

Islamic schools' financial strife

LEO SHANAHAN The Australian September 20, 2012 12:00AM

FINANCIAL mismanagement of Muslim schools has been exposed as a national problem after a federal audit uncovered concerns over the running of schools managed by the nation's peak Islamic body in four capital cities.

The audit of schools managed by the Australian Federation of Islamic Councils has found problems of financial disclosure and management at Islamic schools in Brisbane, Adelaide and Canberra, in addition to existing concerns surrounding the Malek Fahd school, in Sydney's southwest.

The audit was ordered by federal School Education Minister Peter Garrett after revelations in The Australian earlier this year that millions of dollars in "management fees" and retrospective rent were being paid by Malek Fahd -- Australia's largest Muslim school -- to its manager, AFIC (now called Muslims Australia).

An audit found it had been operating for profit, prompting the NSW government to freeze the funds and order the school to repay \$9 million in state government school funding.

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Malek Fahd -- which received almost \$20m or 75 per cent of its funding from the state and commonwealth governments -- is also now being investigated by NSW Police and the corporate watchdog, the Australian Securities & Investments Commission.

Many of the school board's members are also on AFIC's board, including the school's board chairman and AFIC secretary Ikebal Patel, and acting AFIC president and school board member Hafez Kassem.

Mr Patel is also on the boards of all other AFIC schools. He did not return requests for comment from The Australian yesterday, but has previously described the payments from Malek Fahd "as simply the

formalisation of some pre-existing arrangements and the recovery of some assistance given to Malek Fahd and other schools as they were starting out".

While the audit found recurrent federal funding was largely used for educational purposes, it found serious problems with record-keeping that tracked the financial agreement between the

The Islamic College of Canberra and the Islamic College of South Australia were found to have a lack of proper documentation or no documentation of rental arrangements with AFIC. The audit also found that the Brisbane Islamic College was paying rent above the market rate to AFIC, a finding that reflected earlier concerns about rental agreements between AFIC and the Sydney school.

The Canberra school is the subject of an ongoing federal police investigation, after forged documents were found in the school's government application to convert to a high school.

Mr Patel's son-in-law received a \$280,900 federal government-funded contract to build a fence at the Canberra school.

Mr Garrett told The Australian yesterday he would ask the Education Department to pursue the schools and AFIC about the concerns raised in the audit.

GABRIELLE CHAN

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"I have directed my department to pursue these matters with the individual schools involved, and that process is under way," the minister said. "If the response is unsatisfactory, I will seek advice as to whether further inquiries may be required to determine the proper discharge of commonwealth funds."

He said he would now write to state ministers in an attempt to get to the bottom of the financial relationship between AFIC and the schools it managed.

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