

**Regional Chamber of Audit in Katowice**

**Financial control concerning  
the education system in  
Poland**

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## *Organizational structure and financing the education system*

*As a result of the educational reform the following types of public and non-public schools have been created:*

six-year primary school,

three-year lower secondary school,

post-lower secondary schools: basic vocational schools, three-year general upper secondary schools, upper secondary general schools, technical secondary schools, post-secondary schools.

## *Organizational structure and financing the education system*

*In 2003 the public expenditures for schools and education amounted to 33.6 milliard PLN which constituted 4.13 % of GDP. These expenditures were designated mainly for salaries and related costs (70%)*

## *Organizational structure and financing the education system*

*In the 1990's a radical reform of the primary and secondary school system was carried out which consisted in shifting the responsibility for schools to local government entities, which were endowed with new powers.*

## *Organizational structure and financing the education system*

*According to the Act on School Education System, the provision of education, upbringing and care is the educational task which belongs to the scope of responsibilities of the following entities:*

- communities/municipalities (gminas) (kindergartens, primary schools, lower secondary schools, also with integration classes),
- districts (poviats) (special primary schools, special lower secondary schools, post lower secondary schools, also with the integration classes, sports schools and athletic schools),
- province (voivodship) local governments (schools, institutions of regional and supraregional significance, educational institutions and teacher training institutions).

## *Organizational structure and financing the education system*

*Local government entities finance their educational tasks from the following sources:*

- educational part of the general subvention,
- own revenues of communities/municipalities (gminas).

*The local government entities are still to considerable degree dependant on the subventions from the state budget.*

## *Organizational structure and financing the education system*

*Local government entities, apart from financing the schools for which these entities act as the establishing bodies, are obliged by the regulations of the Act on School Education System to provide subsidies for non-public schools*

## *Financial control*

*Three main areas can be distinguished within the financial control system concerning the educational entities:*

- **internal control in the educational institutions** which is carried out by the manager of the institution and its chief accountant. The institution manager is obliged to define the written control procedures. The chief accountant keeps the accounting books and carries out ex ante and ex post controls of the financial and accounting documents.
- **internal audit** concerning the educational organizational entities is carried out by the auditor employed in the local government entity.
- **external audit** which is carried out by the Regional Chamber of Audit with regard to subventions, subsidies, financial management and public procurement.



## *Internal control*

*In accordance with the **Public Finances Act**, the internal financial control includes:*

- assuring the obedience to the control procedures and carrying out initial evaluation with regard to purposefulness of contracting financial obligations and making expenditures,
- examining and comparing the actual state with the required state with regard to taking and collecting public financial means, contracting financial obligations and making expenditures from public financial means, granting public procurement orders and returning of public financial means,
- financial management and application of the control procedures.

## *Internal control*

*According to the "**Internal control standards in the European Commission**" the internal control includes all the principles and procedures planned and assumed by the management of the entity in order to assure that:*

- the entity achieves its objectives in an economical, efficient and effective manner,
- the entity acts in accordance with the legal regulations, the internal acts and the management guidelines,
- material and data assets of the entity are protected,
- errors and non-conformities are prevented and detected,
- financial and management information is reliable and created in time".

*The financial control system should be constructed in such a way as to take into account the specific legal, personnel and financial conditions of the entity operation.*

*Financial control standards are prepared in the five areas which correspond to the five main components of the internal control:*

- ❑ environment of the financial control system,
- ❑ risk management,
- ❑ mechanisms of the financial control system,
- ❑ information and communication,
- ❑ evaluation and internal audit.

## *Internal audit*

*In cases specified by the Public Finances Act the entities undergo objective and independent evaluation of the financial control system which is carried out by the internal auditor.*

## *Internal audit*

*Each year this control should cover at least 5 % of the expenditures made by the subordinate organizational entities and should examine the financial control procedures operative in these entities*

## *External audit carried out by the Regional Chambers of Audit*

- *Regional Chambers of Audit*

*are the entities authorized to carry out the control on the basis of the legality and diligence criteria with regard to financial management and the financial public procurement.*

## *External audit carried out by the Regional Chambers of Audit*

*The **Regional Chambers of Audit** control also:*

- correctness of the subsidy granting,
- applications for the subsidies,
- correctness of the subsidy calculation,
- timeliness of handing over of the subsidies,
- correctness and diligence of the subsidy settlement, the correctness of calculating the educational part of the subvention



## *External audit carried out by the Regional Chambers of Audit*

*Managers of the educational institutions transform and create new mechanisms of internal control which are subsequently subjected to evaluation in the internal auditing process.*

*The Regional Chambers of Audit improve the audit methods applied in order to obtain the objective evaluation of the tested processes*

*The modern system of control and audit concerning the education system is still developing in Poland*