



The Balancing Act

Meshing Operational Autonomy with Fiscal Responsibility

Qatar's K-12 education reform aims to establish Independent Schools that encourage innovation and creativity to build a world-class education system. The Independent Schools are well funded and provided with a high level of autonomy to manage their financial affairs but they are fiscally responsible to sustain long-term stability. The Education Institute's Finance Office helps Independent Schools meet their financial responsibilities so that they can meet the needs of students.

" Education for a New Era" interviewed Dr. Nafez Alyan, Director of the Education Institute's Finance Office to explain the role of his office, financial management, and the fiscal policies and procedures followed by the Independent Schools.



Nafez Alyan, PhD
Director, Finance Office

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Q. What is the role of the Finance Office?

The Finance Office is responsible for allocating financial resources to the Independent Schools and monitoring the use of those funds through periodic reports as well as an annual, comprehensive audit by an external auditor [hired by the finance office]. Funds are disbursed to Independent Schools in three ways: (i) a start-up budget –which finances the pre-operational costs of a school before opening; (ii) an operational budget - to cover the costs of the school throughout the fiscal year; and (iii) grants which are disbursed to schools for special projects or activities.

Q. How are payments made to the Independent Schools?

Start-up funds cover school-related costs from the day the Operator signs the contract with the SEC through the opening of the school. Each school receives a basic amount of QR 500,000 in two payments. Any unused funds from the start-up budget remain with the Education Institute.

The operational fund is based on the number of students enrolled in a school and it is disbursed to the schools in four quarterly equal payments. The per-pupil allocation for grade K-6 is QR 16,000, for grades 7-9 is QR 19,400 and QR 21,800 for grades 10-12. The Education Institute encourages reinvestment into the school of any surplus funds, but the management and use of this amount is left to the discretion of the Operators.

Different schools have different ideas within their vision and mission about how to promote education and their facilities. Grants are special financial tools for specific purposes like language laboratories, special needs or diagnostic centers. These funds do not have a ceiling and are not included in the operational budget. The

Operator estimates the cost of a specific project and applies for the grant. Once approved, the Finance Office then disburses the approved amount according to a set procedure of payment. Any surplus will be reclaimed by the Education Institute.

Q. How do Operators allocate the funds provided?

A study of school budgets in different models around the world concluded that an average school allocates at least 75% of its budget to salaries and wages. As per the guidelines in the contractual framework, the Independent School Operators are obligated to allocate 75% of the total budget to salaries. Specifically, schools allocate 60% of the total budget to instructional salaries, 12% -15% to administrative services which include salaries, and the remaining percentage is distributed among other requirements like professional development, textbooks, learning resources, etc.

Q. There is some confusion about the fiscal roles and responsibilities of

School budgets are allocated according to the number of students and grade levels



Independent School Operators. Can you tell us about the kinds of mechanisms that are in place to monitor their financial expenditures?

First of all, the current Operators are pioneers in their role and we appreciate their effort to improve the quality of education in this country. These individuals are highly dedicated and have a high sense of social responsibility so they devote a lot of time and effort to make this reform a success.

Although the reform calls for autonomy and encourages variety among the Independent Schools, Operators need to ensure quality of education that meets the individual needs of students and parents. The only way Operators can get extra funds is by providing quality and competitive educational services. Parents have a choice to select the school that best fits their children's needs and the schools that provide the highest quality education will definitely attract more students, thus creating a strong incentive for strong schools – fiscally and educationally.

Q. How do you financially

monitor the Independent Schools without affecting their autonomy?

In return for the funding provided by the SEC, Independent Schools are subject to a financial monitoring system to make sure that the funds have been spent according to the approved budget plan. There are three components to a financial monitoring system. First, there is external monitoring by certified accounting firms in the form of internal audits. The second component is regulatory monitoring by the Finance Office to monitor each school's financial performance during the year. This includes periodic reports and site visits. The final component is the schools' internal monitoring of their own financial performance.

Q. What are the internal control policies to ensure each school's fiscal compliance?

The Finance Office enforces its regulations and reporting requirements through a system of warnings and penalties. In case of non-compliance, the first step is to formally notify the school.

It may sometimes require a site visit by the Finance Office staff if the school does not respond to the first and second warnings. A third and final warning will be accompanied by notification that an on-site inspection will be scheduled and a percent of funding will be withheld as a sanction.

In extreme cases such as financial mismanagement, the school will have to submit a corrective measure within a certain period of time of formal notification. Failure to do so will put more funding at risk and raise questions about whether the contract should be revoked.

For more information please log onto: http://www.english.education.gov.qa/files/862_Finance_Handbook1.pdf

Financial analysis and auditing minimize financial mismanagement