



AIDE MEMOIRE

Findings of the Specialist Audit of Te Pūmanawa o te Wairua Partnership School

Date:	29 May 2015	Priority:	High
Security Level:	Sensitive	METIS No:	921078

Purpose

1. The report provides advice on whether there are **grounds to terminate the Partnership School Agreement (the Agreement) with Ngā Parirau Mātauranga Trust** (the Trust) in relation to the Partnership School Te Pūmanawa o te Wairua (formerly Kura Hourua ki Whangaruru). This advice is **based on the specialist audit** conducted by Deloitte, supported by the ERO.

Selection of the Sponsor to open a Partnership School

2. Although the **Ministry of Education expressed concerns** about its ability to open in the timeframe available, I was **assured by the Authorisation Board** that the Board was confident in the sponsor. (*Paras 6-8*)
3. The school **successfully opened on 10 February 2014** with 70 students. Its Guaranteed Minimum Roll was 71. (*Para 12*)

Developments at the School

4. In April 2014, at the scheduled completion of the readiness review, the **ERO advised the school was not ready to operate without substantial support**. I approved an extension to the readiness review period to allow time for the school to address some of these well-publicised issues. (*Para 13*)
5. **The sponsor**, in response to ERO's interim feedback, **developed its own plan**, which sought to address issues noted by ERO and a number of other related challenges faced by the Sponsor. (*Para 14*)
 - This process was supported by the appointed Governance Facilitator and the Ministry.
6. In the first few months **the school attracted adverse publicity through the media**.
 - At the same time **the Ministry became concerned** about the school's operation. (*Exec Summary Para 5*)

7. On 2 September 2014 members of the **Authorisation Board visited the school and observed areas of concern**. They provided advice to the Ministry and the Trust. (Para 21)
8. **The ERO's final readiness review report** was provided on 17 September 2014. It identified that, while the school had made progress in a number of areas, it was **still not able to operate effectively without substantial support**. (Para 22)
9. Following receipt of the Trusts annual report, it was confirmed that the **school had not met the Performance Standards** for student attendance and enrolment variance.
 - The Ministry also had concerns that, based on the provisional data on student achievement, the school would not meet the student achievement performance standard. (Exec Summary Para 6) s 9(2)(h) OIA
10. [REDACTED] I needed firm evidence whether performance standards and minimum requirements were being met
 - If not, I needed evidence as to whether these were capable of remedy or not. (Para 36)

Performance Notice and Specialist Audit

11. Based on the apparent failure to meet two performance standards, **I issued the Trust with a Performance Notice and Intention to Audit** on 20 February 2015. (Para 46)
12. The audit concludes that the Sponsor: (Para 48)
 - a. has breached a number of the Agreements minimum requirements;
 - b. has not met a number of performance standards, including the student achievement performance standard;
 - c. has inadequate financial management practices;
 - d. administration staff lack the skills and capability to run the school in accordance with the Agreement without significant external support and further resources;
 - e. has provided reports to the Ministry that contain information inconsistent with records maintained by the School, in breach of the good faith obligation of Clause 20.1(c)(ii) of the Agreement;
 - f. has completed only one of the required actions from the Performance Notice;
 - g. is technically solvent, however noted cash flow will be strained at times throughout 2015, and there is a risk that liquidity will deteriorate if careful financial management is not in place.
13. The Auditor certifies that the breaches and failings noted in the report are **ongoing and a result of systemic process shortcomings** with the school's governance, operational, and financial management practices.

14. While the school presented a real opportunity to showcase the Partnership School model, it was **ultimately the lack of capability in governance and management that failed to realise the vision in practice.** (Para 52)

Next Steps (Paras 55 – 67)

15. I consider that **the breaches are not capable of remedy.**
- Under clauses 21 to 25 of the Agreement, **the grounds exist for me to issue the proposed termination notice** to the Trust.
 - **The Trust has 10 working days to respond** with reasons why it thinks I should not issue a final termination notice.
 - If I decide that termination is the appropriate course of action, I will specify **a school closure date** (which must be at least **20 school days** after the date of the notice).
 - The Ministry already has **measures in place to transition students** attending the school to other schools



s 9(2)(h) OIA

