level, audit institutions control local public spending and provide horizontal accountability in a number of countries (Sevilla, 2006) (see Table 5.A1.1). In Lithuania, for example, municipal control and audit services supervise the use and management of municipal assets and government property and conduct external financial and performance audits in municipal administrative entities (Shewbridge et al., 2016b; NASE, 2015). Requirements to commission external audits by independent providers constitute an alternative to such sub-central audit institutions (see Table 5.A1.1). In Iceland, for example, municipalities are required to commission an external audit by an independent accounting professional as specified in the legislation for local governments. It is up to municipalities to work within this legal requirement (Icelandic Ministry of Education, Science and Culture, 2014).

### Box 5.6. Evaluation of resource use by school providers through dedicated agencies: the cases of Chile and England

In **Chile**, the Education Superintendence (*Superintendencia de Educación*) is responsible for evaluating the use of public financial resources by all school providers (and individual schools) that receive public funds from a compliance perspective and for communicating the results of its audits to the educational community. It was established in 2012 as part of the national System for Quality Assurance which was created through the enactment of the General Education Law (*Ley General de Educación*, LGE, 2009) and is represented at a central as well as a regional level. The Superintendence audits the annual financial statements of school providers for consistency with administrative data. The Education Superintendence also evaluates the compliance of school providers (and individual schools) with legislation, standards and regulations, investigates any claims or complaints against school providers (and schools) and applies any pertinent penalties. The audit programme is based on school samples and uses a risk management model that considers both the probability of transgressions and their potential negative effects on the quality of education. In 2015, the Superintendence undertook about 20 000 audit visits to over 9 000 schools.

In **England (United Kingdom)**, the Department for Education has delegated its responsibility for oversight to the Education Funding Agency (which was merged with the Skills Funding Agency to form the Education and Skills Funding Agency from April 2017 onwards). The agency was responsible for overseeing financial management and governance in local authorities (which oversee public/maintained schools) and in publicly-funded school providers (academy trusts). Oversight of local authorities' management of schools' finances follows a light-touch approach. Local authorities must inform their regional schools commissioner when they plan to take certain actions, such as issuing a warning notice to a school. Beyond this, the agency does not routinely collect data on how local authorities exercise their responsibilities. The agency does, however, intervene with local authorities in case of concerns, such as persistent excessive surpluses and deficits. In contrast to schools operated by local authorities, the agency has more responsibilities for the oversight of academy trusts. It directly funds academy trusts and the agency's accounting officer must be satisfied and assure the Department of Education that academy trusts have appropriate arrangements for financial management and governance. The agency also has a process for assessing financial risk in academy trusts.

Source: Santiago, P. et al. (forthcoming), *OECD Reviews of School Resources: Chile*, OECD Publishing, Paris; Ministry of Education, Agency for Quality Education and Education Superintendence (2016), *OECD Review of Policies to Improve the Effectiveness of Resource Use in Schools: Country Background Report for Chile*, [www.oecd.org/education/schoolresourcesreview.htm](http://www.oecd.org/education/schoolresourcesreview.htm); National Audit Office (2016), *Financial Sustainability of Schools: Report by the Comptroller and Auditor General*, [www.nao.org.uk/report/financial-sustainability-in-schools/](http://www.nao.org.uk/report/financial-sustainability-in-schools/).

### *Auditing and evaluating the use of funding at the school level*

Depending on the level of school autonomy for the management of financial resources, the use of financial resources by schools may be evaluated or audited. Box 5.7 provides examples of evaluating resource use by school providers through dedicated agencies. There is often limited room for misuse of funds at the school level given the limited degree of their financial autonomy in some countries and the large share of funding going to teacher salaries. But there are a number of areas that need to be monitored for compliance. Potential forms of non-compliance include the inflation of data that form the basis for funding allocations, possible incentives for schools to categorise a greater number of students as

### Box 5.7. Evaluating financial risk and sustainability

**In England (United Kingdom)**, the Department for Education launched a Schools Financial Health and Efficiency programme to help schools manage their budgets effectively and to ensure their financial health while maintaining or improving student outcomes. This programme includes a financial health check service provided by accountancy and consultancy firms, other schools or local authorities. The Education Funding Agency, a public body responsible for financial oversight of publicly-funded private schools (academies) and local authorities, has processes in place to intervene in local authorities in case of deficits or surpluses and for assessing financial risk in academies (National Audit Office, 2016).

**Northern Ireland (United Kingdom)** implemented a viability audit in 2011 to ensure the viability and long-term sustainability of schools. The Department of Education commissioned all education and library boards to identify those schools which were evidencing stress in relation to sustainable enrolment levels, delivery of quality education and financial viability (Northern Ireland Audit Office, 2015).

In the **Netherlands**, financial sustainability has also been a concern to the country's school inspectorate. The inspectorate pays attention to schools' financial situation as part of its evaluations. The inspectorate sees risks in the financial sphere as an indication of quality problems and has the possibility to place school boards under special financial supervision (OECD, 2016a; Inspectorate of Education, 2015).

*Source:* National Audit Office (2016), *Financial Sustainability of Schools: Report by the Comptroller and Auditor General*, [www.nao.org.uk/report/financial-sustainability-in-schools/](http://www.nao.org.uk/report/financial-sustainability-in-schools/); Northern Ireland Audit Office (2015), *Department of Education: Sustainability of Schools*, [www.niauditoffice.gov.uk/publication/department-education-sustainability-schools/](http://www.niauditoffice.gov.uk/publication/department-education-sustainability-schools/); OECD (2016a), *Netherlands 2016: Foundations for the Future*, <http://dx.doi.org/10.1787/9789264257658-en>; Inspectorate of Education (2015), *The State of Education in the Netherlands in 2013/14*, <https://english.onderwijsinspectie.nl/documents>.

“disadvantaged” or “with special educational needs” to receive additional funding, and the misuse of earmarked funding.

This was evident in some review countries. In Lithuania, for example, the national audit office reported that there is scope to increase the reliability of the data provided by schools. Although considerable progress has been achieved in this respect since the introduction of the education finance reform, the data on enrolment and student characteristics used for calculating the funding are still not considered sufficiently reliable (Shewbridge et al., 2016b).

Financial risk and sustainability, possibly linked with the development of student enrolments, is another area that needs to be monitored to ensure stable teaching and learning environments for students. Education officials and others need to anticipate short- and long-term fiscal problems, also to take the necessary remedial steps. Assessing the financial condition of schools can, however, be challenging. The monitoring of financial condition requires a wide range of fiscal and economic information that should be accessible to non-financial experts, such as school board members, who may be interested in understanding and evaluating financial performance as well. It could, for example, involve the analysis of financial and related reports and an assessment of liquidity, debt burden and other indicators of financial condition and outlook (Ammar et al., 2005).

Some countries have implemented specific processes to assess the financial management or financial risks of their schools (see Box 5.7). Financial condition indicator systems can assist education officials, including those at sub-central levels, to evaluate schools' fiscal

health and identify areas they are at risk in the short and long run by providing detailed and readily available financial information (Ammar et al., 2005).

Depending on the overall governance arrangements, different authorities may take responsibility for monitoring and evaluating the use of financial resources in schools (see Table 5.A1.1). In many countries, central or state education authorities, such as the ministry of education, the school inspectorate or an evaluation agency, have responsibility for reviewing financial statements, verifying data that determine funding allocations or carrying out financial audits. This is the case for example in Chile, the Czech Republic, the Flemish and French Communities of Belgium, Iceland, Lithuania, Portugal, the Slovak Republic, Slovenia, Spain, Sweden and Uruguay. The evaluation of the use of school funding may then be part of broader school evaluation processes, such as in the Czech Republic and Lithuania (see Box 5.8). Finally, central financial and auditing authorities contribute to evaluating and auditing the use of financial resources in schools in a number of countries, such as for example in Estonia, Iceland, Lithuania, Portugal, the Slovak Republic and Slovenia.

#### Box 5.8. **Evaluating the use of resources as part of school evaluation processes**

In the **Czech Republic**, the school inspectorate is responsible for evaluating the operation of all schools and school facilities that are in the school registry irrespective of the school provider (school founder). The inspectorate controls compliance with legal regulations related to the provision of education and school services and checks and audits public funding from the central budget (Shewbridge et al., 2016a).

In **Lithuania**, the National Agency for School Evaluation evaluates all schools on a seven-year cycle against a standard framework. As part of the five focus areas of this framework, evaluations consider a school's strategic management which includes a school's strategy (including implementation and impact of the school's strategic plan) and asset management (including fund management, asset management and space management) as two key themes of performance (Shewbridge et al., 2016b).

Source: Shewbridge, C. et al. (2016a), *OECD Reviews of School Resources: Czech Republic 2016*, <http://dx.doi.org/10.1787/9789264262379-en>; Shewbridge, C. et al. (2016b), *OECD Reviews of School Resources: Lithuania 2016*, <http://dx.doi.org/10.1787/9789264252547-en>.

In countries with a large degree of decentralisation, sub-central authorities may bear the key responsibility for monitoring and evaluating the use of funding by their schools. This is, for example, the case for primary and lower secondary education in Denmark where municipalities are responsible for ensuring and controlling the quality of their schools. Typically, municipalities monitor closely that schools operate within their allocated budget and follow up with school leaders in case of financial problems. In one of the municipalities visited as part of the country review undertaken by the OECD, all school leaders jointly followed the budgets for all schools in the municipality and municipal staff and school leaders communicated regularly about their spending. This allowed the municipality to shift resources between schools when necessary (Nusche et al., 2016b).

In some countries the evaluation of school leaders considers their responsibilities for the management of financial resources. In the Czech Republic, for example, regions and municipalities place a strong focus on budgetary compliance in their evaluation of individual school leaders (Shewbridge et al., 2016). In Slovenia, the performance of a school leader is

assessed by the school council on an annual basis and the evaluation takes financial results of activities as one criterion into account. The performance evaluation has a certain impact on the possibility of promotion and also a financial impact in terms of pay, even if this was frozen at the time of writing this report as a consequence of austerity measures (Ministry of Education, Science and Sport, 2016). In other countries, personnel evaluations do not include financial management aspects. In Iceland, for example, financial resource management is not part of individual performance evaluations (Icelandic Ministry of Education, Science and Culture, 2014). Financial management aspects and the use of financial resources may rather be assessed for the school as a whole in these cases.

### **Data and information management systems**

Information management systems are a key tool to ensure that the various facets of resource management are carried out effectively and efficiently (Baines, 2000). Countries have been investing in the creation of central databases and information systems and the computerisation of data collection processes. The Baltic review countries provide two noteworthy examples. Estonia has invested heavily in the public sector use of information technologies and has developed a network of databases to track taxation, public sector expenditure, the labour market, social welfare services, and the education system. Of particular importance is the Estonian Education Information System (*Eesti Hariduse InfoSüsteem*, EHIS) which entails comprehensive registers for teachers, students, educational institutions, curricula and licences, and educational research. Much of the data contained in the system are available to the general public (Santiago et al., 2016b). Also Lithuania has developed several tools and techniques to assess effectiveness and efficiency in education. The country's Education Management Information System (EMIS) collects key data on various areas of education including human and material resources. The system enables decision makers to analyse the current state of human and material resources at the national, municipal or school level and to adopt data driven decisions (Shewbridge et al., 2016b).

However, it can be challenging to manage knowledge and data across a system in order to facilitate the effective monitoring and evaluation of school funding. This may be linked to a large number of sources of funding and/or a split of the available data across different levels of governance and different institutions and authorities reflecting governance arrangements (e.g. distribution of responsibilities for different levels of the education system and sub-sectors or different areas of expenditure). In systems with a large degree of decentralisation, it can be challenging to bring decentralised knowledge and analysis together. Making sure that the data resulting from monitoring and evaluation are easily accessible for use at different levels of the system can be another challenge. While it is important to bear broader policies and data protection issues in mind, data may not be sufficiently disaggregated to allow for monitoring and analysis of different geographical areas or individual schools. In some cases, the lack of integration of data and evidence may also stem from a lack of political will to present and examine the available information.

Well-developed data and indicator systems can facilitate the monitoring and benchmarking of sub-central authorities by allowing comparisons of their performance with that of others to identify areas of improvement. In this sense, benchmarking is an efficiency tool that aims to improve value for money offered by public services, such as education (Fakharzadeh, 2016; Cowper and Samuels, 1997). Well-designed indicator systems are information tools that can enhance the quality of decision making by reducing information

asymmetries, and promote the accountability of public services to national, sub-national, and citizens' priorities (Mizell, 2008).

Indicator and benchmarking systems may be developed and provided by central government authorities and cover all services for which sub-central authorities are responsible, including education. In Denmark, for example, the Ministry of Social Affairs and the Interior is responsible for monitoring the overall performance of the municipalities and manages *Nøgletal* (Key Figures), a system that makes available data on the social conditions, economic background, local finances, and outputs for municipalities and regions (Nusche et al., 2016b). In England and Wales in the United Kingdom, the Audit Commission, a non-departmental public body tasked with auditing local authority expenditure, has been monitoring local performance according to a set of key performance indicators since implementation of the Local Government Act 1992. The Audit Commission produces annual comparative indicators of local authority performance which include, for instance, the percentage of three- and four-year-olds with a school place within the local authority, expenditure per primary school student, expenditure per secondary school student, and the percentage of draft special educational needs statements prepared within six month periods (Fakharzadeh, 2016). Other systems for benchmarking sub-central authorities and evaluating the efficiency of sub-central spending include the Australian Review of Government Service Provision ([www.pc.gov.au/research/ongoing/report-on-government-services](http://www.pc.gov.au/research/ongoing/report-on-government-services)) and Norway's KOSTRA (Municipality-State-Reporting) system ([www.ssb.no/en/offentlig-sektor/kostra](http://www.ssb.no/en/offentlig-sektor/kostra)). Both these data and benchmarking systems monitor the extent to which services achieve equity, efficiency, and effectiveness goals, including in the area of education (Mizell, 2008).

Associations of sub-central authorities may develop and provide their members with their own tools and indicator systems to facilitate mutual benchmarking. In Denmark, for example, Local Government Denmark has been developing a common business management system for all Danish municipalities (*Fælleskommunal ledelsesinformationsystem*, FLIS [Joint Municipal Information System]). The development of this system was intended to enhance the transparency and accountability of municipal decision making in the new governance context following a structural reform of governance in 2007 (Nusche et al., 2016b). In Iceland, the Association of Local Authorities gathers data and statistics on pre-primary and compulsory schools, their operation and basic resource use on an annual basis. Municipalities and individual schools are encouraged to use the available information to compare their status to that of others with the aim of improving both operations and efficiency (Icelandic Ministry of Education, Science and Culture, 2014). Box 5.9 provides a detailed description of the characteristics of some of these systems for the case of Denmark and Iceland.

Countries may also have systems in place to use information and indicator systems for benchmarking individual schools on their use of funding. In England (United Kingdom), for example, the Department for Education has developed a framework for better value for money in the education sector that emphasises the use of benchmarking. It publishes performance tables annually that include information on schools' spending, classified by income and expenditure type. With this publicly available data, various interested parties can track schools' spending and the outcomes achieved. There is also a website allowing schools to benchmark their own spending and performance. Measures of attainment are also displayed as part of this framework, with data available on progress measures, absence levels and finance (Fakharzadeh, 2016).



### Box 5.9. Data and information systems in decentralised systems: The cases of Denmark and Iceland

**Denmark** has placed growing emphasis on data collection, analysis and evaluation. Since 2013, the National Agency for IT and Learning of the Ministry for Education has developed a new data warehouse ([www.uddannelsesstatistik.dk](http://www.uddannelsesstatistik.dk)) to monitor key aspects of education. The data warehouse seeks to promote data-driven approaches at the level of schools, municipalities and the central ministry and to facilitate the analysis of data in relation to national goals. It aims to bring together data from different sources in a single location to allow policy makers and stakeholders at different levels of the system to access information easily for evaluation and planning purposes. Municipalities and schools are required to enter specific information into the data warehouse. It is mandatory for municipalities to draw on the data included in the data warehouse to prepare their biannual quality reports. The data warehouse system appears to be particularly useful for smaller municipalities which may have little capacity to organise their own data collection and analysis. The system includes a function for schools to generate a statistical and quality report based on data for their own school. The information in the data warehouse is also available to the public with the exception of confidential data on results from national assessments at the level of individual schools and municipalities.

At the time of writing this report, the data warehouse encompassed 35 indicators to monitor compulsory education, including examination and national test results from student wellbeing surveys, transition rates to upper secondary education, the number of students in special schools or classes, student absences, and annual expenditure per student. It includes information on teacher competencies based on information entered by teachers regarding their formal education. There were plans to further broaden the information on human resources in schools and to include information on the number of lessons received by students.

The Ministry of Social Affairs and the Interior manages a system for monitoring municipal performance (*Nøgletal* [Key Figures]). The system makes available data that describe social conditions, economic background, local financial data, and outputs for municipalities and regions. Information is kept at a relatively general level to avoid excessive bureaucratisation. In the area of education, it includes information on per student expenditure, the number of primary and lower secondary schools, the number of regular classes, average school and class size, expenditure on private schools and continuation schools, and the proportion of students in private schools relative to the number of students in the public *Følkeskole*. It allows comparing basic financial indicators such as expenditure per student across municipalities.

The municipalities have put in place a common business management system for all Danish municipalities (*Fælleskommunal ledelsesinformationsystem*, FLIS [Joint Municipal Information System]). The development of this system was intended to enhance the transparency and accountability of municipal decision making in the new governance context following a major structural reform that redistributed responsibilities between levels of governance. The system has been operational since 2013 and collects both financial and administrative information from the individual municipalities, thus providing the possibility to compare indicators across municipalities. It covers key service areas for which the municipalities are responsible (schools, eldercare and social services). Regarding the school sector, the system includes information on aspects such as: spending per student, school size, class size, teachers' age, teachers' salaries, inclusion, and student characteristics (such as age, gender and ethnic background). The data can be viewed for individual municipalities.

**Box 5.9. Data and information systems in decentralised systems:  
The cases of Denmark and Iceland (cont.)**

In **Iceland**, the Association of Local Authorities, in partnership with selected schools, piloted a data management system in 2007 to address concerns about the availability of robust data and the possibility to monitor the financial and professional operation of pre-school education and compulsory schooling. After the successful pilot, the system, *Skólavog* ([www.skolapulsinn.is](http://www.skolapulsinn.is)), was put in place on a permanent basis in 2011. The system collects different data, including the operational cost per student. It also collects operational information for compulsory schools, such as information on the educational background of the teachers, student performance results in the nationally standardised tests and the results of attitude surveys for students, parents and school staff. Participation by municipalities in the system is voluntary. Municipalities can access the data for their schools, along with information on how their schools compare to the other participating schools as a whole. It is up to each municipality to decide how the available information is shared.

In 2012, the central government established an additional information system, *Upplýsingaveita sveitarfélaga* (<http://upplysingaveita.samband.is>) that gathers financial information from the municipalities. This system allows for an easier and much more detailed analysis of the costs of education than before. The information is used for calculating the various cost elements that are then published in annual reports such as the school report (*Skólaskýrsla*) and on the website of the Association of Local Authorities.

*Source:* Nusche, D. et al. (2016b), *OECD Reviews of School Resources: Denmark 2016*, <http://dx.doi.org/10.1787/9789264262430-en>; Icelandic Ministry of Education, Science and Culture (2014), *Review of Policies to Improve the Effectiveness of Resource Use in Schools: Country Background Report for Iceland*, [www.oecd.org/education/schoolresourcesreview.htm](http://www.oecd.org/education/schoolresourcesreview.htm).

## Evaluating particular types of school funding

### **Evaluating the use of targeted funds for equity**

The receipt of targeted funds may be conditional on the compliance with specific monitoring, evaluation and reporting requirements (see Box 5.10). Since targeted funds are typically linked with monitoring, evaluation and reporting requirements they may provide central authorities a possibility for steering how resources are used (see Chapter 3). Ensuring adequate monitoring and evaluation is key to ensure equity funds are used to the benefit of target groups.

At the same time, it should be noted that excessive administrative and evaluation requirements attached to targeted funds may set disincentives for school providers and schools to apply for such funds. In the state of Berlin in Germany, for example, state education authorities have been providing socio-economically disadvantaged schools with additional funds through a “bonus programme”. To receive these additional funds, disadvantaged schools must develop a performance agreement with the school inspection on the targets and objectives that should be achieved with the additional funds. As an intermediate programme evaluation of the programme highlights, school leaders most often criticised the bureaucracy and administrative burden and the amount of time the administration of the programme takes in the school day in the implementation of the programme (Maaz et al., 2016).

In Sweden, a study on the central steering of municipalities also assessed school leaders’ perspectives of and experience with the use of targeted funds. While they appreciated that

### Box 5.10. Approaches to the evaluation of targeted funds

In the **Flemish Community of Belgium**, the provision of resources for secondary schools implementing additional educational support for disadvantaged students through the 2002 Decree on Equal Educational Opportunities is linked with evaluation and monitoring requirements. Secondary schools have considerable flexibility as to how to use the resources, but must follow a three-year cycle of policy and planning in Year 1, evaluation in Year 2, and inspection in Year 3 (Nusche et al., 2015). More generally, school evaluations carried out by the Flemish inspectorate evaluate the use of earmarked funding for specific purposes (Flemish Ministry of Education and Training, 2015).

In **Chile**, the education system has developed a financial scheme (preferential school subsidy, SEP) that provides additional resources for schools serving vulnerable children and youth. The design of SEP is progressive as subsidy amounts increase for schools that enroll students with specific disadvantages. Schools that receive funding through the preferential school subsidy (SEP) are required to develop a school improvement plan and school providers must sign an agreement of equal opportunities and excellence in education (*Convenio de Igualdad de Oportunidades y Excelencia Educativa*) in which they commit to use the additional resources to put the school improvement plan into practice while respecting certain regulations for how the funds can be used. The school improvement plan itself should describe support initiatives that target priority students and technical-pedagogical actions to improve the achievement of low-performing students. It should aim to improve school processes as a whole and set annual objectives, indicators, measurements for evaluation and monitoring, timelines, and sources of funding. School improvement planning typically involves a school self-evaluation to analyse the school's management and operation and to identify strengths and weaknesses.

At present, there are more than 8 000 schools that have committed themselves to engage in school improvement planning in return for SEP subsidies. As some studies suggest, the preferential school subsidy has led schools to focus on students with learning difficulties, to introduce new pedagogical methods and evaluation and assessment processes, to develop their own innovative projects, and to create multidisciplinary professional teams, something which is greatly appreciated by schools and school leaders. The additional resources have enabled schools to establish psycho-pedagogical assessments of students through educational psychologists and to provide additional support for students with special needs and students showing low performance. However, there is also some evidence that school improvement plans as part of the preferential school subsidy predominantly function as an accountability tool to justify additional resources. School improvement planning is often strongly geared towards the achievement of targets in national standardised student assessments. As a result, school improvement planning tends to turn into a bureaucratic process that is based on gathering information and documenting processes and achievements to meet external accountability demands rather than as a process that contributes to the improvement of school-internal processes (Santiago et al., forthcoming).

In **England (United Kingdom)**, The Department for Education has established an additional funding scheme provided to schools attending disadvantaged students (Pupil Premium). Pupil Premium funds are provided on a per-student basis and schools have autonomy on how these resources are spent. Schools are expected to spend these resources on strategies that better support learning for disadvantaged students and close the achievement gap between disadvantaged and advantaged students. Since 2012 schools are required to publish online information about how the Pupil Premium is used and the interventions they are implementing to address the needs of disadvantaged students as

**Box 5.10. Approaches to the evaluation of targeted funds (cont.)**

well as the impact they are having. Schools receiving the Pupil Premium are required to monitor and report achievement of all students and to report achievement specifically of disadvantaged students. Ofsted, the English inspection agency, monitors closely the attainment and progress of disadvantaged students and how schools are addressing the needs of disadvantaged students. If the inspection identifies issues regarding the provision for disadvantaged students, then a more thorough review (the pupil premium review) is conducted. The purpose of this review is to help schools to improve their pupil premium strategy so that they “spend funding on approaches shown to be effective in improving the achievement of disadvantaged pupils”. The Department for Education uses information reported by schools to highlight and reward those schools reaching good results for disadvantaged students (Santiago et al., forthcoming).

Source: Nusche, D. et al. (2015), *OECD Reviews of School Resources: Flemish Community of Belgium 2015*, <http://dx.doi.org/10.1787/9789264247598-en>; Flemish Ministry of Education and Training (2015), *OECD Review of Policies to Improve the Effectiveness of Resource Use in Schools: Country Background Report of the Flemish Community of Belgium*, [www.oecd.org/education/schoolresourcesreview.htm](http://www.oecd.org/education/schoolresourcesreview.htm); Santiago, P. et al. (forthcoming), *OECD Reviews of School Resources: Chile*, OECD Publishing, Paris.

targeted subsidies would help ensure that funds benefit education and not just municipal budgets as a whole, they raised concerns about the efforts required to administer targeted funds, with amounts that are often considered too low in relation to the required bureaucracy (Swedish Agency for Public Management, 2016). There may also be inequities among school providers due to the fact that while some will offer support (including evaluating on how funds are used), others will not.

**Evaluating the use of funding for particular education programmes**

Programme evaluation plays an important role as part of broader strategies to evaluate the use of school funding. Programme evaluation comprises the internal or external assessment of particular initiatives and programmes funded by ministries and agencies against a set of objectives or criteria and using a variety of quantitative or qualitative methodologies before (*ex ante*), during, or after (*ex post*) implementation (OECD, forthcoming; Fakharzadeh, 2016; OECD, 2016b). Rigorous programme evaluation can facilitate decisions about the introduction and continuation of programmes, or about their phasing out if they are not effective. While many OECD review countries have processes in place to evaluate policies and programmes (see Table 5.A1.2), the OECD review suggests that the impact of education programmes is not always systematically and rigorously evaluated.

The implementation of a systematic and robust approach to evaluating education policies and programmes can be hampered by a lack of financial resources. Authorities may give priority to implementation rather than evaluation in their resource allocation decisions. A lack of political will can be a further obstacle to systematic evaluations. The results of a programme evaluation might become available during a time considered as inconvenient in the political cycle and carry political risks, e.g. if it is closely tied to the programme of a political party (Rutter, 2012). A lack of analytical capacity or sufficient information on student learning outcomes can be a further obstacle to the implementation of robust programme evaluations (OECD, 2013).

Research organisations and civil society can provide an important source of analytical capacity for providing knowledge about the efficient and effective use of funding. But the

education research community may not benefit from the necessary structures and resources to engage in such research. In Denmark, for example, researchers interviewed for the respective country review reported that relatively little research evidence was available regarding the relationship between inputs and outputs and the causal links between interventions and outcomes in the school system (Nusche et al., 2016b).

The effective monitoring and evaluation of specific programmes may sometimes require a broader whole-of-government perspective to ensure effective collaboration and make best use of the available evidence, create synergies, and avoid duplications. For example, government authorities in different policy areas may develop and implement policies and programmes that seek to address social disadvantage, provide relevant data and statistics, and carry out evaluations of the social impact of government policies. Chile and Uruguay provide two examples among OECD review countries in this respect. In both countries, the respective Ministries of Social Development are responsible for broader social protection policies which influence education, provide indices of deprivation that are used for the allocation of targeted funds to disadvantaged students and evaluate the social impact of policies (Santiago et al., forthcoming; INEEd, 2015).

The existence of different programmes that target socio-economic disadvantage which may be funded and administered by different authorities, however, requires ongoing monitoring to avoid inefficiencies. Chile provides a case in point. There is a strong sense among budget officials both in the Ministry of Education and in the Ministry of Finance that multiple programmes are in place that serve similar goals and that efficiencies could be gained through consolidation or better co-ordination. There is, for instance, more than one programme focused on student retention. One of these programmes has been introduced by the National Board of School Assistance and Scholarships (*Junta Nacional de Auxilio Escolar y Becas, JUNAEB*) which provides cash and in-kind support to disadvantaged students. Another programme has been implemented by the Ministry of Education (Santiago et al., forthcoming).

### ***Evaluating the use of funds from international sources of funding***

As analysed in Chapter 2, funding from international sources including the European Commission and international agencies like the Inter-American Development Bank (IDB) or the World Bank represent a significant share of investment to schooling in some countries. Making the most effective use of international funding requires effective procedures and sufficient capacity to evaluate the impact of the investments. The receipt of these funds is thus typically linked to particular monitoring and evaluation processes. For the receipt of EU funds, for example, member states must propose an auditing framework in their operational programme together with the strategic objectives of the funding. Central education authorities then have structures and processes in place to monitor the effective use of this funding. In Estonia, for example, the internal audit department of the Ministry of Education and Research also analyses and evaluates the organisation and lawfulness of the use of foreign aid, including management and control systems of subjects related to granting and using allocations from the EU structural funds and carries out project audits according to need. It co-ordinates the audits of EU structural funds in the area of government of the ministry, including organising the preparation of the annual work plan of auditing EU structural funds (Ministry of Education and Research, 2015).

The OECD country reviews indicate that there is often a lack of capacity for monitoring and evaluating these funds at different levels which can present a challenge for the effective

implementation of funding. In the Czech Republic, for example, one of the main challenges for the implementation of EU funding for 2007-13 included a lack of evaluation capacity which resulted in poorly defined objectives and the inefficient monitoring of individual projects (Shewbridge et al., 2016a). The country review of Estonia notes that improvements are required in the monitoring of the implementation and the design of impact evaluations (Santiago et al., 2016a). In the Slovak Republic, financial support from EU structural funds is managed by the Ministry of Education through individual operation programmes. The ministry is responsible for the implementation and the correct and efficient use of European resources and ensures compliance with rules set by the European and Slovak legislation (Education Policy Institute, 2015). A general weakness of policy impact assessment and weak operational and project management capacity, also at regional and local levels, however, present major challenges for the evaluation of the longer-term impact of EU-funded development interventions (Santiago et al., 2016b).

## Policy options

### ***Pay greater attention to evaluating how school funding translates into educational processes and outcomes***

Countries should create the necessary conditions for financial monitoring systems at all levels to also focus on evaluating how the use of funding translates into educational processes and outcomes. An approach to evaluating the use of funding which involves analysis of both financial and educational data and the identification of effective policies and programmes has the potential to improve decision making and to make better use the available funding for teaching and learning.

Monitoring and evaluating the effectiveness with which financial resources are used requires comprehensive information about resource inputs, educational processes and outcomes. Effective monitoring, therefore, requires an ongoing and regular assessment of the state of education and the flow of resources. At the same time, the long-term outcomes of education, which are more difficult to measure, need to be kept in mind. The OECD Review of Evaluation and Assessment in Education (OECD, 2013) provides an in-depth discussion of the evaluation of the education system and policy pointers to improve system-level monitoring. Policy pointers include, among others, the adoption of a broad concept of education system evaluation; a recognition that policy making needs to be informed by high-quality data and evidence, but not driven by the availability of such information; the situation of education system evaluation in the broader context of performance measurement frameworks for the public sector; the development of an education indicator framework for the systematic mapping of available information against education system goals; the design of a national strategy to monitor student learning standards; and collection of qualitative information on the education system (OECD, 2013).

As a result of governance arrangements and split responsibilities, existing data on different aspects of a school system are often split across levels of governance and different institutions. This can obfuscate resource flows and prevent a full picture of the available data on inputs, processes and outcomes. To facilitate the monitoring of the effectiveness of school funding, countries should make efforts to integrate the different existing databases. This would help to link resource use decisions with results, facilitate better decision making, and create transparency of resource use. In decentralised school systems, integrated data systems should make disaggregated data available to meet the information needs of sub-central levels of governance. To ensure comparability of data,

common reporting standards for budgeting and accounting should be developed, even though one needs to take into account the costs this implies. Effective evaluation of the use of school funding would, furthermore, benefit from the development of strong analytical capacity, systematic and robust processes of policy and programme evaluation, a culture of using evidence as well as the implementation of a strategic budget planning processes as suggested in Chapter 4.

### ***Evaluate the impact of school funding on specific student groups***

Many countries show considerable financial commitment to providing additional support for students at risk of underperformance. This focus on additional inputs needs to be matched with sufficient attention to monitoring the outcomes of different student groups such as socio-economically disadvantaged students, students with a migrant background, indigenous students, and students with special educational needs. This would help to determine the extent to which the school system meets their needs. Monitoring equity issues at a system level can inform resource use decisions to address inequities, help to target financial support more effectively, and increase the overall focus on equity in resource use decisions among different stakeholders across the system, including at the level of sub-central authorities and schools. Analysing the relationship between investments in equity strategies (e.g. through targeted programmes) and student outcomes can be a key step to understanding what works to improve equity in schooling.

Countries should set clear equity goals for the system and develop related indicators to monitor the achievement of these equity goals. This should entail the collection and analysis of data on the demographic characteristics of schools and students and the learning and other outcomes of disadvantaged students, for example through national assessments and labour force surveys. Learning outcomes should be analysed for specific groups of students and key performance data should be sufficiently broken down for different student groups to facilitate the analysis of the challenges particular groups of students face. Data that are sufficiently disaggregated can also help to facilitate peer-learning among schools with a similar student intake and similar challenges. Commissioning thematic studies on the use of resources for equity is another option for monitoring the equity of the school system.

Countries may have implemented different policies and programmes to address social disadvantage over time. This includes programmes introduced by different ministries or authorities, such as the ministry of social affairs. To avoid duplications and inefficiencies, countries should make sure the existence and effectiveness of multiple programmes are monitored over time.

It is also important to monitor how schools use their funding to provide high quality teaching and learning for all of their students. This is particularly relevant in the case of targeted programmes that provide additional resources to disadvantaged students, even though one needs to also consider the potential disincentives such monitoring requirements can entail. School boards can play an important role in discussing the use of funding for different student groups with the school leadership.

### ***Consider the use of school funding as one element of school evaluation***

In countries that have extended a great degree of autonomy for the management of resources to schools, other elements of a country's evaluation and assessment framework, such as external school evaluations, school self-evaluations and school leader evaluations,

should also include an evaluation of the effective use of school funding. This could promote a more effective use of resources that takes into account pedagogical considerations and the impact of resource use on teaching and learning. And it ensures that schools are held accountable for the use of their resources. The same is true for the performance management of school leaders, which needs to evaluate resource management while maintaining a strong focus on pedagogical leadership.

Evaluating the effectiveness of the way in which funding is used at the school level should go beyond budgetary and financial compliance and financial stability. It should also assess how schools use their funding to promote the general goals of the school system, implement their school development plan and ultimately improve teaching and learning for all students based on a common vision of a good school. It should combine both pedagogical and financial aspects of school operation, and review how resource use affects the achievement of strategic goals and the quality of teaching and learning. In countries where different authorities hold responsibilities for different aspects of school operation, they should be encouraged to collaborate and to take the information resulting from different evaluation processes into account. This could ensure that both pedagogical and financial aspects and the links between them receive sufficient attention. The information from external and internal evaluations should result in helpful feedback to schools to inform their decision making on how to make better use of their resources and promote school development.

### ***Strengthen local capacity for evaluating the use of financial resources***

Oversight of the use of school funding at the local level can help ensure that decisions about the use of financial resources meet local needs and provide conditions for strong local accountability. However, sub-central authorities may have little capacity for monitoring and evaluating the use of funding, in particular how the use of funding relates to teaching and learning. Local agents may focus on budgetary and legal compliance only and rely on other actors of the system, such as central education authorities and central inspection services, to evaluate the pedagogical aspects of school operation.

Broader strategies to build local capacity that are discussed in Chapter 2 should also pay attention to the competencies of education administrators for implementing financial monitoring and evaluation processes. This should involve training in skills to make connections between resource use decisions and the quality of teaching and learning and the ability to use the resulting data for improvement. A review of existing approaches by different sub-central authorities can serve to identify and share examples of good practices. In decentralised systems with incipient monitoring and evaluation practices by sub-central education authorities, establishing reporting requirements may provide a stimulus to develop evaluation practices. However, it is important to bear in mind that such reporting requirements increase administrative burdens on local actors and may also encourage authorities, and thus schools, to focus on the goals that they are required to report on. Formulating competency profiles for local officials can also be one way to clarify expectations.

It is important to build the evaluation and monitoring capacity of school leaders and school boards. School leaders need to be able to collect and report data on school budgets and student outcomes to their responsible authorities as well as the school community in effective ways. Central authorities could provide exemplars of good practice in data analysis, reporting and communication to make sure some minimum requirements are met. The school community, including teachers, should have a prominent role in



monitoring the use of funding at a local level as part of their overall role for school development and receive training in this area. This needs to involve the identification of key stakeholders, which includes less powerful or inactive voices. Providing them with the tools to interpret and analyse data and other evaluation processes is an important part of giving them the expertise they need to take part in multiple accountability systems.

Also schools need to be ready and open to stakeholder involvement. School leaders play a key role here in ensuring the openness of their school to parents and members of the local community. This could involve the introduction of requirements for stakeholder involvement in financial oversight. For example, it could be a requirement for schools to seek the school community's formal approval for the school's annual budget plan and it could be mandatory for school leaders to present quarterly finance reports for discussion by their community. However, this should be accompanied with steps so such requirements do not lead to excessive bureaucracy.

### **Promote budgetary transparency**

Countries should promote the transparency of the central education budget and the way in which financial resources are used. Budgetary reporting can provide decision makers with clear information about resource use on which to base their decisions and facilitate the robust analysis of financial and non-financial data and thus enhance the quality of policy decisions. It can also strengthen public participation and oversight.

Reports about the central education budget should make available information about expenditure by levels of education and different sub-sectors, different expenditure categories, localities and possibly even individual schools, as well as information about the sources of funds for investment in the school system. Budgetary reporting should be linked to evidence about the quality and equity of the school system in relation to established policy objectives and targets. This could help to communicate the goals of the investments in the school system and build social consensus about fiscal efforts for schooling. To this end, countries could develop a national reporting framework that brings together financial indicators and performance indicators, including information on the learning outcomes for students at risk of low performance. In decentralised systems, sub-central authorities, such as regions or local authorities, should provide adequate information about their sub-central education budgets. This should include reporting on the use of central resources to increase transparency about the flow of resources. In contexts where sub-central authorities determine the amount of expenditure on different schools and/or contribute their own resources raised at a sub-central level to the central funding of schools, sub-central authorities should make information about the average amount of financial resources (e.g. average per-student expenditure) of their schools publicly available. This would facilitate the monitoring of equity of available resources across different sub-systems and geographical areas. To minimise the administrative burden, sub-central authorities could collaborate in their reporting, for example through their membership associations.

### **Make information about the use of financial resources in schools publicly available**

Countries with a large degree of school autonomy for the use and management of financial resources should encourage the dissemination of information about school budgets together with information about the school development plan and other activities at the school. Countries could consider introducing a school-level reporting framework that is developed together with schools which enables schools to examine the impact and

improve their decisions. School-level reporting can also ensure that the school community knows how schools operate and how funding is used. In particular, it would be important to disclose the public resources each school receives alongside the use of those resources and, possibly, the educational outcomes at the school. Of course, school-level information about school performance needs to be put into broader national contexts and policies, e.g. on school choice, and the particular context of a school, such as students' socio-economic background. In systems with school choice, however, such information could also improve the basis for parents to make informed decisions as analysed in Chapter 2.

In countries where public schools are allowed to raise their own financial resources in addition to public funding (e.g. through the provision of extracurricular activities, meal provision and rental of facilities), these resources should be accounted for in their school budgets. Public schools should make information about the amount of private income and how it has been spent publicly available. Publicly-funded private schools should be required to be transparent not only on the expenditure of public funding, but on their other sources of revenue, such as parental fees, and how these have been spent.

Reporting of school-level information needs to be weighed against the administrative burden involved. To cope with the administrative burden, schools should have sufficient administrative support, through staffing and their school provider, to comply with reporting requirements. The administrative burden could also be reduced by providing schools with easy access to national data sufficiently disaggregated for use at the school level. Depending on the nature of the school-level report, reports could also be prepared directly by higher-level authorities, to not impose any additional paperwork on schools.

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## ANNEX 5.A1

### *National approaches to evaluating the use of school funding*

Table 5.A1.1. **Monitoring and evaluating how different levels of the system use public financial resources (ISCED 1-3, public schools only)**

| Country        | Level of education |   |   | Level of governance            | Responsibility for monitoring and evaluation   |  |
|----------------|--------------------|---|---|--------------------------------|--|--|
| Austria        | 1                  | 2 | 3 | Central level                  | <ul style="list-style-type: none"> <li>Central audit services (Federal Court of Audit)</li> <li>Central education authorities (Federal Ministry of Education, state school boards)</li> </ul>  |  |
|                | 1                  | 2 | 3 | State level (state schools)    | <ul style="list-style-type: none"> <li>Central education authority (Federal Ministry of Education)</li> <li>Central audit services (Federal Court of Audit)</li> <li>State audit services (State Courts of Audit)</li> <li>State legislative authorities</li> </ul>  |  |
|                |                    |   |   | Local level (state schools)    | <ul style="list-style-type: none"> <li>State education authorities</li> <li>State financial authorities</li> <li>State audit services (State Courts of Audit)</li> <li>Local education authorities</li> <li>Local financial authorities</li> <li>Central audit services (Federal Court of Audit)</li> </ul>        |  |
|                |                    |   |   | School level (state schools)   | <ul style="list-style-type: none"> <li>State education authorities</li> <li>State audit services (State Courts of Audit)</li> <li>Central audit services (Federal Court of Audit)</li> </ul>   |  |
|                |                    | 2 | 3 | School level (federal schools) | <ul style="list-style-type: none"> <li>Central education authorities (Federal Ministry of Education)</li> <li>Central education authorities (state school boards)</li> <li>Central audit services (Federal Court of Audit)</li> </ul>  |  |
| Belgium (Fl.)  | 1                  | 2 | 3 | Central level                  | <ul style="list-style-type: none"> <li>Central audit services (Belgian Court of Audit)</li> </ul>  |  |
|                |                    |   |   | State level                    | <ul style="list-style-type: none"> <li>Central audit services (Belgium Court of Audit)</li> <li>State education inspectorate (Flemish Education Inspectorate)</li> </ul>   |  |
|                |                    |   |   | School level                   | <ul style="list-style-type: none"> <li>State education authority (Flemish Agency of Educational Services)</li> <li>State education inspectorate (Flemish Education Inspectorate)</li> </ul>  |  |
| Belgium (Fr.)  | 1                  | 2 | 3 | Central level                  | <ul style="list-style-type: none"> <li>Central audit services (Belgian Court of Audit)</li> </ul>  |  |
|                |                    |   |   | State level                    | <ul style="list-style-type: none"> <li>State financial authorities (Inspection des Finances)</li> </ul>  |  |
|                |                    |   |   | School level                   | <ul style="list-style-type: none"> <li>State education authority (Administration générale de l'enseignement du Ministère de la Fédération Wallonie-Bruxelles)</li> </ul>   |  |
| Chile          | 1                  | 2 | 3 | Central level                  | <ul style="list-style-type: none"> <li>Central audit services (General Comptroller Office of the Republic, <i>Contraloría General de la República</i>)</li> </ul>  |  |
|                |                    |   |   | Local level                    | <ul style="list-style-type: none"> <li>Central education authority (Ministry of Education) Central financial inspectorate (Superintendence of Education)</li> <li>Central audit services (General Comptroller Office of the Republic)</li> <li>Central financial authority (Tax Administration Service)</li> </ul> |  |
|                |                    |   |   | School level                   | <ul style="list-style-type: none"> <li>Central financial inspectorate (Superintendence of Education)</li> <li>Central education authority (Ministry of Education)</li> <li>Central audit services (General Comptroller Office of the Republic)</li> </ul>  |  |
| Czech Republic | 0                  | 1 | 2 | 3                              | Central level  | <ul style="list-style-type: none"> <li>Central audit services (Supreme Audit Office)</li> <li>Central financial authority</li> </ul> |
|                |                    |   |   | Regional level                 | <ul style="list-style-type: none"> <li>Regional audit services</li> <li>Other (Ministry of the Interior)</li> </ul>  |  |
|                |                    |   |   | Local level                    | <ul style="list-style-type: none"> <li>Local audit services</li> <li>Other (Ministry of the Interior)</li> </ul>   |  |
|                |                    |   |   | School level                   | <ul style="list-style-type: none"> <li>Central education inspectorate (Czech School Inspectorate)</li> <li>Local education authorities (as school founders)</li> <li>Regional education authorities (as school founders)</li> <li>Other (Ministry of the Interior)</li> </ul>                                      |  |
| Denmark        | 1                  | 2 | 3 | Central level                  | <ul style="list-style-type: none"> <li>Central education authorities</li> <li>Central audit services</li> <li>Central financial authority</li> </ul>   |  |
|                | 1                  | 2 |   | Local level                    | <ul style="list-style-type: none"> <li>Local audit services</li> </ul>   |  |
|                |                    |   |   | School level                   | <ul style="list-style-type: none"> <li>Local education authorities</li> <li>Local financial authorities</li> <li>Other (local legislative authorities)</li> <li>Local audit services</li> <li>Central financial authorities</li> </ul>   |  |
|                |                    |   | 3 | School level                   | <ul style="list-style-type: none"> <li>Central education authorities</li> <li>Central audit services</li> <li>Other (private auditors)</li> </ul>  |  |

Table 5.A1.1. **Monitoring and evaluating how different levels of the system use public financial resources (ISCED 1-3, public schools only) (cont.)**

| Country    | Level of education |   |   | Level of governance | Responsibility for monitoring and evaluation  |
|------------|--------------------|---|---|---------------------|---|
| Estonia    | 1                  | 2 | 3 | Central level       | <ul style="list-style-type: none"> <li>Central audit services (National Audit Office of Estonia)</li> <li>Central financial authority</li> </ul>  |
|            |                    |   |   | Local level         | <ul style="list-style-type: none"> <li>Central audit services (National Audit Office of Estonia)</li> </ul>   |
|            |                    |   |   | School level        | <ul style="list-style-type: none"> <li>Central audit services (National Audit Office of Estonia)</li> <li>Local audit services (in the case of municipal schools)</li> </ul>  |
| Iceland    | 1                  | 2 | 3 | Central level       | <ul style="list-style-type: none"> <li>Central audit services (National Audit Office)</li> <li>Central financial authority (Ministry of Finance)</li> </ul>   |
|            | 1                  | 2 |   | Local level         | <ul style="list-style-type: none"> <li>Other (monitoring board under the Ministry of the Interior)</li> <li>Other (requirement to commission an external audit)</li> </ul>  |
|            |                    |   | 3 | School level        | <ul style="list-style-type: none"> <li>Local financial authorities</li> <li>Central education authorities (Ministry of Education, Science and Culture)</li> <li>Central audit services (National Audit Office)</li> </ul>   |
| Israel     | 1                  | 2 | 3 | Central level       | <ul style="list-style-type: none"> <li>Central education authority (Ministry of Education)</li> <li>Central financial authority (Ministry of Finance)</li> <li>Central audit service (State Comptroller)</li> </ul>   |
|            |                    |   |   | Local level         | <ul style="list-style-type: none"> <li>Central education authority (Ministry of Education)</li> <li>Central audit services (State Comptroller)</li> </ul>   |
|            |                    |   |   | School level        | <ul style="list-style-type: none"> <li>Central education authority (Ministry of Education)</li> <li>Local education authorities</li> <li>School board (ISCED 1 only)</li> </ul>   |
| Kazakhstan | 1                  | 2 | 3 | Central level       | <ul style="list-style-type: none"> <li>Central audit services (Account Committee)</li> <li>Central financial authorities and inspectorate (Department for Combating Economic Crimes and Corruption, General Prosecutor's Office, Ministry of Finance's committees of financial control, audit committees)</li> <li>Central education authorities</li> </ul>                                 |
|            |                    |   |   | Regional level      | <ul style="list-style-type: none"> <li>Regional audit services</li> <li>Regional education authority</li> <li>Central audit services (Account Committee)</li> <li>Central financial authorities and inspectorate (Department for Combating Economic Crimes and Corruption, General Prosecutor's Office, Ministry of Finance's committees of financial control, audit committees)</li> </ul> |
|            |                    |   |   | Local level         | <ul style="list-style-type: none"> <li>Regional audit services</li> <li>Local education authority</li> <li>Central audit services (Account Committee)</li> <li>Central financial authorities and inspectorate (Department for Combating Economic Crimes and Corruption, General Prosecutor's Office, Ministry of Finance's committees of financial control, audit committees)</li> </ul>    |
|            |                    |   |   | School level        | <ul style="list-style-type: none"> <li>Central education authority (depending on school's jurisdiction)</li> <li>Local education authorities (depending on school's jurisdiction)</li> <li>Regional education authority (depending on school's jurisdiction)</li> <li>Central financial authority (Ministry of Finance) (all schools irrespective of jurisdiction)</li> </ul>               |
| Lithuania  | 1                  | 2 | 3 | Central level       | <ul style="list-style-type: none"> <li>Central audit services (National audit office)</li> </ul>  |
|            |                    |   |   | Local level         | <ul style="list-style-type: none"> <li>Central audit services (National audit office)</li> <li>Local audit services</li> </ul>  |
|            |                    |   |   | School level        | <ul style="list-style-type: none"> <li>Central education authority</li> <li>Central education inspectorate</li> <li>Central audit services</li> <li>Local audit services</li> </ul>   |
| Portugal   | 1                  | 2 | 3 | Central level       | <ul style="list-style-type: none"> <li>Central education inspectorate (<i>Inspecção Geral da Educação e Ciência</i>, IGEC)</li> <li>Central financial inspectorate (<i>Inspecção-Geral de Finanças</i>, IGF)</li> <li>Central audit services (<i>Tribunal de Contas</i>, Account Court)</li> </ul>  |
|            | 1                  |   |   | Local level         | <ul style="list-style-type: none"> <li>Central education inspectorate (IGEC)</li> <li>Central financial inspectorate (IGF)</li> <li>Central audit services (Account Court)</li> </ul>   |
|            | 1                  | 2 | 3 | School level        | <ul style="list-style-type: none"> <li>Central education inspectorate (IGEC)</li> <li>Central financial inspectorate (IGF)</li> <li>Central audit services (Account Court)</li> </ul>   |



**Table 5.A1.1. Monitoring and evaluating how different levels of the system use public financial resources (ISCED 1-3, public schools only) (cont.)**

| Country         | Level of education |   |   | Level of governance | Responsibility for monitoring and evaluation   |
|-----------------|--------------------|---|---|---------------------|--|
| Slovak Republic | 1                  | 2 | 3 | Central level       | <ul style="list-style-type: none"> <li>• Central education authority (Ministry of Education)</li> <li>• Central financial authority (Ministry of Finance)</li> <li>• Central audit services (Supreme Audit Office)</li> </ul>  |
|                 |                    |   | 3 | Regional level      | <ul style="list-style-type: none"> <li>• Central education authority (Ministry of Education)</li> <li>• Regional government authority</li> <li>• Central financial authority (Ministry of Finance)</li> <li>• Central audit services (Supreme Audit Office)</li> </ul>                             |
|                 | 1                  | 2 |   | Local level         | <ul style="list-style-type: none"> <li>• Central education authority (Ministry of Education)</li> <li>• Regional government authority</li> <li>• Central financial authority (Ministry of Finance)</li> <li>• Central audit services (Supreme Audit Office)</li> </ul>                             |
|                 |                    |   |   | School level        | <ul style="list-style-type: none"> <li>• Central education authority (Ministry of Education)</li> <li>• Central financial authority (Ministry of Finance)</li> <li>• Central audit services (Supreme Audit Office)</li> <li>• Local education authority</li> <li>• School leadership</li> </ul>    |
|                 |                    |   | 3 | School level        | <ul style="list-style-type: none"> <li>• Central education authority (Ministry of Education)</li> <li>• Central financial authority (Ministry of Finance)</li> <li>• Central audit services (Supreme Audit Office)</li> <li>• Regional education authority</li> <li>• School leadership</li> </ul> |
| Slovenia        | 1                  | 2 | 3 | Central level       | <ul style="list-style-type: none"> <li>• Central audit services (Court of Audit)</li> </ul>  |
|                 | 1                  | 2 |   | Local level         | <ul style="list-style-type: none"> <li>• Central audit services (Court of Audit)</li> </ul>  |
|                 | 1                  | 2 | 3 | School level        | <ul style="list-style-type: none"> <li>• Central audit services</li> <li>• Central financial authorities</li> <li>• Central education authority</li> <li>• Other (Independent audit services contracted by individual schools)</li> </ul>  |
| Spain           | 1                  | 2 | 3 | Central level       | <ul style="list-style-type: none"> <li>• Central financial inspectorate (General Inspection of Services)</li> <li>• Central education inspectorate (Educational Central Inspection of Non-University Education)</li> <li>• Other (General Intervention of the State Administration)</li> </ul>     |
|                 |                    |   |   | Regional level      | <ul style="list-style-type: none"> <li>• Regional financial inspectorate (Regional Inspection of Services)</li> <li>• Regional educational inspectorate (Educational Inspection of Non-University Education)</li> <li>• Other (General Intervention of the Regional Administration)</li> </ul>     |
|                 | 1                  | 2 |   | Local level         | <ul style="list-style-type: none"> <li>• Regional financial inspectorate (Regional Inspection of Services)</li> <li>• Regional education inspectorate (Educational Inspection of non-university education)</li> <li>• Other (General Intervention of the Regional Administration)</li> </ul>       |
|                 |                    |   |   | School level        | <ul style="list-style-type: none"> <li>• Central education inspectorate</li> <li>• Regional and local education authorities</li> </ul>   |
|                 |                    |   |   |                     |  |
| Sweden          | 1                  | 2 | 3 | Central level       | <ul style="list-style-type: none"> <li>• Central audit services</li> </ul>   |
|                 |                    |   |   | Local level         | <ul style="list-style-type: none"> <li>• Local audit services</li> <li>• Central education authority (National School Inspectorate)</li> </ul>   |
|                 |                    |   |   | School level        | <ul style="list-style-type: none"> <li>• Local financial authorities</li> <li>• Local education authorities</li> <li>• Central education authorities (National Agency for Education; National School Inspectorate)</li> </ul>  |

**Table 5.A1.1. Monitoring and evaluating how different levels of the system use public financial resources (ISCED 1-3, public schools only) (cont.)**

| Country | Level of education |   |   | Level of governance | Responsibility for monitoring and evaluation  |
|---------|--------------------|---|---|---------------------|---|
| Uruguay | 1                  | 2 | 3 | Central level       | <ul style="list-style-type: none"> <li>● Central audit services (Court of Audit)</li> <li>● Central education authority (internal audit of the National Public Education Administration [ANEP])</li> </ul>                        |
|         |                    |   |   | School level        | <ul style="list-style-type: none"> <li>● Central education authorities (Treasury Division of Education Councils, Sectorial Infrastructure Directorate and Sectorial Programming and Budget Directorate of the CODICEN)</li> </ul> |

Notes: Information presented in this table refers to the evaluation and monitoring of the use of public financial resources in public schooling. Further information in the table notes at the end of the annex may provide information on responsibilities for monitoring of the use of public financial resources in publicly-funded private schooling for some countries. Countries may also have in place additional processes for monitoring and evaluation in public schooling which are not reported in this table. The level of governance describes the level of the education system at which school resources are used and managed.

The review team made every effort to ensure, in collaboration with countries, that the information collected through the qualitative survey on school funding is valid and reliable and reflects specific country contexts while being comparable across countries. However, given the qualitative nature of the survey, information should be interpreted with care.

For terms and definitions of levels of governance and levels of education, see Annex B. For country-specific notes to this table, see the end of this annex.

Table 5.A1.2. **Responsibility for evaluating central education programmes/policies**

| Country               | Responsible authorities  |
|-----------------------|--|
| Austria               | <ul style="list-style-type: none"> <li>• Central education authorities (Federal Ministry of Education, Federal Institute for Education Research, Innovation and Development of the Austrian School System)</li> <li>• Central audit services (Court of Audit)</li> </ul> |
| Belgium (Fl. and Fr.) | <ul style="list-style-type: none"> <li>• Central audit services (Belgian Court of Audit)</li> </ul>  |
| Chile                 | <ul style="list-style-type: none"> <li>• Central education authority (Ministry of Education)</li> <li>• Other (Ministry of Social Development)</li> </ul>  |
| Czech Republic        | <ul style="list-style-type: none"> <li>• Central education inspectorate (Czech School Inspectorate)</li> <li>• Central education authority (Ministry of Education)</li> </ul>  |
| Denmark               | <ul style="list-style-type: none"> <li>• Central education authorities</li> <li>• Central audit services</li> <li>• Central financial authority</li> </ul>   |
| Estonia               | <ul style="list-style-type: none"> <li>• Central education authority</li> </ul>  |
| Iceland               | <ul style="list-style-type: none"> <li>• Central education authority (Ministry of Education, Science and Culture)</li> </ul>   |
| Israel                | <ul style="list-style-type: none"> <li>• Central education authority (The National Authority for Assessment and Evaluation in Education [RAMA])</li> </ul>   |
| Kazakhstan            | <ul style="list-style-type: none"> <li>• Central education authorities</li> </ul>  |
| Lithuania             | <ul style="list-style-type: none"> <li>• Central education authority (Ministry of Education and Science)</li> </ul>  |
| Portugal              | <ul style="list-style-type: none"> <li>• Central education authority (Ministry of Education)</li> </ul>  |
| Slovak Republic       | <ul style="list-style-type: none"> <li>• Central education authority (Ministry of Education)</li> </ul>  |
| Slovenia              | <ul style="list-style-type: none"> <li>• Central education inspectorate</li> </ul>   |
| Spain                 | <ul style="list-style-type: none"> <li>• Central education authority</li> </ul>  |
| Sweden                | <ul style="list-style-type: none"> <li>• Central education authorities (National Agency for Education, Ministry of Education and Research)</li> <li>• Other (Swedish Agency for Public Management)</li> </ul>  |
| Uruguay               | <ul style="list-style-type: none"> <li>• Central education authorities (CODICEN-ANEP)</li> <li>• Other (Ministry for Social Development MIDES)</li> </ul>  |

Notes: This table describes responsibilities for the evaluation of central education policies and programmes. The type of policies and programmes that are evaluated depends on the distribution of responsibilities and the levels of education for which the central education authorities are responsible.

The review team made every effort to ensure, in collaboration with countries, that the information collected through the qualitative survey on school funding is valid and reliable and reflects specific country contexts while being comparable across countries. However, given the qualitative nature of the survey, information should be interpreted with care.

For country-specific notes to this table, see the end of this annex.

Table 5.A1.3. **Public availability of information on education budgets of sub-central authorities (ISCED 1-3)**

| Country               | Systematically published by relevant education authority | At the discretion of the relevant education authority | Available upon request | Not published |
|-----------------------|--|---|------------------------|---------------|
| Austria               | ✓  |   |                        |               |
| Belgium (Fl. and Fr.) | ✓  |   |                        |               |
| Chile                 |  |   | ✓                      |               |
| Czech Republic        | ✓  |   | ✓                      |               |
| Denmark               | ✓  |   |                        |               |
| Estonia               | ✓  |   |                        |               |
| Iceland               | ✓  |   |                        |               |
| Israel                |  |   |                        | ✓             |
| Kazakhstan            |  | ✓   | ✓                      |               |
| Lithuania             |  |   |                        | ✓             |
| Portugal              |  |   | ✓                      |               |
| Slovak Republic       |  | ✓   | ✓                      |               |
| Slovenia              |  |   |                        | ✓             |
| Spain                 | ✓  |   |                        |               |
| Sweden                | ✓  |   |                        |               |

Notes: This table describes the public availability of information on education budgets of sub-central education authorities. The levels of sub-central governance and the level of education for which they are responsible depend on the particular context. For example, for Austria, the information presented in this table refers to the level of states and local authorities (ISCED 1-3 state schools). For the Czech Republic, the information presented refers to the level of regional (ISCED 3) and local authorities (ISCED 1-2).

General note on Uruguay: The school system is highly centralised and there are no sub-central levels of administration as such, even though there have been some steps towards some decentralisation at ISCED levels 2-3.

The review team made every effort to ensure, in collaboration with countries, that the information collected through the qualitative survey on school funding is valid and reliable and reflects specific country contexts while being comparable across countries. However, given the qualitative nature of the survey, information should be interpreted with care.

For country-specific notes to this table, see the end of this annex.

**Table 5.A1.4. Public availability of budgetary information for individual public schools (ISCED 1-3)**

| Country         | Systematically published | Available upon request | At discretion of school or relevant authority | Not published |
|-----------------|--------------------------|------------------------|---|---------------|
| Austria         |                          |                        |   | ✓             |
| Belgium (Fl.)   |                          |                        |   | ✓             |
| Belgium (Fr.)   |                          |                        |   | ✓             |
| Chile           | ✓                        |                        |   |               |
| Czech Republic  |                          | ✓                      |   |               |
| Denmark         |                          |                        | ✓   |               |
| Estonia         |                          | ✓                      |   |               |
| Iceland         | ✓                        |                        |   |               |
| Israel          | ✓                        |                        | ✓   |               |
| Kazakhstan      |                          |                        | ✓   |               |
| Lithuania       |                          | ✓                      |   |               |
| Portugal        |                          | ✓                      |   |               |
| Slovak Republic | ✓                        |                        |   |               |
| Slovenia        | ✓                        |                        |   |               |
| Spain           |                          |                        |   | ✓             |
| Sweden          |                          | ✓                      |   |               |
| Uruguay         |                          | ✓                      |   |               |

Notes: Budgetary information may be systematically published by or be available upon request from the school, the relevant education authority, the central financial authority, etc.

The review team made every effort to ensure, in collaboration with countries, that the information collected through the qualitative survey on school funding is valid and reliable and reflects specific country contexts while being comparable across countries. However, given the qualitative nature of the survey, information should be interpreted with care. For country-specific notes to this table, see the end of this annex.

## Table notes

### **Table 5.A1.1. Monitoring and evaluating how different levels of the system use public financial resources (ISCED 1-3, public schools only)**

#### **Austria:**

All levels of administration, the federal (Ministry of Education, Ministry of Finance), the state (governments of the provinces [*Länder*]), and the local (municipalities) levels are involved in the monitoring of resource use. The monitoring of resource use for infrastructure and other investments for state schools is the responsibility of the municipalities and the state governments (financial and education authorities). Monitoring systems also exist at the level of the provinces, but differ considerably. There are no uniform principles for controlling and budgeting in place across the provinces and municipalities. For federal schools, controlling for all expenditures (current and extraordinary investments) rests within the sphere of the state school boards. The Federal Ministry of Education monitors expenditures for infrastructure and teaching staff for federal schools based on information provided by the state school boards and by the schools themselves.

The State Courts of Audit can audit aspects of state school administration and also individual schools. The Federal Court of Audit publishes a number of reports on audits in the area of school administration every year which cover both the schools administered by federal authorities and those administered by the provinces. The Federal Court of Audit can also carry out audits on all aspects and levels of the school administration including schools administered by the provinces, but in general it does not audit individual schools.

At the local level, the states provide rules to the local authorities on their financial management. At the level of schools, there are no specific instruments in place for efficiency assessment as general compulsory schools generally have no (state schools) or rather little responsibility (federal schools) for budget and teaching resources. The Federal Ministry of Education monitors expenditures for infrastructure and teaching staff for federal schools based on information provided by the state school boards and by the schools themselves. Budget autonomy of federal schools is subject to supervision and audit by the state school boards, which check compliance with budget and procurement legislation as well as the general principles of economy, efficiency and expediency of public administration. A particular focus is on the coherence of investments with curricula and on their pedagogical necessity. Also the Federal Ministry of Education has the right to exercise control over individual schools in this context. Similar systems of controlling exist at state level for state schools.

#### **Belgium (Fl. and Fr.):**

Since there is no specific education budget at the central level, the Belgian Court of Audit does not perform audit tasks specifically on education.

In both the Flemish and the French Communities, the financial management, oversight and controlling of accounts of different school providers and schools differ depending on the educational network a school/school provider belongs to.

#### **Belgium (Fl.):**

The state education authority (Flemish Agency of Educational Services) is responsible for verifying whether the budget allocated to the school matches with the enrolments, student and school characteristics and other administrative data on the basis of which the

operation grant and teaching and staff hours were calculated. The state education inspectorate (Flemish Education Inspectorate) is responsible for quality evaluations and for controlling the allocation of earmarked budgets for “equal educational opportunities” in secondary education.

#### **Belgium (Fr.):**

The state financial authorities (Inspection de Finances) issue a preliminary opinion on the expenses defined in the budget of the French Community of Belgium (state level) and presents an opinion on spending opportunities.

The state education authorities control the use of subventions and allocations in schools and are responsible for verifying the count of the number of students in a school.

#### **Chile:**

The central audit services (General Comptroller Office of the Republic, *Contraloría General de la República*) ensure that the acts of the central administration are legal. They can also implements financial audits of individual school providers and schools, but of public school providers and schools only.

The central financial inspectorate (*Superintendencia de Educación*) carries out financial audits of both public and publicly-subsidised private school providers and individual public and publicly-subsidised private schools. However, in practice, financial audits focus predominantly on the school provider. The inspectorate has the mission to ensure that schools and their communities follow the educational regulations; to inspect the legal use of resources by all publicly funded schools through an accountability system; for the use of resources to penalise schools failing to follow the educational laws; and to address complaints and information requirements from members of the schools communities and citizens in general regarding the violation of educational rights. The central education authority (*Ministerio de Educación*, MINEDUC) reviews the expenditure of some components of the per student funding voucher. The Tax Administration Service is responsible for monitoring and collecting all internal taxes of Chile. It ensures that each taxpayer complies fully with its tax obligations, implementing and overseeing the internal taxes effectively and efficiently. It might carry out financial audits of school providers in case of inconsistencies in their tax declaration.

#### **Czech Republic:**

Local and regional authorities (in their role as school providers) inspect the economic management of the financial means of schools and school facilities. This mostly entails carrying out a general inspection of economic management – correctness, transparency, completeness and clarity of bookkeeping, observation of budget discipline, effective and economical use of the means provided, observation of generally binding legal regulations, etc.

#### **Denmark:**

At ISCED levels 1-2 (*Folkeskole*), the local administrations are responsible for monitoring and evaluating the use of public financial resources in schools. The finance committees of the municipalities are responsible for the accounting and the yearly account is approved by the municipal councils and sent to the auditor and the central financial authorities. Local Government Denmark (LGDK, KL), the association of Danish municipalities, provides advice

to the municipalities on their budget implementation. At ISCED level 3, schools' accounting is audited by private auditors and approved by the school board. The central education authorities and central audit services monitor the use of resources.

**Estonia:**

Central financial authorities are responsible for monitoring and evaluating the use of resources from international funding at the central level.

**Israel:**

At the central level, an internal auditor within the Ministry of Education and the general accountant of the Ministry of Finance are in charge of financial control and payment depending on performance. The State Comptroller oversees and inspects the executive branch of the governing administration. It audits the economy, the property, the finances, the obligations and the administration of the central state and of government ministries. It inspects the legality, integrity, managerial norms, efficiency and economy of the audited bodies, as well as any other matter which it deems necessary.

At the local level, the Ministry of Finance and the Ministry of the Interior provide advice on budget implementation and approve the closing budget of municipalities. Municipalities report on the actual performance of activities and services on which they receive funding. The Ministry of Education transfers the funds according to these execution reports.

At the school level, there are computerised mechanisms for control and audit within the Ministry of Education and controls in schools. Recently, with the desire to increase the regulation that strengthens the policy of the ministry to expand the autonomy of schools, a special unit was created in order to enhance the control and audit processes. This unit inspects a sample of schools and the schools providers of these schools at all levels of education. Primary schools (ISCED 1) have a steering committee in which the school leader presents the school budget and work programme. The committee includes representatives of the inspection, local authorities, teachers and parents.

**Kazakhstan:**

At the central level, the highest authority for public financial control that implements external control of the republican (central) budget is the Account Committee. The main objective of the Account Committee is to assess and control the execution of the public and emergency governmental budget, strategic documents, the use of governmental loans, vouchers and actives and quasi-governmental sector. The Department for Combating Economic Crimes and Corruption and the General Prosecutor's Office implement inspections in the case of complaints or in the frames of the thematic planned control. Central education authorities control the execution of public transfers.

At the regional level, regional revision committees present the respective regional legislative authorities with an annual report on local budget execution, inspection of financial control, and inspection of the regional budget. Regional legislative authorities are legally free to make suggestions to include object for regional revision committees to control.

At the local level, regional revision committees implement external financial control over local budget execution and present the respective regional legislative authorities with an annual report on local budget execution. Local revision committees implement external financial control over local budget execution. Local legislative authorities are legally free to make suggestions to include object for revision committees to control.



At the school level, departments of the internal control of local and regional education authorities monitor and control schools that are under the respective jurisdiction of local and regional education authorities. Central, regional and local schools are subject to territorial financial inspections from the Ministry of Finance, the General Prosecutor's Office, the Account Committee, the Department for Combating Economic Crimes and Corruption, the Ministry of Finance's committees of financial control, and audit committees.

**Portugal:**

At the central level, there are also monitoring and evaluation processes for the investment of EU structural funds through the Human Capital Operational Programme (Programme opérationnel – Capital Humain, PO CH).

At the local level, information on the monitoring and evaluation of resource use by municipalities at ISCED level 1 refers to the first four years of education only.

**Slovak Republic:**

The Ministry of Education, the Ministry of Finance, the Supreme Audit Office and local (ISCED 1-2) and regional authorities (ISCED 3) carry out financial audits of individual schools. The school leadership also evaluates the school budget.

**Spain:**

The regional education authorities carry out financial audits of individual schools. The education inspectorate verifies schools' compliance with legality. The regional and local education authorities are responsible for supervision and budgetary control of schools.

**Sweden:**

At the local level, the National School Inspectorate monitors that local education authorities (municipalities) comply with education legislation and regulations.

At the school level, local education authorities (municipalities) are responsible for monitoring and quality control of their schools. Inspection, follow-up and evaluation are often based on administrative and economic reports and the factors examined are expansion, use and allocation of resources and quality. Central education authorities also fulfil functions related to monitoring and evaluation. The National School Inspectorate conducts regular supervision of all schools run by municipalities and can also initiate investigation of a specific school, or investigate complaints from students, parents or other persons. It also monitors that publicly-funded private schools comply with legislation and regulations and monitors the national supervision of upper secondary schools. The National Agency for Education monitors trends in academic results, equality, schools choice, etc.

**Uruguay:**

The Treasury Divisions of the Education Councils and the Sectorial Infrastructure Directorate of the Central Governing Council of the National Public Education Administration (CODICEN) carry out financial audits of individual school on items allocated directly to the individual school (related to buildings). The Sectorial Programming and Budget Directorate of the CODICEN carries out financial audits of individual schools on items allocated directly to the individual school through The Support Programme for Public Primary Education (*Programa de Apoyo a la Escuela Pública Uruguaya, PAEPU*) (ISCED 1 only) and the Support

Programme for Secondary Education and Training in Education (*Programa de Apoyo a la Educación Media y Formación en Educación*, PAEMFE) (ISCED 2-3) which are administered by ANEP and allocated largely for capital expenditure.

**Table 5.A1.2. Responsibility for evaluating central education programmes/policies**

**Austria:**

The Court of Audit evaluates policies and programmes from the perspective of effective use of public funds.

**Belgium (Fl. and Fr.):**

State education authorities also evaluate education policies and programmes at the state (Community) level. For example, in the Flemish Community, this includes research commissioned by the Flemish Minister of Education.

**Chile:**

The Ministry of Social Development evaluates the social impact of educational programmes, e.g. to ensure the proper targeting of financial resources.

**Czech Republic:**

The Ministry of Education, Youth and Sports monitors and evaluates the school registry.

**Portugal:**

There are also monitoring and evaluation processes for the investment of EU structural funds through the Human Capital Operational Programme (PO CH).

**Slovenia:**

The central education inspectorate evaluates education programmes, also for publicly-subsidised private schools.

**Sweden:**

The central government may at any time in the policy process commission the National Agency for Education or any other government agency to submit evidence in the policy process. The National Agency for Education is regularly asked to provide reports on the state of the education system. Furthermore, the Ministry of Education and Research has a Division for Analysis and International affairs that may evaluate policies and programmes. The Swedish Agency for Public Management (*Statskontoret*) provides the central government and ministries with studies in all areas with the aim of making the public sector more efficient.

**Uruguay:**

There is no tradition of programme and policy evaluation. The Division for Research, Evaluation and Statistics (*Departamento de Investigación y Estadística Educativa*) of the Central Governing Council of the National Public Education Administration (ANEP) carries out some programme evaluations, typically from a socio-educational perspective. The impact of the Ceibal Plan is also subject to ongoing monitoring and evaluation and the CODICEN has an internal department dedicated to these tasks.

**Table 5.A1.3. Public availability of information on education budgets of sub-central authorities (ISCED 1-3)**

**Austria:**

In line with their respective competences sub-central education authorities (states/municipalities) publish their budgets for education (staff, school infrastructure, etc.). Due to the fragmentation of competences there is, however, no comprehensive presentation of total education budgets per state/municipality. According to the Austrian stability pact, municipalities are obliged to publish their annual balance of accounts. The states (provinces) have put in place decrees which provide rules and standards for the financial management by the municipalities, including the closing of accounts. Municipalities have some discretion as to the level of detail the annual balance is published which includes also information on expenditure for schooling as a spending category, but not necessarily for individual schools.

**Czech Republic:**

General information is published by the concerned education authority (municipalities in the case of ISCED 1-2 and regions in the case of ISCED 3). Detailed information is available upon request from the central financial authorities (Ministry of Finance).

**Denmark:**

Information about local budgets is available on line through the statistical database of the central statistical office. Available information includes budgetary data on education.

**Portugal:**

Budgetary information for local education authorities is available upon request from central education authority.

**Slovak Republic:**

Local and regional authorities are not obliged to publish their budgets, but the general public is entitled to get information about budgets of sub-central authorities based on the right of free access to information. However, all regional and many local authorities do publish their budgets on their website. Also, local authorities report the amount spent on education to regional authorities which summarise the information for the central education authority (Ministry of Education).

**Spain:**

Information is also available before approval of the budget.

**Table 5.A1.4. Public availability of information on budgets for individual schools (ISCED 1-3, public schools)**

**Belgium (Fl.):**

Schools receive their own data and can compare these with other schools according to location and socio-economic profile in an anonymised way through a specific IT tool.

**Belgium (Fr.):**

Schools receive their own statistical data about students, personnel, outputs or repetition rates, but this does not include financial data.

**Chile:**

Schools present their annual budgets in terms of expenses to the central financial inspectorate (*Superintendencia de Educación*) which in turn makes them publicly available with some delay. The available information includes expenditure outputs (areas in which budget was actually spent). According to the education legislation, schools should also provide public accountability of resource use to their communities.

**Czech Republic:**

Information is available upon request from the school.

**Denmark:**

For the public *Folkeskole* (ISCED 1-2), it is at the discretion of the local authority and the school to make information available. In upper secondary education (ISCED 3), it is at the discretion of schools which function as self-governing institutions.

**Estonia:**

Information is available upon request from the relevant education authority. The information which is made available varies.

**Iceland:**

Information is published by the relevant education authority. In basic schools (ISCED 1-2), the type of information provided to the public is at the discretion of local authorities. At ISCED level 3, available information includes schools' own revenues according to source.

**Israel:**

Information is only available on the budget allocated by the central education authority (Ministry of Education) based on the overall average payments that can be attributed to individual schools. At the time of the data collection, it was at the discretion of local authorities to make information about their contributions to education and the budgets of the schools they administer publicly available. All local authorities, however, publish data for their own budget in practice.

**Kazakhstan:**

Information is also available on a special website (public procurement portal) which makes information about expenses, such as the cost of purchased food, with the exception of information about salaries, publicly available.

**Lithuania:**

Information is available upon request from schools. The central government authority approves what information should be publicly available. Information available includes external grants according to source, own revenues according to source, expenditure outputs (areas in which budget was actually spent), and staff salaries.

**Portugal:**

Information about individual school budgets is available upon request from schools and from the central financial inspectorate (*Instituto de Gestão Financeira da Educação, IGEFE, IP*).

**Slovak Republic:**

Schools publish an economic report which includes information about revenues by source and expenditures by category.

**Slovenia:**

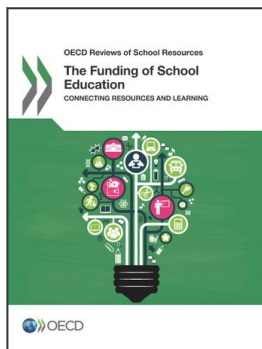
Financial data of the closing budget must be reported to the central financial authority and is publicly available. All public entities must use a standard sheet on financial data.

**Sweden:**

Information is available upon request from the relevant education authority. Information typically includes external grants according to source, own revenues according to source and expenditure outputs (areas in which budget was actually spent).

**Uruguay:**

All information according to Law No. 18.381 on Access to Public Information is available upon request from the central education authorities.



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