



Australian Government

Tertiary Education Quality and Standards Agency

TEQSA

Annual Report

2019–20



TEQSA Annual Report 2019–20

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This report reflects the efforts of many people. Special thanks go to the TEQSA staff involved in contributing and coordinating material.



Letter of transmittal

The Hon Dan Tehan MP
Minister for Education
Parliament House
CANBERRA ACT 2600

Dear Minister,

Subject: Tertiary Education Quality and Standards Agency Annual Report 2019-20

As the accountable authority of the Tertiary Education Quality and Standards Agency (TEQSA), we have pleasure in presenting to you the agency's annual report for the year ended 30 June 2020.

TEQSA's annual report has been prepared in accordance with section 46 of the *Public Governance, Performance and Accountability Act 2013* (the PGPA Act). Subsection 46(1) of the PGPA Act requires the accountable authority of the entity to give an annual report to the entity's responsible Minister for presentation to Parliament.

In addition, we, as the accountable authority of TEQSA, present the 2019-20 annual performance statements of TEQSA, as required under paragraph 39(1)(a) of the PGPA Act. In our opinion, these annual performance statements are based on properly maintained records, accurately reflect the performance of the entity, and comply with subsection 39(2) of the PGPA Act.

Furthermore, we certify that TEQSA:

- a. has prepared fraud risk assessments and fraud control plans
- b. has in place appropriate fraud prevention, detection, investigation and reporting mechanisms that meet the specific needs of the agency
- c. has taken all reasonable measures to appropriately deal with fraud relating to the agency.

This report describes the progress made over the course of 2019-20 to advance national action to assure the quality of higher education in Australia. This work continues through the staff of TEQSA and a range of stakeholders in the higher education sector.

Yours sincerely,

Professor Nicholas Saunders, AO
Chief Commissioner

Professor Joan Cooper
Commissioner

Professor Peter Coaldrake, AO
Commissioner

Professor Cliff Walsh
Commissioner

28 August 2020

About this report

This report informs The Hon Dan Tehan MP, Minister for Education; the Parliament of Australia; the Australian higher education community; and the general public about the performance of the Tertiary Education Quality and Standards Agency (TEQSA or the agency) during the financial year ending 30 June 2020.

Prepared according to parliamentary reporting requirements, the report describes TEQSA's achievements against the objectives and actions set out in the *TEQSA Corporate Plan 2019–23* and in TEQSA's *2019–20 Portfolio Budget Statements*.

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- ▶▶ TEQSA pivoted quickly to support the sector in response to the impact of the COVID-19 pandemic, and was in contact with providers to understand the challenges they were facing.



Review by the accountable authority

- Review by the accountable authority

Section 1: Review by the accountable authority



This is the ninth annual report of the Tertiary Education Quality and Standards Agency (TEQSA); it describes the performance and achievements of the agency over 2019–20.

The operational year presented many changes and challenges. It was the first complete year, following increased budget funding, that: there was a full complement of staff to deliver the work of the agency; there were changes due to the impact of COVID-19 pandemic on our regulatory approach and the work arrangements of staff; the agency was subject to an Australian National Audit Office (ANAO) performance audit; and there were changes in leadership of the agency.

Response to the impact of the COVID-19 pandemic

TEQSA undertook a considerable amount of work to address risks to the quality of higher education provision due to the COVID-19 pandemic. This work included: providing time-limited relief to providers from having to prepare applications for re-registration and re-accreditation; providing a wide range of resources on the TEQSA website to assist providers move to online delivery; working with international quality assurance bodies to address concerns about the quality of online delivery; and working directly with providers and their peak bodies to stay informed about the ongoing impact on the sector. The government gave further relief to providers through refunds and waivers of fees as part of its Higher Education Relief Package.

The agency's approach to supporting the sector in managing the impact of the COVID-19 pandemic, which TEQSA staff undertook while also transitioning to remote working arrangements, received very positive feedback from providers.

TEQSA's performance in 2019–20

Following TEQSA's focus on recruitment and training of staff in 2018–19, the agency began to see the benefits in 2019–20 of the increased scope of activities undertaken and improvements in performance.

The agency cleared much of the backlog of re-registration assessments from previous years and did further work on improving the delivery of its assessment functions. There were improvements in the timeliness of decisions where assessment of applications did not find compliance issues and there was also a 43 per cent increase in the number of assessments completed in 2019–20 compared to the previous year.

In addition to delivering webinars during the pandemic about online learning, there was a solid program of engagement with the sector during 2019–20. This included a very well attended and received TEQSA Conference; consultations about the review

of the TEQSA risk assessment framework attended by 80 per cent of providers; twenty workshops around Australia to promote academic integrity, as well as meetings with professional accreditation bodies, TEQSA's Student Expert Advisory Group, TEQSA Experts and international quality agencies and networks to discuss quality and regulatory issues.

TEQSA worked closely with the Department of Education, Skills and Employment and the Higher Education Standards Panel on the development of legislation, instruments and policies in relation to contract cheating, freedom of speech, the Australian Qualifications Framework, professional accreditation, credit recognition, Provider Category Standards in the Higher Education Standards Framework, and student records.

Work on the sector-wide issues of the transparency of admission processes, student retention, sexual assault and sexual harassment, and English language admission standards also continued or was initiated during the year to address risks to the reputation of the sector. Sector-wide issues will also be a focus of the recently-announced Higher Education Integrity Unit which will have a focus on data and policy analysis to identify drivers of risk to the integrity of the sector and will employ strategies to address those risks.

The agency chose not to undertake a survey of stakeholders in 2020 in light of the pressures on providers due to the pandemic and, consequently, some aspects of TEQSA's performance were not able to be measured against some targets set out in the Corporate Plan 2019-23 that relied on the results of the survey. In addition, some activities (Cycle 7 risk assessment, the compliance review of ELICOS providers and the consultation on revised cost recovery arrangements) were not undertaken due to the pandemic. Taking the impact of the pandemic into account, the agency achieved three of its four objectives and partially achieved one objective. Overall, the agency largely achieved its performance objectives against the corporate plan for 2019-20.

ANAO performance audit

Between July 2019 and March 2020, the ANAO undertook a performance audit of TEQSA's regulation of high education. The audit found that TEQSA was effective or largely effective in all but the area of compliance and enforcement activities, which was an area where improvement initiatives were underway or had been planned. The audit required dedicated internal resourcing from its commencement until the report was finalised and provided the agency with further insights into improving operations.

Leadership changes

In January 2020, the agency farewelled Dr Lin Martin AO as a TEQSA Commissioner. Dr Martin joined TEQSA in 2015 and was instrumental in the agency's approach to equity and higher education administration.

In March 2020, the agency farewelled Mr Anthony McClaran as the TEQSA Chief Executive Officer. Mr McClaran joined TEQSA in 2015 and led the agency in its reformed relationship with the sector, approach to engagement and the recent growth of the agency.

In May 2020, Emeritus Professor Peter Coaldrake AO commenced as a TEQSA Commissioner, having recently completed the review of the Provider Category Standards of the HES Framework.

Looking forward

The commencement of revised cost recovery arrangements was delayed by the government to July 2021 due to the disruption caused by the pandemic.

TEQSA has developed a revised approach to risk assessments to monitor the financial impact of the pandemic on providers and will provide the government with advice regarding the financial standing of the sector.

TEQSA will, in addition to monitoring risks due to the disruption caused by the pandemic on providers, continue to support the welfare of TEQSA staff for the benefit of staff wellbeing and the productivity of the agency.

In 2021, changes to TEQSA's information technology and information management, which began in 2019–20, will continue to contribute improvements to the operation of the agency including increasingly sophisticated approaches to monitoring risks. Through its new Higher Education Integrity Unit, the agency will be building on the work undertaken to date on academic integrity. This work will include using the new legislation that enables the blocking of websites offering contract cheating services and working with the sector to develop strategies to address identified other risks to the interests of students and to the reputation of the sector.



Professor Nicholas Saunders AO
Chief Commissioner on behalf of the accountable authority

Agency overview

2

- About TEQSA
- Purpose
- Legislative framework
- Organisational structure

Section 2: Agency overview



About TEQSA

TEQSA is Australia's independent national quality assurance and regulatory agency for higher education. All providers that offer higher education qualifications in or from Australia must be registered by TEQSA. Providers that have not been granted self-accrediting authority (SAA) must also have their courses of study accredited by TEQSA.

Purpose

TEQSA's purpose is to protect student interests and the reputation of Australia's higher education sector through a proportionate, risk-reflective approach to quality assurance that supports diversity, innovation and excellence.

TEQSA has four strategic objectives in delivering its purpose. TEQSA will:

1. quality assure and regulate the sector in a timely, transparent and risk reflective manner
2. support providers to deliver high quality higher education, protect student interests and enhance the reputation and competitiveness of Australia's higher education sector
3. provide advice and information to inform decisions about the appropriateness and quality of higher education
4. take prompt and effective action to address substantial risks to students or the sector's reputation.

Legislative framework

TEQSA's guiding legislation is the *Tertiary Education Quality and Standards Agency Act 2011* (the TEQSA Act). The TEQSA Act confers powers and functions on TEQSA, among other things, to:

- > register regulated entities as registered higher education providers and accredit courses of study
- > conduct compliance assessments and quality assessments
- > provide advice and make recommendations to the Commonwealth Minister responsible for Education on matters relating to the quality and regulation of higher education providers
- > cooperate with similar agencies in other countries
- > collect, analyse, interpret and disseminate information relating to quality assurance practice and quality improvement in higher education.

Under the *Education Services for Overseas Students Act 2000* (ESOS Act), TEQSA also has responsibility as an ESOS agency for regulating all providers delivering higher education to overseas students studying in Australia.

Taken together, the legislative frameworks of these two Acts incorporate the following quality standards:

- > the *Higher Education Standards Framework (Threshold Standards) 2015* (HES Framework)
- > the *National Code of Practice for Providers of Education and Training to Overseas Students 2018* (National Code)
- > the *Foundation Program Standards* (Foundation Standards)
- > the *ELICOS Standards 2018* (ELICOS Standards).

In addition, the agency has responsibilities under several other Acts and Rules. See *Appendix A: Legislative framework* for more information about these responsibilities.

Organisational structure

Figure 1: TEQSA’s organisational structure, as at 30 June 2020



Commissioners and accountable authority

TEQSA currently has four Commissioners: a part-time Chief Commissioner and three part-time Commissioners. TEQSA’s Commissioners are appointed by the Minister for Education based on their expertise in higher education, quality assurance, and regulatory practice. The Commissioners are responsible for making regulatory decisions, setting strategic directions, monitoring risk in the sector, and deciding on matters relating to the development of the agency’s quality assurance and regulatory framework. The Commissioners are also collectively the accountable authority for TEQSA.

Emeritus Professor Nicholas Saunders AO, Chief Commissioner and Acting CEO

Professor Saunders joined the agency as Acting Chief Commissioner and Chief Executive Officer (CEO) in September 2014. He was appointed by the then Minister responsible for higher education as TEQSA Chief Commissioner in March 2015 and his appointment was renewed in March 2018.

Professor Saunders was previously Provost and Deputy Vice-Chancellor of Bond University and prior to that Vice-Chancellor and President of the University of Newcastle, Australia. During his career, Professor Saunders has been Chair of the National Health and Medical Research Council and Chair of the Committee of Deans of Australian Medical Schools. He was also a member of: the Higher Education Council; the Prime Minister's Science, Engineering and Innovation Council; the Australian Research Council; and the Aboriginal and Torres Strait Islander Health Council. Professor Saunders was also a member of the Board of Universities Australia and Lead Vice-Chancellor for research and international activities.

Professor Saunders has been the Acting CEO of TEQSA since March 2020, when the previous CEO, Mr Anthony McClaran, left the agency to take up the position of Vice-Chancellor at St Mary's University, UK.

Emeritus Professor Peter Coaldrake AO, Commissioner

Professor Peter Coaldrake was appointed as a TEQSA Commissioner in May 2020.

Professor Coaldrake was Vice-Chancellor and CEO of Queensland University of Technology for nearly fifteen years until 2017, and is a former Chair of both Universities Australia and the governing board of the Organisation for Economic Development – Institutional Management in Higher Education.

In 2018, Professor Coaldrake was appointed by the Minister for Education to conduct a review into the Higher Education Provider Category Standards. In 2018, he also undertook two separate reviews for the Queensland government: one dealing with the present and future Queensland public sector workforce, and the other of the future of vocational education, training and skilling in central-western Queensland, focusing on the performance of the Agricultural Colleges.

Professor Coaldrake is currently the Chair of the Board of the Queensland Performing Arts Trust and a Board Member of the Queensland Community Foundation.

Emeritus Professor Joan Cooper, Commissioner

Professor Cooper was appointed as a TEQSA Commissioner in April 2019.

Professor Cooper's most recent work prior to joining TEQSA involved delivering a variety of higher education consultancy services to higher education private providers in Australia. Her roles and services included chairing governance committees; reviews of operational areas; and reviews and preparation for TEQSA registration, renewal of registration, and course accreditation. She has chaired a number of Governing Councils and Academic Boards for private providers, including TAFE NSW.

Professor Cooper has wide-ranging experience both nationally and internationally in tertiary education accreditation and quality audits. She was previously Pro-Vice Chancellor (Students) of the University of New South Wales. Her other senior academic executive positions include Deputy Vice-Chancellor (Academic) at Flinders University, and Dean of Informatics at the University of Wollongong where she served as Chair of the University Senate (Academic Board).

Dr Linley Martin AO, Commissioner

Dr Linley (Lin) Martin was appointed as a TEQSA Commissioner in February 2015. Her appointment was renewed in February 2018 and her term ended in January 2020.

Prior to her role at TEQSA, Dr Martin was the Head of University Services and Vice-Principal (Major Projects) at the University of Melbourne, where she had also held the position of Vice Principal and Academic Registrar. She has held a number of senior positions at universities including as the Vice-President and Council Secretary at Deakin University.

Dr Martin was also a senior adviser to the Review of Australian Higher Education (the Bradley Review) which was pivotal to the establishment of TEQSA.

Emeritus Professor Cliff Walsh, Commissioner

Professor Walsh was appointed as a TEQSA Commissioner in February 2014 and his appointment was renewed in February 2018.

He has held professorial appointments at the University of Adelaide and the Australian National University, and visiting appointments at universities in Canada, the US and the UK. His teaching, research, publications and advisory specialities have included: public sector economics and public policy; regulatory theory and its application to economic, social and environmental issues; and economic and social evaluation of public sector programs and regulatory regimes.

Professor Walsh has also been a member of the quasi-judicial Australian Competition Tribunal which reviews, on appeal, decisions of Australia's competition regulator, the Australian Competition and Consumer Commission.

He is currently Emeritus Professor of Economics at the University of Adelaide, and a Visiting Research Fellow in the School of Economics.

Chief Executive Officer

Mr Anthony McClaran, Chief Executive Officer

The Chief Executive Officer (CEO) is a full-time position, appointed by the Minister and with responsibility for the management and administration of TEQSA.

Mr McClaran was the CEO of TEQSA from October 2015 until March 2020, when he left to take up the position of Vice-Chancellor at St Mary's University, UK.

Before joining TEQSA, Mr McClaran was the Chief Executive of the UK's Quality Assurance Agency for Higher Education for six years, and prior to that he was Chief Executive of the UK's national agency for higher education admissions, the Universities and Colleges Admissions Service.

Mr McClaran has held several leadership positions in the higher education sector, including Academic Registrar, and Acting Registrar and Secretary at the University of Hull. He was Chair of Council and Pro-Chancellor of the University of Gloucestershire from 2007 to 2009.

Mr McClaran has served on the boards of the European Association for Quality Assurance in Higher Education and the International Network of Quality Assurance Agencies in Higher Education (INQAAHE), and has served on the Advisory Council of

the US Council for Higher Education Accreditation (CHEA) International Quality Group since 2016. He was a member of the Audit Committee of the Australian Accounting Standards Board (AASB) and the Auditing and Assurance Standards Board (AUASB).

Executive Director

Ms Prue Monument, Executive Director, Regulatory Operations

Ms Monument commenced at the agency in June 2019 as the Executive Director, Regulatory Operations. This role oversees all of TEQSA's assessment activities including provider registrations, course accreditations, CRICOS assessments, and compliance and investigations.

Prior to joining TEQSA, Ms Monument was the Director of Compliance at the Australian Charities and Not-for-profits Commission (ACNC) where she was responsible for the ACNC's Compliance directorate, focused on identifying and investigating abuse and mismanagement in Australia's charity sector.

Ms Monument holds an Executive Master of Public Administration and has over 18 years of public sector experience, including with the Australian Border Force and the Department of Immigration and Border Protection in Australia, China and Lebanon, with a focus on program integrity, compliance and caseload fraud prevention.

Senior Management Team

The Senior Management Team (SMT) is comprised of: the CEO; the Executive Director, Regulatory Operations; and TEQSA senior managers. The SMT supports the CEO in discharging their statutory role and provides collective operational leadership for the agency in relation to TEQSA's operational priorities, including business planning and the management of resources. The SMT reports to the accountable authority through the CEO.

Functional groups

TEQSA's highly skilled staff possess knowledge and expertise in higher education, quality assurance, regulation, risk management and the public sector. Staff members build on their knowledge and experience through regular interactions with providers, professional accreditation bodies, TEQSA experts and overseas quality assurance bodies.

TEQSA's staff come from diverse backgrounds, including higher education delivery, data collection, data analysis, risk management, financial analysis, regulation and government. They apply their specialised skills in assessing complex qualitative and quantitative information, with a focus on protecting the interests of students and the reputation of the higher education sector, by:

- > ensuring that higher education providers meet the HES Framework
- > promoting good practice
- > improving the quality of the Australian higher education sector.

The functional groups that made up the agency as at 30 June 2020 are outlined below.

Regulatory Operations

The Regulatory Operations Group is a new team focused on coordinating and delivering strategic projects to improve TEQSA's operational activities. This includes strategies to: streamline assessment activities, improve TEQSA's partnership approach, and build the capabilities of assessment staff. The group also coordinates operational reporting.

Assessment and Investigations Group and Assurance Group

The Assurance Group and the Assessment and Investigations Group are responsible for delivering TEQSA's core business of undertaking regulatory assessment under the TEQSA Act (using the HES Framework) and the ESOS Act (using the National Code, ELICOS Standards and Foundation Program Standards). This work is critical to ensuring higher education providers meet the requirements of the TEQSA and ESOS frameworks, and monitoring and improving the quality of the Australian higher education sector.

The Assessment and Investigations Group is responsible for: assessing applications for initial provider registration; assessing applications made under the ESOS Act; managing complaints about providers; managing provider notifications of material changes; conducting compliance assessments and investigations; and conducting reviews of conditions imposed on registration and course accreditation.

The Assurance Group is responsible for assessing applications for: renewal of registration (re-registration); accreditation and renewal of accreditation (re-accreditation) of courses; authority to self-accredit one or more courses; and change of provider category.

Legal Group

TEQSA's Legal Group, led by the General Counsel, is responsible for legal services required by TEQSA as a Commonwealth regulatory agency, including providing TEQSA staff with strategic legal advice and training on legal issues, managing claims by or against TEQSA, and managing Administrative Appeals Tribunal (AAT) matters. The group is also responsible for internal quality assurance of TEQSA's assessment processes and policies, with a particular focus on maintaining TEQSA's Case Management Handbook.

Policy and Analysis Group

The Policy and Analysis Group is responsible for the enhancement of TEQSA's regulatory outcomes and future direction through ongoing improvements to regulatory policy, business improvement, strategic projects, and quantitative and qualitative analysis.

The Policy and Analysis Group also coordinates strategic projects; sector assessments; provider risk analysis; financial assessment of providers; and the collection, storage and integration of sector data.

Corporate Group

The Corporate Group provides strategic management of TEQSA's resources, including: finance, human resources, information and communications technology, records management, security, and accommodation.

Engagement Group

The Engagement Group is responsible for maintaining and enhancing relationships with the sector and other higher education stakeholders. TEQSA stakeholders include peak bodies, regulatory beneficiaries (students, employers and the Australian public), other regulators, professional accreditation bodies, international agencies (including quality assurance agencies of other countries), and the media. The Engagement Group delivers TEQSA's Annual Conference and manages all internal and external communications, the TEQSA Experts database, and expert engagement activity.

Executive Office

The Executive Office has primary responsibility for coordinating overall agency activities, such as liaising with government and public service stakeholders, including: the Minister's Office; the Department of Education, Skills and Employment; and the Higher Education Standards Panel (HESP).

The Executive Office is responsible for: managing the development of, and reporting against, the Corporate Plan; preparing the Annual Report; preparing for Senate Estimates appearances; coordinating enterprise risk management; and providing executive and administrative support to the Commissioners, CEO, accountable authority, Audit and Risk Committee, the Senior Management Team and other internal committees.

3

Performance review

- Introductory statement
- Response to COVID-19 pandemic
- Australian National Audit Office performance audit
- Performance against objectives
- Analysis of TEQSA's financial performance

Section 3: Performance review



Introductory statement

We, the TEQSA Commissioners, as the accountable authority of the Tertiary Education Quality and Standards Agency (TEQSA), present the 2019–20 annual performance statements of TEQSA, as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). In our opinion, these annual performance statements are based on properly maintained records, accurately present the performance of TEQSA, and comply with subsection 39(2) of the PGPA Act.

Response to COVID-19 pandemic

At the onset of the COVID-19 pandemic in March 2020, TEQSA quickly mobilised support for the Australian higher education sector. The agency deployed a number of initiatives, including:

- > streamlining assessment processes for Graduate Certificate and Undergraduate Certificate programs to support providers to offer these online short courses to students
- > refunding and waiving eligible fees paid by providers as part of the Australian Government's Higher Education Relief Package
- > liaising with local and international peak bodies to stay informed of the evolving situation, domestically and internationally
- > continuing to update TEQSA's website with information and resources to support the sector.

A dedicated online learning good practice website was the first key resource developed to support providers in making the rapid transition to online delivery as a result of the pandemic restrictions. The resources made available covered a range of topics related to online learning, from getting started and enabling staff to work online, to supporting student experiences and assessment integrity. From its launch in April 2020 to June 2020, the website was visited more than 17,300 times. More information about the website is available at www.teqsa.gov.au/online-learning-good-practice.

The COVID-19 pandemic had a significant effect on TEQSA's work practices, with staff moving to working from home arrangements in March 2020. Measures such as lessening the administrative burden of regulation on providers through granting extensions of registration and accreditation periods and focusing on individual provider support, directly and through liaison with peak bodies, were also implemented. For more information about adjustments TEQSA has made to support staff see *Section 4: Human resources*.

Due to the impact of the COVID-19 pandemic, the 2020 survey of stakeholders was not conducted and instead a series of focus groups with provider peak bodies were held to gauge stakeholder views of TEQSA's performance during 2019–20. As a consequence, some aspects of TEQSA's performance were not able to be measured.

Australian National Audit Office performance audit

In 2019–20, the Australian National Audit Office (ANAO) undertook a performance audit of TEQSA's regulation of higher education.

The objective of the performance audit was to assess the effectiveness of TEQSA's regulation of higher education, and it included four criteria:

1. Does TEQSA have an effective process to assign and maintain appropriate risk ratings to existing and prospective higher education providers?
2. Does TEQSA have effective and timely approvals processes, including for registering higher education providers and accrediting courses?
3. Does TEQSA have effective assurance, compliance and enforcement processes?
4. Does TEQSA provide effective support to the higher education sector to address key sector-wide risks?

The performance audit report was tabled in parliament on 16 April 2020. The report found that TEQSA's regulatory activities were effective or largely effective in all but one area (compliance and enforcement activities). The audit findings confirmed that TEQSA is meeting its purpose under the TEQSA Act to regulate higher education in alignment with the principles of regulatory necessity, risk and proportionality.

TEQSA accepted the five ANAO recommendations in relation to compliance and enforcement activities, and acknowledged other areas for improvement. Considerable work has been undertaken to address these areas, some of which was already planned or underway during the audit process.

This work includes strengthening the existing compliance monitoring framework, improvements to the planning of compliance assessments, and the timely assessment of material submitted by providers. Consistent processes to handle material change notifications and reporting of compliance activity have also been implemented. Details of these activities are presented in the relevant sections of this annual report.

TEQSA’s objectives 2019–23

The *TEQSA Corporate Plan 2019–23* sets out TEQSA’s proposed actions over a four-year period under four objectives:

1. Quality assure and regulate the sector in a timely, transparent and risk-reflective manner.
2. Support providers to deliver high quality higher education, protect student interests and enhance the reputation and competitiveness of Australia’s higher education sector.
3. Provide advice and information to inform decisions about the appropriateness and quality of higher education.
4. Take prompt and effective action to address substantial risks to students or the sector’s reputation.

OUTCOME 1

Contribute to a high quality higher education sector through streamlined and nationally consistent higher education regulatory arrangements; registration of higher education providers; accreditation of higher education courses; and investigation, quality assurance, and dissemination of higher education standards and performance.

PROGRAM 1.1: REGULATION AND QUALITY ASSURANCE – OBJECTIVE

Regulation and quality assurance ensure that quality standards are being met by all higher education providers so that the interests of students and the reputation of Australia’s higher education sector are promoted and protected. This occurs by reference to the Higher Education Threshold Standards, which are determined by the Minister for Education on advice from an independent Higher Education Standards Panel. A risk-based approach to planning and implementing assessments of provider compliance with those Standards is used.

1. TEQSA will quality assure and regulate the sector in a timely, transparent and risk reflective manner.

2. TEQSA will support providers to deliver high quality higher education, protect student interests and enhance the reputation and competitiveness of Australia’s higher education sector.

3. TEQSA will provide advice and information to inform decisions about the appropriateness and quality of higher education.

4. TEQSA will take prompt and effective action to address substantial risks to students or the reputation of the sector.

Performance against objectives

Objective 1: Quality assure and regulate the sector in a timely, transparent and risk-reflective manner

During 2019–20, significant work was undertaken as part of TEQSA's program of continual improvement of the delivery of its functions. This work included:

- > reviewing the operation of the case management approach, which identified opportunities to improve response times and the clarity and consistency of information to providers
- > streamlining assessment processes and improving engagement with applicants
- > finalising legacy assessments from previous years
- > developing expedited regulatory processes in response to the COVID-19 pandemic
- > analysing the financial impact of the pandemic on providers
- > working with professional accreditation bodies and the Australian Skills Quality Authority on opportunities to streamline processes and address the impact of the pandemic on providers
- > working with international quality assurance agencies and networks to address cross-border risks
- > improving the analysis of material change notifications and concerns about providers.

One action to address Objective 1 was not achieved, in part due to the need to focus on supporting the sector as the impact of the pandemic escalated during the latter half of 2019–20 and also due to a large number of legacy assessments from previous years. However, TEQSA successfully continued to undertake its quality assurance and regulatory functions, including a high level of engagement with providers, despite shifting to working from home arrangements during the pandemic. In addition, the impact of increased resources, implementation of improved assessment processes and a focus on completing legacy assessments resulted in improvements in both the number of assessments completed and the timeliness of decisions. The decision not to proceed with the annual stakeholder survey during the pandemic meant that for some targets there was a lack of robust evidence to assess the agency's performance. Despite the disruption caused by the COVID-19 pandemic, two of the actions for Objective 1 were achieved, one was partially achieved, and another was not achieved. The overall performance against Objective 1 was assessed as partially achieved.

Action 1.1 Improve the case management approach.

Source: 2019-23 Corporate Plan, p. 15 Regulator Performance Framework KPI 5	
Performance indicator: TEQSA's dealings with higher education providers are open, transparent and consistent.	
Qualitative target: Review, develop and implement a revised case management approach to regulation with enhanced use of a partnership model. <i>(Timeframe: 2019-20)</i>	Outcome: The review of the case management approach has been completed. Work to develop and implement a revised approach is continuing.
Quantitative target: 55 per cent or more of providers rate the case management approach as good or excellent.	Outcome: Stakeholder survey data not available due to COVID-19 pandemic.
Overall result: Partially achieved. Targets not fully met due to impact of COVID-19 pandemic.	

Case management approach review

In 2019-20, TEQSA completed a review of its case management model to identify opportunities to enhance its partnership approach. The review of the current model reflected on feedback received in past annual stakeholder surveys and meetings with independent providers, and included significant internal and external consultation, and consideration of the operating models of other regulators to draw on best practice examples. TEQSA was also very grateful for Professor Valerie Braithwaite's contribution regarding the key elements of effective partnership models. While TEQSA recognises that many providers value a single point of contact within the agency, there is scope for using other approaches to improve the timeliness, clarity and consistency of TEQSA's communication.

The review identified the following opportunities for improvement, which will be key focus areas in 2020-21:

- > improving information management capabilities to gain a stronger understanding of the common questions and enquiries from providers so that TEQSA can develop resources to support the sector in understanding or addressing common challenges
- > strengthening and coordinating internal quality assurance processes to drive improvements in timeliness, clarity and consistency
- > continuing to partner with peak bodies and providers to improve TEQSA's assessment processes and ensure guidance meets the needs of the sector
- > arranging provider engagement training for all assessment staff.

Working with the sector during the COVID-19 pandemic

TEQSA pivoted quickly to support the sector in response to the impact of the COVID-19 pandemic. From March 2020, TEQSA was in contact with providers to understand the challenges they were facing. This included registered higher education providers, non-higher education providers (ELICOS providers), and prospective providers which had submitted applications or were in the process of applying for TEQSA registration.

Extensions to registration and accreditation were offered to providers with applications due between March 2020 and 30 June 2022. The extensions were for a maximum of three years (a limited number of CRICOS registrations were extended beyond three years in order to align with their TEQSA registration). In determining whether or not an extension was appropriate and the extension timeframe, TEQSA also considered the provider's risk rating and regulatory history. For providers that had previously been extended (and thus could not be extended again under the current legislation), TEQSA offered to shorten the 180-day period to lodge applications. TEQSA extended the registration period of 35 providers and the accreditation period of 119 courses to reduce the administrative burden of regulation on providers in response to the pandemic. Decisions regarding additional providers eligible for extensions will continue to be finalised in 2020-21.

In addition to reducing the administrative burden of regulation, TEQSA also applied a flexible regulatory approach to support the sector in shifting operations and keeping students engaged in their study. This included a flexible approach to ensuring the location and mode of course delivery did not impede the attainment of an Australian higher education qualification. TEQSA worked in partnership with Australian Skills Quality Authority and the Department of Education, Skills and Employment to ensure timely, consistent and clear advice was provided to students and the sector. TEQSA published a range of guidance materials, including key considerations for online delivery, targeted material change information and a set of frequently asked questions.

In response to the pandemic, the government announced the Higher Education Relief Package which encouraged providers to develop six-month online short courses focused on identified national priorities. The government amended the Australian Qualifications Framework (AQF) to introduce a new qualification called an 'Undergraduate Certificate'. TEQSA developed a streamlined approach for the assessment of new online Undergraduate Certificate and Graduate Certificate courses. This ensured expedited assessment to help providers make these courses available during the pandemic. The assessment of 80 applications for accreditation of short courses was completed with a median processing time of two days.

Action 1.2 Implement mechanisms to ensure efficient assessment of applications

Source:	
2019-23 Corporate Plan, p. 15 Regulator Performance Framework KPI 1 2019-20 Portfolio Budget Statements, p. 165	
Performance indicator:	
Quality assurance and regulation does not unnecessarily impede the efficient operation of higher education providers.	
Qualitative target:	Outcome:
Reduce the time taken to make decisions about applications, particularly where the risk of non-compliance is low. <i>(Timeframe: 2019-23)</i>	For applications that were found to be compliant, there were improvements of 30 per cent for accreditations and 50 per cent for re-registrations in the median time taken to make decisions compared with 2018-19.
Quantitative target:	Outcome:
90 per cent or more of decisions about applications for re-registration from low-risk providers are made within six months.	50 per cent of decisions about applications for re-registration from low-risk providers were made within six months.
90 per cent or more of decisions about applications for accreditation from low-risk providers are made within three months.	29 per cent of decisions about applications for accreditation from low-risk providers were made within three months. The overall median time for decisions was 114 days (3.8 months).
80 per cent of assessment reports and expert reports where adverse findings are reported are sent to applicants for consideration and response within four months of the application date.	25 per cent of adverse finding reports for registrations, re-registrations, accreditations and re-accreditations were sent to applicants within four months. The overall median time for providing these reports was 168 days (5.6 months) for 104 assessments.
Overall result: Not achieved.	

Performance against targets

TEQSA did not meet its target of completing renewal of registration (re-registration) applications from low-risk providers within six months, with only half completed within six months. In 2019-20, the proportion of adverse outcomes for re-registration applications for low-risk providers was higher than in previous years (see Table 8). The re-registration of one provider took considerably longer as TEQSA considered a range of risks following the provider being named (among others) in an Australian Broadcasting Corporation *Four Corners* media report on English language proficiency entry standards and admissions practices.

In the case of applications for accreditation from low-risk providers, the overall median time for all relevant decisions was 3.8 months compared with the target of three months. For applications where there was a preliminary assessment of non-compliance, the median timeframe for providing assessment reports to applicants was 5.6 months compared with the target of four months.

Improvements to assessment processes

TEQSA is committed to streamlining and improving the timeliness of its assessment activities and ensuring case managers engage early and transparently with providers. Key business improvement strategies implemented in 2019-20 included:

- > conducting comprehensive reviews of business processes to identify opportunities to streamline processes, including increased specialisation
- > extending registration and accreditation periods for some providers to maintain manageable workloads, supporting TEQSA's efforts to improve timeliness and target high-risk matters
- > enhancing TEQSA's focus on providers' own self-assurance processes as TEQSA moves into the second seven-year cycle of assessment activities
- > implementing an early engagement approach to highlight concerns or deficiencies following an initial assessment of a provider's application and ensuring that providers have sufficient time to respond.

Due to the COVID-19 pandemic, some business improvement projects were put on hold to manage a range of new priorities and to enable the shift of all TEQSA staff to remote working arrangements.

Regulatory caseload in 2019-20

The profile of assessments in the 2019-20 caseload was comparable with that of 2018-19, with the exception of short courses and applications for renewal of accreditation (re-accreditation). In 2020, online short courses leading to Undergraduate Certificates and Graduate Certificates were announced by the government in response to the pandemic. TEQSA made decisions about 80 applications of these short courses for 23 providers (which do not have the authority to accredit their own courses). The 2019-20 caseload also included an increase in applications for the re-accreditation of courses that were processed in a very short space of time.

Table 1 sets out TEQSA’s caseload over the last three years. In 2019–20, TEQSA received 42 per cent more applications in total than the previous year and completed 43 per cent more assessments compared with 2018–19, primarily due to the number of applications for short courses and re-accreditations.

Table 1: TEQSA’s caseload summary

	2017–18	2018–19	2019–20
Active assessments as at the end of the financial year	211	141	146
Applications received (including 2019–20 short courses)	193	260	369 (83)
Completed assessments (including 2019–20 short courses)	269	255	364 (80)

Table 2 sets out the total number of assessments completed and decisions made over the last three years. In 2019–20, there was a 45 per cent increase in the number of decisions made including short courses (or a 38 per cent increase if short courses are excluded).

Table 2: Completed assessments and decisions

	2017–18	2018–19	2019–20
Decisions (including 2019–20 short courses)	192	186	337 (80)
Withdrawn	77	69	27
TOTAL (completed assessments)	269	255	364

Decision timeframes

In 2019–20, there was an improvement in the overall median processing time as shown in Table 3. This improvement was primarily due to an increase in the proportion of applications decided that require less time to assess, such as applications for re-accreditation. Re-accreditation processing times decreased by 47 per cent from 413 days to 220 days, while the median time for accreditations remained constant. In the case of applications for course accreditation from low-risk providers, 64 per cent were completed in fewer than four months.

Table 3: Number of assessments decided and number of days to decision

	2017-18	2018-19	2019-20
Number of assessments decided (excluding short courses)	192	186	257
Average number of days to decision	290	273	197
Median number of days to decision	299	226	140

TEQSA commenced 2019-20 with a number of re-registration assessments carried over from previous financial years, including seven applications that had been under assessment for 12 months or more. During 2019-20, there was a concerted effort to finalise these legacy re-registration assessments, which resulted in a significant reduction in the median age of the re-registration caseload from 14 months on 30 June 2019 to 4.8 months as at 30 June 2020. Only two applications that had been under assessment for 12 months or more remained active at the end of 2019-20.

43 per cent of applications lodged in 2019-20 were decided during the year, with a processing time of five months or less. As shown in Table 4, when the legacy re-registration applications are excluded from analysis, the median processing time was 191 days, considerably less than the overall median of 387 days.

Table 4: Median number of days for processing of the most common types of applications from submission (or commencement of substantive assessment) to decision

	2017-18	2018-19	2019-20
Registration	419	231	242
Re-registration	399	397	387
Re-registration (excluding legacy assessments decided in 2019-20)	-	-	191
Course accreditation (registered and prospective providers)	303	154	150
Course accreditation (registered providers)	299	147	150
Course re-accreditation	247	413	220

Table 5 sets out the median time to decision about applications for re-registration and accreditation from registered providers with and without adverse findings over the last two years. Where there was no evidence of non-compliance during the assessment process (i.e. there were no proposed adverse findings), median timeframes reduced significantly compared with 2018-19, by about 30 per cent for accreditations (from 152 to 104 days) and about 50 per cent for re-registrations (from 360 to 168 days).

Table 5: Median number of days to decision for assessments with and without adverse findings

Assessment type	2018-19			2019-20		
	Without adverse findings (days)	With adverse findings (days)	Overall median (days)	Without adverse findings (days)	With adverse findings (days)	Overall median (days)
Re-registration	360	478	397	168	779	387
Accreditation (registered providers)	141	152	147	104	150	150

Performance in 2019-20 against the requirements of the TEQSA Act

Under its governing legislation, TEQSA is obliged to provide particular forms of advice and complete certain processes within specified timeframes. Table 6 contains information about TEQSA's performance in meeting legislative deadlines required by the TEQSA Act. In 2019-20, the agency met all of its legislative deadlines except in the case of one decision about an application for course accreditation.

Table 6: Performance in 2019–20 against the requirements of the TEQSA Act

Requirement	Performance
<p>Section 19</p> <p>TEQSA must undertake a preliminary assessment of an application for registration within 30 days after an application is made.</p>	<p>Achieved</p> <p>100 per cent of preliminary assessments were completed within 30 days. There were nine assessments in 2019–20.</p>
<p>Section 21</p> <p>TEQSA must make a decision on an application for registration within nine months of receiving it or, if TEQSA is satisfied for reasons beyond its control that a decision cannot be made within the nine months, TEQSA may determine a longer period not exceeding a further nine months, within which it must make a decision on the application.</p>	<p>Achieved</p> <p>100 per cent of decisions about applications for registration were made within nine months. There were eight decisions in 2019–20.</p>
<p>Section 47</p> <p>TEQSA must make a preliminary assessment of an application for a course of study to be accredited within 30 days after an application is made.</p>	<p>Achieved</p> <p>100 per cent of preliminary assessments were completed within 30 days. There were 82 assessments in 2019–20.</p>
<p>Section 49</p> <p>TEQSA must make a decision on an application for accreditation of a course of study within nine months of receiving it or, if TEQSA is satisfied for reasons beyond its control that a decision cannot be made within the nine months, TEQSA may determine a longer period, not exceeding a further nine months, within which it must make a decision on the application.</p>	<p>Mostly achieved</p> <p>99 per cent of decisions about applications for accreditation were made within nine months. There were 83 decisions in 2019–20. One decision was not made within nine months.</p>
<p>Section 186</p> <p>TEQSA must make a decision on a review of a reviewable decision within 90 days after receiving the application for review.</p>	<p>Achieved</p> <p>100 per cent of decisions on a review of a reviewable decision were made within 90 days. There were three decisions in 2019–20.</p>

Adverse decisions

Adverse decisions include decisions to: grant a period of registration or accreditation that is less than the maximum seven years; impose conditions; cancel accreditation or registration; and reject an application.

TEQSA informs applicants of proposed adverse decisions, including the reasons for those proposed decisions, and no decision is made until the applicant has had an opportunity to respond to the basis for the proposed decision.

In 2019-20, the proportion of re-registration assessments with an adverse decision increased slightly from the previous year.

Table 7: Percentage of assessments of re-registration applications with an adverse decision

Year	Adverse (per cent)
2017-18	56
2018-19	38
2019-20	44

Action 1.3 Ensure regulation of the sector is reflective of the risks to students and the sector

Source:	
2019–23 Corporate Plan, p. 16	
Regulator Performance Framework KPI 4	
2019–20 Portfolio Budget Statements, p. 166	
Performance indicator:	
TEQSA's compliance and monitoring approaches are streamlined and coordinated.	
Qualitative target:	Outcome:
Engage with providers about areas for improvement in TEQSA's approach using feedback from the stakeholder survey. <i>(Timeframe: Annual)</i>	TEQSA undertook a review of the risk assessment framework following feedback from the sector.
Streamline evidence requirements further for providers that demonstrate sustained low risk of non-compliance with standards. <i>(Timeframe: 2019–20)</i>	Registration and accreditation periods were extended to reduce administrative burden in response to the impact of the COVID-19 pandemic. Work to consider TEQSA's monitoring approach is ongoing.
Work with ASQA, other agencies and professional bodies to improve targeting of regulation and to implement government policy regarding professional accreditation. <i>(Timeframe: 2019–23)</i>	TEQSA undertook projects with professional accreditation bodies to examine streamlining opportunities.
Undertake cross border regulatory activity through engagement with international quality agencies. <i>(Timeframe: 2019–23)</i>	TEQSA finalised the development of a toolkit for quality agencies on behalf of the International Network for Quality Assurance Agencies in Higher Education to address academic integrity and contract cheating incidents. TEQSA also engaged with international agencies regarding the move to online delivery as a result of the pandemic.
Quantitative target:	Outcome:
There is a demonstrated correlation between the risk rating of providers and assessment outcomes for each year.	There was alignment between the risk profile of a provider and the outcome of regulatory decisions on re-registrations.
Overall result: Achieved.	

TEQSA's approach to provider risk

Risk Assessment Framework

TEQSA's Risk Assessment Framework is a key aspect of how TEQSA assesses risk. The Risk Assessment Framework provides a snapshot of higher education providers to help prioritise TEQSA's focus in undertaking its assurance activities. In July 2019, the agency commenced consultations with the sector on the Risk Assessment Framework and published the *Risk Assessment Framework Consultation: Summary Report* in January 2020.

The agency's risk-reflective approach to assessment means that it varies evidence requirements based on all available information about each registered provider's organisational characteristics and risk profile, and seeks to ensure that the agency's and provider's resources are targeted to areas of concern.

Cycle 7 of the annual risk assessment was completed during 2019–20 using data validated by the Department of Education, Skills and Employment from the Higher Education Information Management System. As in past years, all providers were sent a risk assessment report and provided an opportunity to respond to the initial findings before each provider risk assessment was finalised.

Alignment of risk profiles and decision outcomes

In 2019–20, TEQSA re-registered 18 providers with ratings across the risk categories. Table 8 illustrates the percentage of adverse re-registration decisions for these risk categories for the last three years.

Table 8: Risk ratings and outcomes for re-registration*

	Provider risk rating	Adverse outcome** (per cent)	Positive outcome (per cent)
2017-18	Moderate to high	75	25
	Low	0	100
2018-19	Moderate to high	71	29
	Low	11	89
2019-20	Moderate to high	50	50
	Low	25	75

*Risk ratings are applicable at the date of receipt of application

**Condition, rejection of application or < 7 years of registration

TEQSA's risk assessments do not draw conclusions about compliance with the HES Framework or the ESOS Act and National Code. The Risk Assessment Framework focuses on key risks across the sector that can be readily measured on a regular

basis. However, in determining the scope of a regulatory assessment, TEQSA will consider a range of factors in addition to the Risk Assessment Framework, including a provider's compliance history, concerns received by TEQSA and open source information.

Table 9 demonstrates the relationship between the risk profile of a provider and the outcome of regulatory decisions about course accreditation and re-accreditation applications for registered providers. TEQSA only accredits or re-accredits courses for providers without self-accrediting authority. The table highlights the high proportion of course accreditation and re-accreditation decisions in 2019-20 with no adverse outcome (i.e. accreditation period of seven years and no conditions). This shift in part reflects a broader approach adopted by TEQSA where engagement with providers is undertaken at an earlier stage of the assessment process to help resolve compliance concerns in a more collaborative manner prior to a decision. This has resulted in fewer conditions being imposed and an increased use of non-statutory information requests.

Table 9: Risk ratings and outcomes for course accreditation and re-accreditation*

	Provider risk rating	Adverse outcome** (per cent)	Positive outcome (per cent)
2017-18	Moderate to high	50	50
	Low	58	42
2018-19	Moderate to high	64	36
	Low	25	75
2019-20	Moderate to high	29	71
	Low	13	87

*Risk ratings are applicable at the date of receipt of application

**Condition, rejection of application or < 7 years of accreditation

Professional accreditation

TEQSA continued to work with industry professional bodies during 2019-20 to consider and develop streamlined approaches to accreditation with the aim of minimising the administrative cost burdens on providers resulting from traditional accreditation. Projects included: standards mapping with Engineers Australia; a workshop to discuss streamlining and duplication between the standards of the HES Framework and those of the Australian Dental Council; and standards mapping with the Queensland College of Teachers against the Australian Institute for Teaching and School Leadership (AITSL) standards.

To further promote streamlined approaches to accreditation between the requirements of the HES Framework and those of industry professional bodies, TEQSA continued its work in the area of joint accreditation and undertook joint course accreditations with the Financial Adviser Standards and Ethics Authority and providers with the Queensland College of Teachers. This work involved using industry professional representatives with higher education expertise as TEQSA Experts in the course accreditation process.

TEQSA continued to be active in its advisory work with professional body peak groups, including providing ongoing advice to AITSL and through being a member of the Australian Health Practitioner Regulation Agency Accreditation Advisory Committee.

In response to the COVID-19 pandemic, TEQSA has been communicating with industry professional bodies with which it has a memorandum of understanding (MoU) regarding the need to be flexible in the approach to accreditation and professional registration during the pandemic. TEQSA issued a number of communications to the sector as responses to the pandemic developed. One initiative, which TEQSA strongly supported, was the development of the *Joint Statement of Principles for the Higher Education Sector COVID-19 Response* (May 2020) signed by:

- > Australian Council of Professions
- > Universities Australia (UA)
- > Independent Tertiary Education Council Australia (ITECA)
- > Independent Higher Education Australia (IHEA)
- > Australian Collaborative Education Network.

TEQSA has 39 MoUs in place with professional and industry bodies. These set out the basis for sharing of information about regulatory and other matters. During 2019-20, TEQSA signed or renewed agreements with the organisations listed in Table 10.

Table 10: Memorandum of understanding agreements with professional bodies signed or renewed in 2019–20

Organisation	Date signed or renewed
Architects Accreditation Council of Australia (AACA)	22 August 2019
Audiology Australia (AudA)	22 August 2019
Australian Institute for Teaching and School Leadership (AITSL)	21 August 2019
Australian Medical Council Limited (AMC)	24 September 2019
Australian Skills Quality Authority (ASQA)	12 March 2020
Council of Australasian University Leaders in Learning and Teaching (CAULLT)	2 September 2019
Independent Higher Education Australia (IHEA)	30 March 2020
Independent Tertiary Education Council Australia (ITECA)	24 February 2020
National ELT Accreditation Scheme Limited (NEAS)	29 August 2019
Teachers Registration Board of South Australia	11 September 2019

Working with international quality agencies

TEQSA is an active member of a number of global higher education quality assurance networks, including:

- > International Network for Quality Assurance Agencies in Higher Education (INQAAHE)
- > Council for Higher Education Association International Quality Group (CIQG)
- > Asia Pacific Quality Network (APQN)
- > Quality Beyond Boundaries Group (QBBG).

Through its membership and contribution to these groups, TEQSA plays an important role in protecting, enhancing and promoting the quality and integrity of Australia’s higher education sector internationally.

During 2019–20, TEQSA continued engagement with international quality assurance agencies and networks through various activities, including:

- > participation in the QBGG annual meeting in Singapore in October 2019 as well as the May 2020 extraordinary meeting to discuss each agency’s response to the COVID-19 pandemic, which included discussion on approaches to quality assurance of online learning and the future of digital learning
- > writing to international Memorandum of Cooperation (MoC) partners in April 2020, seeking to protect the standing of Australian higher education qualifications and explain the move to online delivery of courses and quality assurance in response to the disruption caused by the COVID-19 pandemic
- > regular teleconferences with its international MoC partners
- > TEQSA’s International Quality Assurance Staff Exchange Program.

During 2019–20, TEQSA signed or renewed MoCs with the organisations listed in Table 11.

Table 11: Memorandum of Cooperation signed or renewed in 2019–20

Organisation	Date signed or renewed
Academic Quality Agency for New Zealand Universities (AQA)	11 October 2019
Commission for Academic Accreditation (CAA)	29 November 2019
Hong Kong Council for Accreditation of Academic and Vocational Qualifications	28 November 2019
Quality and Qualifications Ireland	29 November 2019
Quality Assurance Agency for Higher Education, UK (QAA)	4 November 2019
SkillsFuture Singapore	31 July 2019

INQAAHE toolkit to support international quality assurance agencies to address academic integrity and contract cheating

In 2019–20, TEQSA produced a toolkit to support international quality assurance agencies with addressing academic integrity and contract cheating in their various jurisdictions. The development of the toolkit was funded through a grant awarded to TEQSA by INQAAHE in 2018–19. The toolkit was informed by current and emerging research into both academic integrity and contract cheating, and includes consideration of a broad suite of frameworks, approaches, and systems for the quality assurance of higher education. Case studies within the toolkit showcase responses to a sector-wide or provider-specific academic integrity issue.

The *Toolkit to support quality assurance agencies to address academic integrity and contract cheating* is available at: www.teqsa.gov.au/latest-news/publications/toolkit-support-quality-assurance-agencies-address-academic-integrity.

Action 1.4 Enhance TEQSA’s approach to monitoring, assessment and management of risks

Source: 2019–23 Corporate Plan, p. 16	
Performance indicator: Improved identification of high risk providers; reduced administrative cost burden for low risk providers; and improved evidence base for decisions about any required regulatory action.	
Qualitative target: Engage with individual providers with high risk ratings to determine the progress and the effectiveness of providers’ risk treatment plans. <i>(Timeframe: Annual)</i>	Outcome: Cycle 7 risk assessments to identify relevant providers were completed but the development of action plans was modified due to COVID-19 risk priorities. The risk environment continues to be closely monitored with a focus on providers’ financial risk.
Adopt an approach to scoping assessments which aligns with TEQSA’s risk appetite. <i>(Timeframe: 2019–20)</i>	An improved approach to scoping was developed, tested and implemented. An enhanced regulatory decision making framework was developed as part of TEQSA’s broader risk management framework.
Incorporate broader and timelier sources of information about risks in monitoring of the sector. <i>(Timeframe: 2019–23)</i>	A comprehensive project to improve the categorisation and triage of concerns about providers was completed. The risk-monitoring project was aligned with compliance and regulatory assessment work and will continue to be developed in 2020–21.
Overall result: Achieved.	

Provider risk in 2019–20

High-risk provider treatment plans

TEQSA considers the performance of providers annually through its provider risk assessment process. The risk assessment cycle is an important mechanism to identify high-risk providers that may warrant further engagement from TEQSA. This year, due to the COVID-19 pandemic, the risk context shifted significantly.

The financial impact of the pandemic on Australia’s higher education sector has been considerable. In early 2020, when travel restrictions resulted in students from China being unable to return to Australia, TEQSA engaged with all universities (and other higher education providers with significant numbers of Chinese students) to better understand the financial implications of the travel restrictions and providers’ risk mitigation strategies. This included face-to-face meetings with the providers considered to be impacted most significantly. This early engagement

strategy ensured TEQSA had an accurate and up-to-date understanding of the financial risks as well as adequate oversight of providers' strategies to mitigate those risks. As the pandemic escalated, TEQSA obtained regular financial updates from a number of particularly affected providers and continued to monitor the sector closely.

Risk appetite

In 2019-20, TEQSA developed risk appetite statements for regulatory and enterprise risks. Work is underway to integrate these statements within TEQSA's risk management framework. In addition, the implementation of an improved approach to scoping of assessments draws on all available data and intelligence and is proportionate to the potential risks identified.

Risk monitoring and compliance

Concerns about providers

Assessing concerns received about higher education providers is a key aspect of TEQSA's risk monitoring approach.

In 2019-20, TEQSA improved its approach to managing concerns about regulated entities. This included: improving public information; implementing a robust risk based triage process to more effectively prioritise concerns; and improving the categorisation of concerns to enhance TEQSA's reporting, oversight and market intelligence about providers. The improved approach has enhanced the timeliness and usefulness of the information used by TEQSA to monitor risk.

Table 12 sets out the number of concerns received by TEQSA over the last two years that are within TEQSA's legislative remit. In 2019-20, TEQSA received 497 concerns about providers, with 77 outside of TEQSA's jurisdiction which were redirected to the relevant agencies, where possible. In 2019-20, there was a 12 per cent increase in concerns received that were within TEQSA's remit compared with the previous year. Of these 420 concerns, the majority (33 per cent) were received between April and June 2020; and 54 related to the impact of the COVID-19 pandemic.

Table 12: Concerns received within TEQSA's jurisdiction year on year comparison

	2018-19	2019-20
Number of concerns received	376	420

Table 13 sets out the top ten types of concerns received by TEQSA over the last two years. In 2019–20, there was a substantial increase in concerns received about the delivery of teaching and courses, and the adequacy of student support and the learning environment, compared with the previous year. Many of these concerns related to changes to delivery as a result of the pandemic, particularly the move to online delivery. In the majority of cases, complainants were referred to their provider’s internal complaints mechanisms for consideration of their complaint.

Table 13: Concerns received by category

Type of concern	2018–19	2019–20
Delivery (Teaching and Courses)	38	84
Governance	72	63
Student Services / Learning Environment	27	47
Tuition and Refunds	39	36
Wellbeing and Safety - Other	22	25
Unregistered entity	13	22
Misrepresentation	15	18
Admission	31	16
Third party mismanagement	11	12
Other*	108	97
Total	376	420

*This category includes a range of concerns, including: contract cheating; information security; attainment/certification; ESOS Act; research integrity and quality; wellbeing and safety - sexual assault and sexual harassment; academic misconduct; provider closure; ELICOS; and disputes about matters that do not relate to another concern category.

Material changes

All registered higher education providers are required to notify TEQSA of events that will significantly affect their ability to meet the requirements of the HES Framework. TEQSA considers each of these notifications carefully to identify potential areas of substantial risk that may warrant further consideration.

In 2019-20, TEQSA received an unprecedented number of material change notifications, primarily as a result of changes providers had to make to respond to the COVID-19 pandemic, including shifting to online delivery. Table 14 sets out the top 10 categories of material change notifications received over the last two years. TEQSA received 441 material change notifications in 2019-20, which represents a 68 per cent increase on the previous year. The vast majority of notifications required no further action from TEQSA as providers demonstrated that they had considered the risks and had adequate mitigation measures in place. There were 14 material change notifications which resulted in formal compliance assessments.

Table 14: Material Change Notifications by category

Material change notification by category	2018-19	2019-20
Major course changes - Delivery mode	5	152
Change to Executive and/or Board membership	111	112
Governance - Ownership/Shareholdings/Control	12	23
Change to Principle Executive Officer	17	22
Third party agreement	32	22
Major course changes - Other	18	20
Update to National Register - Provider Details (Name/Status)	9	11
Governance - Other	5	10
Major campus changes - Campus closure/s	1	10
Other	52	59
Total	262	441

Objective 2: Support providers to deliver quality higher education, protect student interests and enhance the reputation and competitiveness of Australia’s higher education sector

During 2019–20, TEQSA:

- > undertook a review of the risk assessment framework to ensure its relevance in assessing the risks to student interests, and the reputation and competitiveness of the sector
- > developed a revised approach to risk assessment to enable monitoring of the financial impact of the pandemic on providers
- > published guidance and other materials to support providers to comply with HES Framework requirements, particularly in the rapid transition to online learning due to the restrictions of the pandemic.

TEQSA’s engagement with the sector was extensive during 2019–20, starting with the review of the risk assessment framework and later in response to the move to online learning. Access to materials and participation in events before and after the outbreak of the COVID-19 pandemic remained high, indicating the appropriateness of the engagement with providers and the support made available to the sector. The decision not to proceed with the annual stakeholder survey during the pandemic meant that for some targets there was a lack of robust evidence to assess the agency’s performance. Despite the disruption caused by the pandemic, the overall performance against Objective 2 was assessed as achieved.

Action 2.1: Consult stakeholders and identify issues and delivery strategies where guidance is required

Source: 2019–23 Corporate Plan, p. 17 Regulator Performance Framework KPI 6	
Performance indicator: The quality assurance and regulatory framework continues to be improved in consultation with relevant stakeholders.	
Qualitative target: Consult relevant stakeholders in reviewing and implementing changes arising from changes to legislation, legislative instruments or regulatory policy. <i>(Timeframe: 2019–23)</i>	Outcome: Risk Assessment Framework consultation completed.
Consult the sector on application fees and the annual levy in light of Government policy on cost recovery. <i>(Timeframe: 2019–20)</i>	The government revised the commencement date to 1 July 2021 in response to the disruption caused by the pandemic.
Qualitative target: 60 per cent or more of stakeholders rate TEQSAs consultation on improvements to the regulatory framework as good or excellent.	Outcome: Stakeholder survey data not available due to COVID-19 pandemic.
Overall result: Achieved.	

Risk Assessment Framework Consultation

TEQSA released its *Risk Assessment Framework Consultation Paper* in July 2019 to consult with the higher education sector on TEQSA's approach to risk assessment. TEQSA encouraged stakeholders to respond to seven questions, and to present other relevant views for TEQSA to consider in its planning. TEQSA received written submissions during the consultation period.

TEQSA also hosted a series of consultation workshops across Melbourne, Perth, Brisbane, Adelaide and Sydney between July and September 2019. Representatives from over 80 per cent of Australian higher education providers participated. At least one TEQSA Commissioner attended each workshop to hear from and engage with participants. This process provided a platform for participants to deepen their understanding of TEQSA's current risk assessment approach, and allowed for open and frank discussions between providers and TEQSA on the ways TEQSA could further enhance its monitoring and assessment of risk.

Broadly, stakeholders were supportive of the overall structure of the Risk Assessment Framework and the key risk areas it identified. Feedback included: the issue of data lag; proposed potential new risk indicators; the risks faced by the sector; suggested revised methodologies for existing risk indicators; and the benefit of more contextual factors that impact providers' risk profiles on indicators such as attrition, graduate destinations and student-staff ratio.

The feedback received will be incorporated into changes to the Risk Assessment Framework over the coming years. The disruption caused by the COVID-19 pandemic has required a revised approach to risk assessment in the short term. There will be continued assessment of risk to students, and risk to providers' financial position, with a major focus this year on financial viability.

Action 2.2: Publish information about regulatory and quality assurance matters

<p>Source: 2019–23 Corporate Plan, p. 17 Regulator Performance Framework KPI 2 2019–20 Portfolio Budget Statements, p. 166</p>	
<p>Performance indicator: TEQSA's communication with higher education providers is clear, targeted and effective.</p>	
<p>Qualitative target: Publish information including guidance notes, good practice notes and other resources about quality based on identified needs. <i>(Timeframe: 2019–23)</i></p>	<p>Outcome: One report and six new or updated guidance notes were published. A repository of online learning resources was established for providers in response to the COVID-19 pandemic, which had more than 12 000 unique page views. This was supplemented by webinars and podcasts on online learning.</p>
<p>Qualitative target: 80 per cent or more of stakeholders surveyed each year rate TEQSA's communication as good or excellent.</p>	<p>Outcome: Stakeholder survey data not available due to COVID-19 pandemic.</p>
<p>Overall result: Achieved.</p>	

Publication of information

In 2019–20, TEQSA updated five of its guidance notes and released a new guidance note: *Guidance Note: Monitoring and Analysis of Student Performance*. TEQSA also published two good practice notes: *Making higher education admissions transparent for prospective students* (July 2019) and *Improving retention and completion of students in Australian higher education* (February 2020).

In response to the need for providers to transition to online delivery of courses at the start of the COVID-19 pandemic and in recognition that several providers had limited experience with this mode of delivery, TEQSA assembled online learning good practice resources and made these available on the TEQSA website. These resources were reviewed regularly, in consultation with the sector, to address identified needs of providers. From its launch in April 2020 to June 2020, the website was visited more than 17,300 times and there have been more than 12,000 unique page views of these resources.

Objective 3: Provide advice and information to inform decisions about the appropriateness and quality of Australian higher education

During 2019–20, TEQSA provided advice and information to the sector and other stakeholders including:

- > discussing key issues about quality and regulation with the TEQSA Student Expert Advisory Group
- > publishing a report analysing the key risk findings of Australian higher education providers and the sixth edition of the *Statistics report on TEQSA registered higher education providers 2019*
- > publishing information about regulatory decisions on the National Register of Higher Education Providers (National Register) within the legislative timeframe
- > briefing the Higher Education Standards Panel (HESP) about important sector matters
- > contributing to the review of the Australian Qualifications Framework (AQF), the review of provider categories and the implementation of recommendations regarding professional accreditation
- > focusing the TEQSA Annual Conference on the theme of ‘partnerships driving quality’
- > hosting workshops to promote academic integrity
- > delivering webinars about the transition to online learning.

Since commencing operations in 2012, TEQSA has developed considerable expertise about the sector. It has established an effective and diverse approach to providing evidence-based advice and information about the sector to stakeholders. The increasing popularity of the TEQSA conference, workshops, webinars and forums reflects the relevance of the topics to the sector. The overall performance against Objective 3 was assessed as achieved.

Action 3.1: Enhance engagement with students

Source:

2019–23 Corporate Plan, p. 18
Regulator Performance Framework KPI 6
2019–20 Portfolio Budget Statements, p. 166

Performance indicator:

The quality assurance and regulatory framework continues to be improved in consultation with stakeholders.

Qualitative target:

Meet with the Student Expert Advisory Group regularly to identify and discuss sector wide issues for students, develop resources for students and strategies for the deeper integration of students with TEQSA's regulatory work.
(Timeframe: Annual)

Outcome:

There were two meetings held during 2019–20 where key issues and strategies relating to the regulation and quality assurance of higher education were discussed with student leaders.

Overall result: Achieved.

Student engagement

TEQSA continues to foster collaborative relationships with its Student Expert Advisory Group. In November 2019 and May 2020, meetings were held with the group, including leaders from the major student representative bodies:

- > Australian Queer Students' Network (AQSN)
- > Council of Australian Postgraduate Associations (CAPA)
- > Council of International Students Australia (CISA)
- > Independent Higher Education Australia (IHEA) nominee
- > Independent Tertiary Education Council Australia (ITECA) nominee
- > National Aboriginal and Torres Strait Islander Postgraduate Association (NATSIPA)
- > National Union of Students (NUS)
- > TAFE Directors Australia (TDA) nominee
- > Union of Aboriginal and Torres Strait Islander Students (UATSIS).

TEQSA also held an Academic Integrity for Students workshop in November 2019. The workshop was designed to enable students to discuss the serious implications of contract cheating with senior leaders, academic staff, and fellow students and to contribute to the creation of effective solutions to the problem of contract cheating at their home institutions. Forty-five students from a diverse range of providers participated in the workshop.

In response to the impact of the pandemic on students, TEQSA collaborated with the Student Expert Advisory Group to update the TEQSA student webpage to ensure it remained relevant for students transitioning to online learning. The resources ranged from: support during the COVID-19 pandemic; useful links for support services offered to students; TEQSA's complaints procedures; to information on the newly developed short course certificates.

Action 3.2: Provide information about the sector to inform policy development, good practice and student choice

Source:	
2019-23 Corporate Plan, p. 18	
Performance indicator:	
Policy makers and other stakeholders are provided with an evidence base for decision making in relation to particular issues.	
Qualitative target:	Outcome:
Publish information about key data used or collected by the agency. <i>(Timeframe: Annual)</i>	The sixth edition of the <i>Statistics report on TEQSA registered higher education providers</i> was released.
Publish timely and accessible information about regulatory decisions on the National Register of Higher Education Providers and on the TEQSA website. <i>(Timeframe: 2019-23)</i>	The National Register and TEQSA website were updated regularly and work to further enhance the National Register commenced.
Engage with the work of the Department of Education and the Higher Education Standards Panel in relation to higher education quality and regulation. <i>(Timeframe: 2019-23)</i>	TEQSA contributed to the review of the AQF and revised draft standards arising from the review of provider categories, and continued to engage with the Department of Education, Skills and Employment on implementation of the recommendations of the review of professional accreditation.
Deliver an annual conference and a program of forums that highlight key quality issues for the sector. <i>(Timeframe: Annual)</i>	TEQSA's annual conference was held in late November 2019. Registration and attendance at the conference exceeded previous TEQSA conferences by a significant margin, reflecting strong support for the conference by all groups of TEQSA stakeholders.
Qualitative target:	Outcome:
75 per cent or more of stakeholders rate the TEQSA Conference and the National Register of Higher Education Providers as good or excellent.	Stakeholder survey data not available due to COVID-19 pandemic. However, the National Register remains the most accessed part of the TEQSA website with over 70,000 page visits in 2019-20.
Overall result: Achieved.	

Information about the sector

Publication of information

TEQSA published its *Statistics report on TEQSA registered higher education providers 2019* in October 2019 at: www.teqsa.gov.au/latest-news/publications/statistics-report-teqsa-registered-higher-education-providers-2019.

TEQSA published its *Key risk findings on Australia's higher education sector* in July 2019 at: www.teqsa.gov.au/latest-news/publications/key-risk-findings-australias-higher-education-sector.

National Register

Under section 198 of the TEQSA Act, TEQSA is required to establish and maintain a national register. The National Register of Higher Education Providers (National Register) makes available useful information about all registered providers and regulatory action taken by TEQSA, including all regulatory decisions and reasons for those decisions, at www.teqsa.gov.au/national-register.

As of 30 June 2020, 178 providers were registered with TEQSA (see Table 15) and 1 811 TEQSA-accredited courses were listed. In 2019-20, seven new providers were added to the National Register, including one provider registered as a result of a decision made by the Administrative Appeals Tribunal. The National Register received over 70,000 page views in 2019-20, making it the most accessed section of the TEQSA website.

Table 15: National Register breakdown as at 30 June 2020

Provider Category	Providers with SAA (full or partial)	Providers with no SAA	TOTAL
Higher Education Provider*	11	124	135
Australian University	40	0	40
Australian University College	1	0	1
Australian University of Specialisation	1	0	1
Overseas University	1	0	1
Total providers	54	124	178

* includes for-profit, not-for-profit and TAFE providers

Engagement with the Higher Education Standards Panel

TEQSA worked closely with relevant Commonwealth, State and Territory agencies and in particular: the Department of Education, Skills and Employment; the Higher Education Standards Panel (HESP); the Australian Skills Quality Authority (ASQA); and the Department of Home Affairs. This collaboration included the regular exchange of information related to the risks to students and the reputation of the higher education sector.

Under section 168 of the TEQSA Act, the responsibilities of the HESP include monitoring the operation of, and making recommendations for amendments to, the HES Framework. More recently, the HESP has been given the role of advising and making recommendations to TEQSA about: approaches to deregulation; strategic objectives; corporate planning and performance against the plan; streamlining of activities; and resourcing requirements. TEQSA attended meetings of the HESP to discuss sector matters, including operation of the HES Framework. During 2019-20, TEQSA Commissioners, the CEO and senior staff attended each meeting of the HESP to progress important sector matters including:

- > actions to support the sector during the COVID-19 pandemic
- > outcomes of the Australian National Audit Office performance audit
- > actions to address risks of contract cheating
- > monitoring of compliance with English language admissions standards
- > review of the Risk Assessment Framework
- > assessment of the adoption of admissions transparency recommendations by providers
- > engagement with students to monitor the student experience.

TEQSA Annual Conference and forums

In 2019–20, TEQSA undertook a variety of sector engagement forums and events including:

- > the annual TEQSA Conference, held in Melbourne from 27–29 November 2019, which attracted over 930 delegates from 163 institutions and 11 international organisations
- > regular meetings with peak bodies to discuss policy issues and the impact of COVID-19 on their members
- > two expert briefing workshops held in July 2019 and an experts annual forum held prior to the TEQSA Conference in November 2019
- > five Risk Assessment Framework Consultation Workshops held between July and September 2019
- > twenty Academic Integrity Workshops held across Australia (including regional areas) and in New Zealand between October 2019 and January 2020, with the aim to assist providers to promote a culture of academic integrity within their higher education institutions
- > a six-part webinar series *Going online: R(e)imagining teaching and learning*, produced in collaboration with RMIT, was delivered to support providers during the COVID-19 pandemic. Along with recordings of the webinars, responses to the questions raised were recorded and made available on the TEQSA website. In total, the six webinars had over a thousand participants.

Information about the TEQSA Conference 2019 is available at: www.teqsa.gov.au/teqsa-conference-2019-0.

Objective 4: Taking prompt and effective action to address substantial risks to students or the reputation of the sector

In 2019-20, TEQSA undertook significant work on ensuring provider compliance with the HES Framework and addressing sector-wide risks including:

- > improving the management of compliance assessments and the reporting framework
- > participating in the review of regulatory decisions in the Administrative Appeals Tribunal (AAT)
- > reviewing implementation of recommendations for the transparency of admissions
- > assessing compliance with English language proficiency admission requirements
- > publishing good practice notes on areas that pose a risk to students and to the reputation of the sector, such as admissions transparency and student retention.

The work TEQSA undertakes in addition to application-based assessments has increased as the agency's knowledge about risks to students and the sector has grown. TEQSA's tailored approach to different quality issues has ensured proportionate action has been taken to address risks. The decision not to proceed with the annual stakeholder survey during the pandemic meant that for one target there was a lack of robust evidence to assess that agency's performance. Despite the disruption caused by the pandemic, performance against Objective 4 was assessed as achieved.

Action 4.1: Undertake compliance assessments and take regulatory action to address serious non-compliance

Source:

2019-23 Corporate Plan, p. 19
Regulator Performance Framework KPI 3
2019-20 Portfolio Budget Statements, p. 166

Performance indicator:

Regulatory actions undertaken by TEQSA are proportionate to the risks being managed.

Qualitative target:

Ensure compliance assessments involve prompt, targeted action to efficiently and effectively address risks to students or the reputation of the sector.
(*Timeframe: Annual*)

Outcome:

A framework to capture and report the progress of compliance assessments is in place and work is ongoing to ensure TEQSA's compliance and enforcement activities are operationalised effectively.

Overall result: Achieved.

Compliance with the HES Framework

Compliance with conditions

TEQSA's response to a provider's risk of non-compliance with the HES Framework is proportionate to the risk TEQSA seeks to address. If a provider is at a substantial risk of non-compliance but appears willing and able to address the concerns, TEQSA's response may involve the imposition of conditions and/or a reduced period of registration or accreditation. This assists TEQSA to monitor the provider's progress in addressing any deficiencies and ensures the provider implements the necessary remedy to remain compliant with the HES Framework.

In 2019-20, TEQSA conducted 183 assessments to determine compliance with conditions. TEQSA revoked 58 conditions and varied eight conditions.

As at 30 June 2020, 60 providers (34 per cent of registered providers) were subject to a total of 187 active conditions. Of these conditions, nearly half require periodic reporting to TEQSA as assurance that the providers are actively monitoring the implementation and outcomes of their rectification measures. These conditions consisted of:

- > 135 conditions imposed on TEQSA registrations
- > 52 conditions imposed on course accreditations.

In 2019-20, TEQSA addressed non-compliance with the HES Framework by:

- > imposing 24 conditions across 14 providers
- > re-registering five providers for shorter periods than the maximum seven years
- > registering and re-registering 14 providers for shorter periods on CRICOS (excluding those recently granted initial TEQSA registration)
- > accrediting and re-accrediting 15 courses across five providers for shorter periods (excluding newly registered providers and short courses).

The most common conditions related to compliance with:

- > Domain 5 - Institutional Quality Assurance, in particular Section 5.3 Monitoring, Review and Improvement
- > Domain 3 - Teaching, in particular Sections 3.1 Course Design and 3.2 Staffing
- > Domain 6 - Governance and Accountability, in particular Sections 6.1 Corporate Governance and 6.2 Corporate Monitoring and Accountability.

Compliance assessments and investigations

Compliance assessments are initiated through the concerns TEQSA receives from students and the public, and in response to issues identified through the media, information from other government agencies or through information TEQSA holds, such as data from the annual risk assessment process.

Prior to commencing a compliance assessment, TEQSA analyses the risk, which involves a review of the information TEQSA has available, including the provider's risk profile and regulatory history. This helps TEQSA to understand the significance, likelihood and consequence of the issues raised, to enable a decision on the most appropriate course of action to take.

In 2019-20, 103 compliance assessments were initiated and 70 compliance assessments were finalised.

External review matters

In 2019-20, TEQSA was a party in 10 external review matters in the Administrative Appeals Tribunal (AAT) relating to regulatory decisions.

In addition to four matters carried over from 2018-19, six new matters commenced in the AAT in 2019-20. One matter was resolved by agreement, one matter was dismissed following withdrawal by the applicant, and the AAT affirmed TEQSA's decision in *Barque Institute Australia and Tertiary Education Quality and Standards Agency [2020] AATA 70*. Seven matters were carried into 2020-21.

The areas of the HES Framework considered in the matters under review included corporate governance, staffing (including teaching staff, academic leadership and support staff), course content and delivery, academic integrity, and financial viability.

In addition to the external review matters in the AAT, Barque Institute Australia appealed the AAT's decision to affirm TEQSA's decision to reject its applications. That appeal is currently before the Federal Court of Australia.

Action 4.2: Identify and respond to sector-wide risks to students and the reputation of the sector

Source:

2019-23 Corporate Plan, p. 19

2019-20 Portfolio Budget Statements, p. 166

Performance indicator:

TEQSA is effective in maintaining the quality of the sector.

Qualitative target:

Review and implement a new approach to sector-wide risks in collaboration with stakeholders.

(Timeframe: 2019-21)

Outcome:

TEQSA completed its: evaluation of the implementation by providers of admissions transparency recommendations; assessment of compliance by selected providers with English language proficiency of students; and workshops on academic integrity.

TEQSA did not progress its compliance review of ELICOS providers against the new standards due to the impact of the COVID-19 pandemic on providers.

Address sector wide risks in collaboration with stakeholders.

(Timeframe: 2019-23)

Arrangements for establishing and operating the Higher Education Integrity Unit commenced.

Qualitative target:

60 per cent or more of stakeholders rate TEQSA's performance over the last 12 months in assuring the quality of Australian higher education, as good or excellent.

Outcome:

Stakeholder survey data not available due to COVID-19 pandemic.

Overall result: Achieved.

Addressing sector-wide risks and TEQSA's approach to sector assessments

TEQSA has proactively engaged with the sector relating to a number of sector-wide risks by providing tailored advice, workshops and toolkits and through the development and publication of good practice notes.

TEQSA published good practice notes relating to admissions transparency and to student retention. TEQSA also worked with providers to promote good practice by including a specific assessment of provider measures to prevent and address sexual assault and sexual harassment as a part of the provider re-registration process during 2019–20.

During late 2019, TEQSA ran a series of national workshops to assist providers to prevent, detect and respond to contract cheating. TEQSA subsequently released a toolkit using the information gathered from these workshops. The *Academic integrity toolkit* (beta version) is available at: www.teqsa.gov.au/toolkit.

Analysis of TEQSA's financial performance

For the 2019–20 financial year, TEQSA recorded a deficit of \$2.14 million compared with a surplus of \$0.75 million in 2018–19.

The 2019–20 Portfolio Budget Statements estimated an operating deficit of \$0.79 million, which reflects the unfunded depreciation and amortisation expense.

The deficit in 2019–20 is primarily attributable to increased employee expenses relating to operating and project activities and the effect of the transition to the new lease standard AASB 16.

4

Management and accountability

- Corporate governance
- Human resources
- Corporate services
- Financial management

Section 4: Management and accountability



Corporate governance

TEQSA's corporate governance framework incorporates:

- > regulatory and management decision-making bodies
- > an integrated planning framework
- > systems, policies and directives such as the Enterprise Risk Management Framework and accountable authority instructions
- > an ethical and accountable organisational culture
- > transparency in public reporting.

Decision forums and committees

Commission

The TEQSA Commission is responsible for: making regulatory decisions; setting strategic directions; monitoring risk in the sector; and deciding on matters relating to the development of TEQSA's quality assurance and regulatory framework, and its management of strategic relationships with key stakeholders.

In 2019-20, the Commissioners met on a fortnightly basis to consider and make decisions on regulatory matters.

Accountable authority

Section 132 of the TEQSA Act establishes the Commissioners as the accountable authority for the purposes of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). This confers various responsibilities and powers on the accountable authority to promote high standards of accountability and performance. As the accountable authority, TEQSA Commissioners are responsible for the governance of TEQSA's operations under the PGPA Act.

In 2019-20, Commissioners met on a quarterly basis as the accountable authority to review performance against the corporate plan, and received monthly reports on the assessment workload and financial performance. Additional meetings were held as required to consider specific matters.

The appointment of Commissioners also includes their role as the accountable authority of TEQSA. Table 16 lists the members of the accountable authority and their period of tenure in the role.

Table 16: Details of accountable authority during 2019–20

Name	Position title/ Position held	Period as the accountable authority or member within the reporting period	
		Date of commencement	Date of cessation
Professor Nicholas Saunders	TEQSA Chief Commissioner, accountable authority	6 September 2014	28 February 2021
Professor Peter Coaldrake	TEQSA Commissioner, accountable authority	28 May 2020	27 May 2025
Professor Joan Cooper	TEQSA Commissioner, accountable authority	15 April 2019	14 April 2024
Dr Lin Martin	TEQSA Commissioner, accountable authority	1 February 2015	31 January 2020
Professor Cliff Walsh	TEQSA Commissioner, accountable authority	3 February 2014	2 February 2022

Audit and Risk Committee

TEQSA's Audit and Risk Committee is established in compliance with section 42 of the PGPA Act and operates under an Audit and Risk Committee Charter, approved by the accountable authority. In 2019–20, the committee comprised three external members (including the Chair) appointed by the accountable authority. Until October 2019, the committee also included a TEQSA Commissioner as an internal member. TEQSA's Audit and Risk Committee Charter is available at www.teqsa.gov.au/our-governance.

The Audit and Risk Committee's role is to provide independent assurance to the accountable authority on TEQSA's financial and non-financial performance reporting responsibilities, and oversight of risk identification and management. This includes reviewing the proposed internal triennial audit plan to ensure internal audit activities are focused on TEQSA's key areas of financial and operational risk.

In 2019-20, the following internal audit was carried out: Information, Communications and Technology Service Transition-in Arrangements Review.

In 2019-20, the Audit and Risk Committee met on a quarterly basis, with additional meetings held as required to address specific matters.

Table 17: Details of the Audit and Risk Committee during 2019-20

Member name	Qualifications, knowledge, skills or experience (include formal and informal as relevant)	Number of meetings attended/ total number of meetings	Total annual remuneration
Dr Len Gainsford, Chair	Dr Len Gainsford (B Econ <i>Qld</i> MBA <i>Macq</i> MA <i>UNSW</i> DBA <i>Macq</i> PFIIA CRMA GAICD) has 16 years as a PwC and a KPMG partner, nine years as Director Audit and Assurance in the Office of the Secretary of a large State Government Department, ten years chairing Government Audit and Risk Committees and nine years as a University Adjunct Research Fellow. His doctorate is in risk, compliance and compliance culture. He continues to meet all annual CPE requirements for Membership of the Institute of Internal Auditors.	5/5	\$18,975.00 (GST incl.)
Sally-Anne Pitt, Deputy Chair	Sally-Anne Pitt's areas of expertise include internal audit and performance audit, audit quality, risk management and corporate governance and public policy development and review. She holds a Bachelor of Applied Science, a Master of Public Policy and post-graduate business studies from the Darden Business School, University of Virginia (USA). Ms Pitt is a Professional Fellow of the Institute of Internal Auditors and a Director of their Global Board, a Certified Internal Auditor, Certified Government Auditing Professional and is qualified as a Quality Assessment Reviewer by the Institute of Internal Auditors.	5/5	\$12,650.00 (GST incl.)

Table 17: Details of the Audit and Risk Committee during 2019–20 (continued)

Member name	Qualifications, knowledge, skills or experience (include formal and informal as relevant)	Number of meetings attended/ total number of meetings	Total annual remuneration
Brandon Mack	Brandon Mack has been a senior executive in a large state government department. As a member of its leadership group he was also the lead executive in risk management, occupational health and safety and portfolio performance, reporting and oversight. His fields of expertise also include influencing organisational performance and outcomes in areas spanning major transport projects, transport and planning policy, social policy, corporate governance, corporate planning, procurement, business systems and processes, IT and internal audit. Mr Mack holds a Bachelor of Arts (Hons) degree from Monash University.	5/5	\$12,650.00 (GST incl.)
Professor Cliff Walsh	Professor Walsh's areas of expertise include public sector economics and public policy; regulatory theory and its application to economic, social and environmental issues; economic and social evaluation of public sector programs and regulatory regimes; and intergovernmental economic, political and administrative relations. Professor Walsh holds undergraduate and graduate degrees in economics from the London School of Economics and a PhD from the Australian National University.	0/1 Professor Walsh resigned from the Committee in October 2019	-

Security Committee

In 2019–20, TEQSA's Security Committee comprised the Chief Security Officer, the Director Corporate Group, the Agency Security Advisor and the Information Technology Security Advisor. The committee met quarterly to review all aspects of protective security affecting the agency, and assist the agency to meet its compliance and reporting requirements under the Australian Government Protective Security Policy Framework. From September 2019, TEQSA's General Counsel replaced the Chief Executive Officer as Chief Security Officer for TEQSA.

Planning and management

Corporate Planning

The *TEQSA Corporate Plan 2019–23* was:

- > submitted to the Minister for Education on 14 August 2019
- > approved on 29 August 2019
- > published on the TEQSA website by 30 August 2019
- > provided to the Minister for Finance.

Enterprise Risk Management Framework

TEQSA accepts that there may be risk in any aspect of its operations and that having an appropriate strategy for risk identification and management is critical. TEQSA uses a risk-based approach for its day-to-day business and is committed to the continuous improvement of risk management practices in line with the *Commonwealth Risk Management Policy* and the Department of Finance *Resource Management Guide 211 (ISO 31000:2009)*.

TEQSA's Enterprise Risk Management Framework is underpinned by a strong organisational culture, a deep understanding of risk in relation to regulatory matters, a risk management policy and risk appetite statement, an enterprise risk register, a Fraud Control and Anti-Corruption Plan, and arrangements for staff training and support.

In 2019–20, the enterprise risk register was amended to address the risks arising from the COVID-19 pandemic.

Protective security

TEQSA's Agency Security Advisor is responsible for coordinating security functions in the agency and providing advice to the Chief Security Officer, management and staff on security matters. In 2019–20, TEQSA applied appropriate protective security measures, based on its risk profile, to ensure compliance with the mandatory requirements of the Protective Security Policy Framework.

Ethical standards

TEQSA's measures to promote ethical standards within the agency include:

- > providing training for all staff in fraud and corruption awareness and conflicts of interest
- > maintaining policies relating to ethical standards and behaviour relevant to TEQSA's operational context, for example, in relation to email, internet use, fraud and disclosure of information
- > integrating adherence to the Australian Public Service (APS) Code of Conduct and Values into the individual performance and development plans of TEQSA staff.

External scrutiny

TEQSA is subject to external scrutiny by:

- > the Office of the Commonwealth Ombudsman
- > the Australian National Audit Office
- > the Administrative Appeals Tribunal
- > the Attorney-General's Department
- > the Office of the Australian Information Commissioner
- > parliamentary committees.

During 2019-20, the Commonwealth Ombudsman and parliamentary committees did not issue any reports on the operations of TEQSA. No judicial decisions, decisions of administrative tribunals, or decisions by the Australian Information Commissioner in 2019-20 had a significant impact on the operations of TEQSA.

During 2019-20, the Australian National Audit Office undertook a performance audit to assess the effectiveness of TEQSA's regulation of higher education and reported its findings in April 2020. For further information on the performance audit in this report see *Section 3: Australian National Audit Office performance audit*.

During 2019-20, TEQSA officials appeared at parliamentary committee hearings for:

- > 2019-20 Supplementary Budget Estimates (24 October 2019)
- > 2019-20 Additional Estimates (5 March 2020).

Fraud control

The Commonwealth Fraud Control Policy requires that accountable authorities provide an annual report about fraud to their Minister. Section 10 of the *Public Governance Performance and Accountability Rule 2014* requires the agency to take all reasonable measures to prevent, detect and deal with fraud, including by undertaking fraud risk assessments and establishing a fraud-control plan.

TEQSA's Fraud and Anti-Corruption Plan sets out TEQSA's policy and approach to fraud control, procedures to effectively manage fraud and corruption risks and incidents, and relevant reporting obligations. The plan, reviewed annually by TEQSA's Audit and Risk Committee, also provides for appropriate training and awareness-raising activities to support TEQSA staff in understanding their responsibilities in relation to fraud control.

TEQSA employees are subject to a robust employment screening process. It is compulsory for staff commencing with TEQSA to complete fraud awareness training. Staff with financial delegation are vetted by the Australian Government Security Vetting Agency (AGSVA) to a minimum of a baseline security clearance. As part of the vetting process, a financial history check is completed by AGSVA.

TEQSA adopts a zero-tolerance approach toward fraud and corruption, and aims to manage the fraud risk to a level as low as is reasonably practicable. TEQSA had no incidents of fraud to report for 2019-20. TEQSA remains committed to a proactive approach in fraud management, prevention and detection, in accordance with the Commonwealth Fraud Control Policy.

Service Charter

TEQSA is committed to excellence in service delivery and stakeholder engagement. The *TEQSA Service Charter* articulates the agency's service standards, approach to engaging with stakeholders, and handling of complaints. In 2019-20, TEQSA updated the Charter to ensure its quality assurance and regulatory approach is responsive and service-oriented. To support good practice in its handling of complaints, TEQSA ensures that students, providers and the general public are informed of options for making complaints about a provider or about TEQSA. More information is contained in this report at *Appendix H: Complaints handling*.

More broadly, TEQSA manages its relationships with providers in line with the APS Code of Conduct and Values, which emphasise professionalism and accountability.

More information about the *TEQSA Service Charter* is available at www.teqsa.gov.au/for-providers/resources/teqsa-service-charter.

Human resources

The terms and conditions of employment for non-Senior Executive Service (SES) TEQSA employees are set out in the *Tertiary Education Quality and Standards Agency Enterprise Agreement 2018-2021*. This enterprise agreement was voted up by staff in December 2017, approved by the Fair Work Commission, and came into effect on 18 May 2018.

TEQSA maintains a shared-services arrangement with the Productivity Commission for information and communications technology, and payroll services. The arrangement is beneficial for both agencies and for TEQSA's service delivery, significantly reducing costs.

Adjustments in response to the COVID-19 pandemic

The COVID-19 pandemic presented many challenges to the agency in relation to working safely and effectively. TEQSA implemented a number of approaches to support staff, including:

- > enabling of remote working from home arrangements for all staff
- > roll-out of new technology platforms for communicating with providers and colleagues
- > recruitment and on-boarding of new staff remotely
- > support for flexible arrangements for staff with increased carer responsibilities and home schooling needs
- > provision of a range of health, safety and wellbeing resources, with a particular focus on mental health.

Staffing statistics

As at 30 June 2020, TEQSA employed 56 APS and 33 executive-level staff, including one SES officer and four Office Holders.

From March 2020, the Chief Commissioner was appointed as the Acting CEO of TEQSA, following the departure of the previous CEO, Mr Anthony McClaran, who has taken up the position of Vice-Chancellor at St Mary's University, UK.

More information on TEQSA's staffing profile is included at *Appendix C: Staffing profile*.

Remuneration and other terms and conditions

The conditions of employment for APS and executive-level employees are set out in the enterprise agreement. The agreement offers competitive terms and conditions of employment, including financial assistance for relevant professional development.

TEQSA's Commissioners, including the Chief Commissioner, are appointed by the Minister pursuant to section 138 of the TEQSA Act, and are paid the remuneration determined by the Remuneration Tribunal. The CEO of TEQSA is also appointed by the Minister and the CEO's remuneration is determined by the Remuneration Tribunal.

Non-salary benefits

Non-salary benefits provided by the agency to employees include superannuation, home-based computer access, professional development and studies assistance, and flexible working arrangements.

Performance pay

TEQSA's enterprise agreement does not include provision for performance pay.

Performance assessment

TEQSA has a formal performance management system in place for staff. This assists in:

- > clarifying individual employee work tasks, responsibilities and performance
- > setting performance expectations and providing feedback
- > improving communication between managers and their staff (through performance appraisals)
- > providing a basis for determining salary advancement within classifications, identifying learning and professional development needs and opportunities, and identifying and managing under-performance.

Learning Committee

The Learning Committee is driven by a network of staff, focusing on information sharing and capability development by enhancing understanding and knowledge of strategic and emerging issues in the higher education sector.

In 2019-20, TEQSA's Learning Committee facilitated 13 interactive sessions for staff with presenters from peak bodies, international agencies and TEQSA experts.

Professional development

TEQSA recognises the value of a capable and high performing workforce and provides staff with learning and development opportunities to develop skills and knowledge for current and future roles and responsibilities.

In 2019–20, TEQSA provided staff with the following professional development:

- > executive coaching
- > diversity and inclusion awareness workshops
- > health and wellbeing workshops
- > case management skills
- > targeted management and leadership skills development
- > higher duties and secondments
- > external conferences and seminars.

TEQSA's enterprise agreement also provided access for all staff to an annual reimbursement of up to \$3,000 for the cost of relevant professional development, including fees associated with an approved course of study.

Workplace consultative arrangements

The agency consulted regularly with staff through a number of fora. Regular all-staff meetings provided staff with updates on a range of management and operational issues. Each group within the agency held regular meetings to raise issues and put forward ideas for improving the work environment. In addition, staff were able to provide comment and feedback through the TEQSA Staff Consultative Committee.

TEQSA experts

TEQSA uses a range of external experts across discipline, pedagogical and specialised higher education policy and governance areas in undertaking its regulatory activities. The agency actively maintains a Register of Experts that staff use to select relevant experts, primarily for course accreditation or renewal of accreditation applications. The advice from experts informs the assessment of applications by TEQSA staff and their development of recommendations for decision makers.

In 2019–20, TEQSA completed its review of the Register of Experts and approach to engagement with experts. Key outcomes of the review included:

- > the establishment of an Experts Advisory Board, to provide independent advice and assist with sector engagement
- > the deployment of an enhanced database, with improved demographic reporting and more in-depth information on expertise to better inform staff on expert selection for assignments
- > the implementation of programs and support to foster a community of best-practice for TEQSA experts, including an inaugural experts annual forum, held in conjunction with the annual TEQSA conference.

In 2019-20, a total of 89 experts were engaged by TEQSA.

Table 18: Work assignments completed by experts

Financial year	Completed work assignments
2017-18	191
2018-19	138
2019-20	157

Corporate services

Legal services

TEQSA's Legal Group provides, or arranges for the provision of, legal services in relation to all aspects of TEQSA's operations.

Where necessary, the Legal Group obtains additional legal expertise from external legal service providers. The Legal Group ensures that TEQSA complies with the Legal Services Directions and other Commonwealth policies or rules relevant to the provision of legal services.

For more information about TEQSA's legal services expenditure see www.teqsa.gov.au/our-contracts-senate-order-listing.

Information technology

TEQSA's information technology infrastructure and support is provided by the Productivity Commission under a shared-services agreement.

Under the *Disability Discrimination Act 1992*, Australian Government agencies are required to ensure information and services are provided in a non-discriminatory and accessible manner. The TEQSA website has been designed to meet the Australian Government Digital Service Standard established in respect to this requirement. TEQSA's website also aims to meet the AA requirements of the World Wide Web Consortium's Web Content Accessibility Guidelines version 2.0 (WCAG 2.0).

Financial management

Fees

TEQSA operates on a partial cost-recovery basis, consistent with the Commonwealth Cost Recovery Guidelines. Section 158 of the TEQSA Act states that TEQSA may determine fees for things done in the performance of its functions. Fees collected by TEQSA under cost recovery arrangements are returned to the Australian Government's Consolidated Revenue. TEQSA cannot determine fees without the Minister's approval.

As part of the Australian Government's Higher Education Relief Package, TEQSA refunded fees and charges invoiced from 1 January 2020. This measure will be in place until 30 June 2021. As of 30 June 2020, \$1.1 million in fees for 70 providers had been waived and \$0.65 million in fees had been refunded to 31 providers.

TEQSA developed its initial fee schedule based on parameters set by the Australian Government in 2011 and TEQSA's status as a partial cost recovery agency. In the 2018-19 Budget it was announced that TEQSA will progressively transition from partial cost recovery to a full cost recovery model, now scheduled to commence on 1 July 2021.

Fees payable as at 30 June 2020 are available at: www.legislation.gov.au/Details/F2020C00728.

Performance against core purchasing policies

All contracts adhered to the core policies and principles of the Commonwealth Procurement Rules throughout the reporting period. An appropriate approach to market was made for all procurements covered by the Commonwealth Procurement Rules.

Competitive tendering and contracting

TEQSA's Accountable Authority Instructions and Procurement Manual require compliance with the Commonwealth Procurement Rules.

All contracts with a value of \$10,000 or more (inclusive of GST) entered into by TEQSA in 2019-20 were lodged on AusTender.

Procurement initiatives to support small business

TEQSA supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website.

TEQSA employs a number of procurement practices to support SMEs including:

- > use of the Commonwealth Contracting Suite for low-risk procurements valued under \$200,000
- > applying the Small Business Engagement Principles to effectively engage and communicate with small businesses
- > seeking opportunities to engage Aboriginal and Torres Strait Islander businesses
- > use of electronic payment systems to facilitate on-time payments.

Exempt contracts

TEQSA had no contracts in excess of \$10,000 (inclusive of GST) that were exempted by the Chief Executive Officer from being published on AusTender because it would disclose exempt matters under the *Freedom of Information Act 1982*.

Australian National Audit Office access clauses

No contracts were let during the year for \$100,000 or more (inclusive of GST) with provisions to exempt Australian National Audit Office access to contractors' premises.

Consultancies

TEQSA uses consultancy services to obtain specialist expertise or independent advice to investigate or diagnose a defined issue or problem, carry out defined reviews or evaluations, and provide creative solutions to assist in the agency's decision making.

The selection and engagement of consultants was conducted in accordance with the PGPA Act, Commonwealth Procurement Rules, and internal policies and procedures. Table 19 states the number of new and ongoing contracts during 2019–20 and the expenditure on them.

Annual Reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website at www.tenders.gov.au.

Table 19: Consultancy contracts and expenditure, 2019–20

	Total
Number of new contracts entered into during the period	7
Total actual expenditure during the period on new contracts (including GST)	\$310,755
Number of ongoing contracts engaging consultants that were entered into during the previous period	2
Total actual expenditure during the period on ongoing contracts (including GST)	\$116,786

Grants

TEQSA does not administer any discretionary grants programs.

- ▶▶ TEQSA's engagement with the sector was extensive during 2019–20, starting with the review of the risk assessment framework and later in response to the move to online learning.

5

Financial report

- Independent Auditor's report
- Statement by the accountable authority and Chief Financial Officer
- Financial statement



INDEPENDENT AUDITOR'S REPORT

To the Minister for Education

Opinion

In my opinion, the financial statements of the Tertiary Education Quality and Standards Agency (the Entity) for the year ended 30 June 2020:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2020 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2020 and for the year then ended:

- Statement by the Accountable Authority and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; and
- Notes to and forming part of the financial statements, comprising a summary of significant accounting policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The Accountable Authority is responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2020 but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Commissioners are responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under the Act. The Commissioners is also responsible for such internal control as the Commissioners determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Commissioners are responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Commissioners are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office

A handwritten signature in black ink, appearing to read 'Peter Kerr', written in a cursive style.

Peter Kerr

Executive Director

Delegate of the Auditor-General

Canberra

31 August 2020

Section 5: Financial report



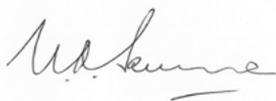
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STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2020 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Tertiary Education Quality and Standards Agency will be able to pay its debts as and when they fall due.



Professor Nicholas Saunders, AO
Chief Commissioner
on behalf of the Accountable Authority
28 August 2020



Robert Oliphant
Chief Financial Officer

28 August 2020

Tertiary Education Quality and Standards Agency
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000	Original Budget ¹ \$'000
NET COST OF SERVICES				
Expenses				
Employee Benefits	1.1A	10,828	8,231	11,277
Suppliers	1.1B	7,545	7,971	6,488
Depreciation and amortisation	3.2A	2,338	1,075	789
Finance Costs	1.1C	42	80	91
Write-down and impairment of other assets		-	6	-
Losses from asset disposals		-	236	-
Total expenses		20,753	17,599	18,645
Own-Source Income				
Own-source revenue				
Revenue from contracts with customers	1.2A	741	87	5
Rental Income	1.2B	269	266	259
Resources received free of charge	1.2C	61	46	53
Total own-source revenue		1,071	399	317
Net (cost of)/contribution by services		(19,682)	(17,200)	(18,328)
Revenue from Government	1.2D	17,539	17,938	17,539
(Deficit)/Surplus attributable to the Australian Government		(2,143)	738	(789)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation surplus		-	16	-
Total other comprehensive income		-	16	-
Total comprehensive (loss)/income		(2,143)	754	(789)

The above statement should be read in conjunction with the accompanying notes.

¹Original Budget reflects the figures in the 2019-20 Portfolio Budget Statements (PBS).

Tertiary Education Quality and Standards Agency
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2020

Budget Variances Commentary
Statement of Comprehensive Income

Affected line items	Explanations of major variances
<i>Expenses</i> <i>Suppliers</i>	Supplier expenses is greater than budget due to the increase in contractor utilisation and the timing of project based activities within the agency. TEQSA engages contractors to temporarily fill positions due to staff movements and timing of recruitment activities.
<i>Expenses</i> <i>Depreciation and amortisation</i>	The increase in depreciation and amortisation expense is attributed to the transition to AASB 16 <i>Leases</i> . Depreciation expense associated with right of use assets was not captured in the original budget preparation.
<i>Income</i> <i>Revenue from contracts with customers</i>	The increase in own-source revenue is attributed to ticket sales generated from the 2019 TEQSA Conference.

Tertiary Education Quality and Standards Agency
STATEMENT OF FINANCIAL POSITION
as at 30 June 2020

	Notes	2020 \$'000	2019 \$'000	Original Budget ¹ \$'000
ASSETS				
Financial assets				
Cash and Cash Equivalents	3.1A	207	289	160
Trade and Other Receivables	3.1B	8,402	9,913	9,762
Total financial assets		8,609	10,202	9,922
Non-financial assets²				
Buildings	3.2A	2,588	618	557
Plant and Equipment	3.2A	303	425	255
Intangibles - Computer Software	3.2A	1,299	998	1,515
Other Non-Financial Assets	3.2B	158	302	174
Total non-financial assets		4,348	2,343	2,501
Total assets		12,957	12,545	12,423
LIABILITIES				
Payables				
Suppliers	3.3A	622	628	314
Other Payables	3.3B	167	1,164	861
Total payables		789	1,792	1,175
Interest bearing liabilities				
Leases	3.3C	2,231	-	-
Total interest bearing liabilities		2,231	-	-
Provisions				
Employee Provisions	6.1	2,484	2,060	3,481
Other Provisions	3.4A	538	825	712
Total provisions		3,022	2,885	4,193
Total liabilities		6,042	4,677	5,368
Net assets		6,915	7,868	7,055
EQUITY				
Contributed equity		13,287	13,060	13,906
Reserves		16	16	-
Retained surplus/(Accumulated deficit)		(6,388)	(5,208)	(6,851)
Total equity		6,915	7,868	7,055

The above statement should be read in conjunction with the accompanying notes.

¹Original Budget reflects the figures in the 2019-20 Portfolio Budget Statements (PBS).

²Right-of-use assets are included in "Buildings" line item.

Tertiary Education Quality and Standards Agency
STATEMENT OF FINANCIAL POSITION
as at 30 June 2020

Budget Variances Commentary
Statement of Financial Position

Affected line items	Explanations of major variances
<i>Trade and Other Receivables</i>	Trade and other receivables is lower than budget due to the decrease in appropriation receivables balance, reflecting a higher than budgeted spending on regulatory activities.
<i>Buildings</i>	Buildings include right-of-use assets which was not captured in the original budget preparation.
<i>Plant and Equipment</i>	The net book value of plant and equipment has exceeded budget due to additional purchase of IT and office equipment.
<i>Intangibles - Computer Software</i>	The net book value of intangible assets is below budget due to the timing and progress of the CRM re-development and ICT cloud infrastructure projects and lower depreciation during the year.
<i>Suppliers</i>	Supplier payables has exceeded budget due to a higher than expected trade creditors and accruals from timing of payments to vendors.
<i>Other Payables</i>	Other payables is below budget due to the adjustment of TEQSA's lease incentive and straightlining balances at transition to AASB 16 <i>Leases</i> . These amounts have been adjusted against retained earnings.
<i>Leases</i>	The lease liability represents the future payments associated with TEQSA's leased right of use assets. This was not captured in the original budget preparation.
<i>Employee Provisions</i>	Employee provisions is below budget due to a revision of the assumptions used in calculating the provision at year-end.
<i>Other Provisions</i>	Other payables is below budget due to the adjustment of TEQSA's onerous lease provision at transition to AASB 16 against the right of use asset.

Tertiary Education Quality and Standards Agency
STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2020

	2020 \$'000	2019 \$'000	Original Budget ¹ \$'000
CONTRIBUTED EQUITY			
Opening balance			
Balance carried forward from previous period	13,060	11,414	13,060
Transactions with owners			
Distribution to owners			
Departmental equity returns	(619)	-	-
Contributions by owners			
Departmental capital budget	846	1,646	846
Total transactions with owners	<u>227</u>	<u>1,646</u>	<u>846</u>
Closing balance as at 30 June	<u>13,287</u>	<u>13,060</u>	<u>13,906</u>
RETAINED EARNINGS			
Opening balance			
Balance carried forward from previous period	(5,208)	(5,946)	(6,062)
Adjustment on initial application of AASB 16	963	-	-
Adjusted opening balance	<u>(4,245)</u>	<u>(5,946)</u>	<u>(6,062)</u>
Comprehensive income			
(Deficit)/Surplus for the period	(2,143)	738	(789)
Total comprehensive income	<u>(2,143)</u>	<u>738</u>	<u>(789)</u>
Closing balance as at 30 June	<u>(6,388)</u>	<u>(5,208)</u>	<u>(6,851)</u>
ASSET REVALUATION RESERVE			
Opening balance			
Balance carried forward from previous period	16	-	-
Comprehensive income			
Other comprehensive income	-	16	-
Total comprehensive income	<u>-</u>	<u>16</u>	<u>-</u>
Closing balance as at 30 June	<u>16</u>	<u>16</u>	<u>-</u>
TOTAL EQUITY			
Opening balance			
Balance carried forward from previous period	7,868	5,468	6,998
Adjustment on initial application of AASB 16	963	-	-
Adjusted opening balance	<u>8,831</u>	<u>5,468</u>	<u>6,998</u>
Comprehensive income			
(Deficit)/Surplus for the period	(2,143)	738	(789)
Other comprehensive income	-	16	-
Total comprehensive income	<u>(2,143)</u>	<u>754</u>	<u>(789)</u>
Transactions with owners			
Distribution to owners			
Departmental equity returns	(619)	-	-
Contributions by owners			
Departmental capital budget	846	1,646	846
Total transactions with owners	<u>227</u>	<u>1,646</u>	<u>846</u>
Closing balance as at 30 June	<u>6,915</u>	<u>7,868</u>	<u>7,055</u>

The above statement should be read in conjunction with the accompanying notes.

¹Original Budget reflects the figures in the 2019-20 Portfolio Budget Statements (PBS).

Tertiary Education Quality and Standards Agency
STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2020

Accounting Policy

Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

Restructuring of Administrative Arrangements

Net assets received from or relinquished to another Government entity under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

Other Distributions to Owners

The FRR require that distributions to owners be debited to contributed equity unless it is in the nature of a dividend.

Budget Variances Commentary

Statement of Changes in Equity

Major budget variances for balances contained in the Statement of Changes in Equity have been included in the budget variances commentary for the Statement of Comprehensive Income and the Statement of Financial Position.

Tertiary Education Quality and Standards Agency
CASH FLOW STATEMENT
for the period ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000	Original Budget ¹ \$'000
OPERATING ACTIVITIES				
Cash received				
Appropriations		20,202	16,855	16,966
Rendering of services		327	317	264
GST received		863	687	647
Other		618	204	59
Total cash received		22,010	18,063	17,936
Cash used				
Employees		10,315	7,639	10,357
Suppliers		8,311	8,967	6,654
Interest payments on lease liabilities		30	-	-
GST paid		11	1	647
Other - section 74 receipts transferred to OPA		1,738	1,360	477
Total cash used		20,405	17,967	18,135
Net cash from/(used by) operating activities		1,605	96	(199)
INVESTING ACTIVITIES				
Cash used				
Purchase of plant and equipment and intangibles		897	378	647
Total cash used		897	378	647
Net cash from/(used by) investing activities		(897)	(378)	(647)
FINANCING ACTIVITIES				
Cash received				
Other - contributed equity		737	411	846
Total cash received		737	411	846
Cash used				
Principal payments of lease liabilities		1,527	-	-
Total cash used		1,527	-	-
Net cash from/(used by) financing activities		(790)	411	846
Net increase/(decrease) in cash held		(82)	129	-
Cash and cash equivalents at the beginning of the reporting period		289	160	160
Cash and cash equivalents at the end of the reporting period	3.1A	207	289	160

The above statement should be read in conjunction with the accompanying notes.

¹Original Budget reflects the figures in the 2019-20 Portfolio Budget Statements (PBS).

Tertiary Education Quality and Standards Agency

CASH FLOW STATEMENT

for the period ended 30 June 2020

Budget Variances Commentary

Cash Flow Statement

Affected line items	Explanation of major variances
<i>Operating activities</i> <i>Appropriations (cash received)</i>	Appropriation received was higher than budget due to increased supplier expenses surrounding contractor utilisation and the timing of project based activities within the agency.
<i>Operating activities</i> <i>GST received</i>	GST received is higher than budget due to increase in supplier expenses which has resulted in TEQSA paying more GST during the financial year.
<i>Operating activities</i> <i>Other (cash received)</i>	Other cash receipts was higher than budget due to revenue collected from ticket sales for the TEQSA 2019 Conference.
<i>Operating activities</i> <i>Suppliers</i>	Cash paid to suppliers has exceeded budget due to higher than anticipated costs associated with contractors and the timing of project based activities within the agency. This is reflected in the higher than anticipated appropriation received.
<i>Operating activities</i> <i>GST paid</i>	GST paid is lower than budget as majority of TEQSA miscellaneous receipts do not attract GST.
<i>Operating activities</i> <i>Other - section 74 receipts transferred to OPA</i>	Section 74 receipts is higher than budget due to increase in miscellaneous receipts during the year.

Tertiary Education Quality and Standards Agency
ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME
for the period ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000	Original Budget ¹ \$'000
NET COST OF SERVICES				
Income				
Revenue				
Non-taxation revenue				
Fees	2.2A	<u>1,182</u>	<u>1,969</u>	<u>7,427</u>
Total non-taxation revenue		<u>1,182</u>	<u>1,969</u>	<u>7,427</u>
Total revenue		<u>1,182</u>	<u>1,969</u>	<u>7,427</u>
Total income		<u>1,182</u>	<u>1,969</u>	<u>7,427</u>

The above schedule should be read in conjunction with the accompanying notes.

¹Original Budget reflects the figures in the 2019-20 Portfolio Budget Statements (PBS).

Budget Variances Commentary

Administered Schedule of Comprehensive Income

Affected line items	Explanation of major variances
<i>Non-taxation revenue</i> <i>Fees</i>	Administered fee revenue is lower than budget due to the government relief measures in response to the COVID-19 pandemic. The budget measures include the refund and waivers of fees from 1 January 2020, and the deferral of TEQSA's cost recovery arrangements until 1 July 2021.

Tertiary Education Quality and Standards Agency
ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES
as at 30 June 2020

	Notes	2020 \$'000	2019 \$'000	Original Budget ¹ \$'000
LIABILITIES				
Payables				
Suppliers	4.2A	52	-	-
Total payables		52	-	-
Total liabilities administered on behalf of Government				
		52	-	-
Net assets/(liabilities)				
		(52)	-	-

The above schedule should be read in conjunction with the accompanying notes.

¹Original Budget reflects the figures in the 2019-20 Portfolio Budget Statements (PBS).

Budget Variances Commentary

Administered Schedule of Assets and Liabilities

Affected line items	Explanation of major variances
<i>Supplier payables</i>	Supplier payables at 30 June 2020 represent refunds owed to eligible providers under the Higher Education Relief Package in response to the COVID-19 pandemic.

Tertiary Education Quality and Standards Agency
ADMINISTERED RECONCILIATION SCHEDULE
for the period ended 30 June 2020

	2020 \$'000	2019 \$'000
	Notes	
Opening assets less liabilities as at 1 July	-	-
Net contribution by services		
Income	1,182	1,970
Transfers (to)/from the Australian Government		
Appropriation transfers from Official Public Account		
Special appropriations (unlimited)		
Payments to entities other than corporate Commonwealth entities	677	6
Appropriation transfers to OPA		
Transfers to OPA	<u>(1,911)</u>	<u>(1,976)</u>
Closing assets less liabilities as at 30 June	<u>(52)</u>	<u>-</u>

The above schedule should be read in conjunction with the accompanying notes.

Accounting Policy

Administered Cash Transfers to and from the Official Public Account

Revenue collected by the entity for use by the Government rather than the entity is administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by the entity on behalf of the Government and reported as such in the schedule of administered cash flows and in the administered reconciliation schedule.

Tertiary Education Quality and Standards Agency
ADMINISTERED CASH FLOW STATEMENT
for the period ended 30 June 2020

	2020	2019
	\$'000	\$'000
OPERATING ACTIVITIES		
Cash received		
Fees	1,911	1,976
Total cash received	<u>1,911</u>	<u>1,976</u>
Cash used		
Refunds to higher education providers	677	6
Total cash used	<u>677</u>	<u>6</u>
Net cash from/(used by) operating activities	<u>1,234</u>	<u>1,970</u>
Cash and cash equivalents at the beginning of the reporting period	-	-
Cash from Official Public Account		
Appropriations	677	6
Total cash from official public account	<u>677</u>	<u>6</u>
Cash to Official Public Account		
Appropriations	(1,911)	(1,976)
Total cash to official public account	<u>(1,911)</u>	<u>(1,976)</u>
Cash and cash equivalents at the end of the reporting period	<u>-</u>	<u>-</u>

This schedule should be read in conjunction with the accompanying notes.

Tertiary Education Quality and Standards Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Overview

The Basis of Preparation

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

The financial statements have been prepared in accordance with:

- a) *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR); and
- b) Australian Accounting Standards and Interpretations – Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

New Accounting Standards

Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date as stated in the standard. All other new, revised, amended standards and/or interpretations that were issued prior to the sign-off date and are applicable to future reporting period(s) are not expected to have a future material impact on the Agency's financial statements.

The standards that were issued prior to the sign-off date and adopted for the first time in the current reporting period are detailed below:

Standard / Interpretation	Nature of change in accounting policy, transitional provisions, and adjustment to financial statements
<p>AASB 15 <i>Revenue from Contracts with Customers</i>;</p> <p>AASB 2016-8 <i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i>; and</p> <p>AASB 1058 <i>Income of Not-For-Profit Entities</i></p>	<p>AASB 15, AASB 2016-8 and AASB 1058 became effective 1 July 2019.</p> <p>AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 <i>Revenue</i>, AASB 111 <i>Construction Contracts</i> and Interpretation 13 <i>Customer Loyalty Programmes</i>. The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.</p> <p>AASB 1058 is relevant in circumstances where AASB 15 does not apply. AASB 1058 replaces most of the not-for-profit (NFP) provisions of AASB 1004 <i>Contributions</i> and applies to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable the entity to further its objectives, and where volunteer services are received.</p> <p>The details of the changes in accounting policies, transitional provisions and adjustments are disclosed below and in the relevant notes to the financial statements.</p>

Tertiary Education Quality and Standards Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Standard / Interpretation	Nature of change in accounting policy, transitional provisions, and adjustment to financial statements
AASB 16 Leases	<p>AASB 16 became effective on 1 July 2019.</p> <p>This new standard has replaced AASB 117 <i>Leases</i>, Interpretation 4 <i>Determining whether an Arrangement contains a Lease</i>, Interpretation 115 <i>Operating Leases—Incentives</i> and Interpretation 127 <i>Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i>.</p> <p>AASB 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. AASB 16 substantially carries forward the lessor accounting in AASB 117, with the distinction between operating leases and finance leases being retained. The details of the changes in accounting policies, transitional provisions and adjustments are disclosed below and in the relevant notes to the financial statements.</p>

Application of AASB 15 Revenue from Contracts with Customers / AASB 1058 Income of Not-For-Profit Entities

TEQSA adopted AASB 15 and AASB 1058 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated, that is, it is presented as previously reported under the various applicable AASB's and related interpretations.

Under the new income recognition model, TEQSA shall first determine whether an enforceable agreement exists and whether the promises to transfer goods or services to the customer are 'sufficiently specific'. If an enforceable agreement exists and the promises are 'sufficiently specific' (to a transaction or part of a transaction), TEQSA applies the general AASB 15 principles to determine the appropriate revenue recognition. If these criteria are not met, TEQSA shall consider whether AASB 1058 applies.

In relation to AASB 15, TEQSA elected to apply the new standard to all new and uncompleted contracts from the date of initial application. TEQSA is required to aggregate the effect of all of the contract modifications that occur before the date of initial application.

In terms of AASB 1058, TEQSA is required to recognise volunteer services at fair value if those services would have been purchased if not provided voluntarily, and the fair value of those services can be measured reliably.

Impact on transition

The impact on transition is summarised below:

	1 July 2019
	\$'000
Departmental	
Assets	
Cash - third party accounts	115
Total assets	115
Liabilities	
Unearned revenue	115
Total liabilities	115
Total adjustment recognised in retained earnings	-

Tertiary Education Quality and Standards Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Set out below are the amounts by which each financial statement line item is affected as at and for the year ended 30 June 2020 as a result of the adoption of AASB 15 and AASB 1058. The first column shows amounts prepared under AASB 15 and AASB 1058 and the second column shows what the amounts would have been had AASB 15 and AASB 1058 not been adopted:

	AASB 15 / AASB 1058 \$'000	Previous AAS \$'000	Increase / (decrease) \$'000
Assets			
Cash - third party accounts	115	115	-
Total Assets	115	115	-
Liabilities			
Unearned Revenue	115	115	-
Total Liabilities	115	115	-
Retained earnings	-	-	-

Application of AASB 16 Leases

TEQSA adopted AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated, that is, it is presented as previously reported under AASB 117 and related interpretations.

TEQSA elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under AASB 117 were not reassessed. The definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

AASB 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. TEQSA applied the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if AASB 16 had been applied since the commencement date;
- Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under AASB 136 *Impairment of assets* as at the date of initial application; and
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

As a lessee, TEQSA previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under AASB 16, TEQSA recognises right-of-use assets and lease liabilities for most leases. However, TEQSA has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

On adoption of AASB 16, TEQSA recognised right-of-use assets and lease liabilities in relation to leases of office space which had previously been classified as operating leases.

The lease liabilities were measured at the present value of the remaining lease payments, discounted using TEQSA's incremental borrowing rate as at 1 July 2019. TEQSA's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions.

The right-of-use assets relating to office space were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

Tertiary Education Quality and Standards Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Impact on transition

On transition to AASB 16, TEQSA recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below:

	1 July 2019
	\$'000
Departmental	
Right-of-use assets - office space	3,591
Lease liabilities	3,758
Retained earnings	963

The following table reconciles TEQSA's minimum lease commitments disclosed in the entity's 30 June 2019 annual financial statements to the amount of lease liabilities recognised on 1 July 2019:

	1 July 2019
	\$'000
Minimum operating lease commitment at 30 June 2019	6,132
Less: short-term leases not recognised under AASB 16	-
Less: low value leases not recognised under AASB 16	-
Less: inclusion of GST at 30 June 2019 disclosures	(613)
Less: inclusion of property related expenses (non lease)	(1,710)
Plus: effect of extension options reasonable certain to be exercised	-
Undiscounted lease payments	3,809
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	(51)
Lease liabilities recognised at 1 July 2019	3,758

Taxation

The entity is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Reporting of Administered activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the administered schedules and related notes.

Except where otherwise stated, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

Events After the Reporting Period

Departmental

There were no subsequent events that had the potential to significantly affect the ongoing structure and financial activities of TEQSA.

Administered

There were no subsequent events that had the potential to significantly affect the ongoing structure and financial activities of TEQSA.

Tertiary Education Quality and Standards Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Financial Performance

This section analyses the financial performance of the Tertiary Education Quality and Standards Agency for the year ended 2020.

1.1 Expenses

	2020 \$'000	2019 \$'000
1.1A: Employee Benefits		
Wages and salaries	8,464	6,366
Superannuation		
Defined contribution plans	1,003	691
Defined benefit plans	338	324
Leave and other entitlements	1,023	850
Total employee benefits	10,828	8,231

Accounting Policy

Accounting policies for employee related expenses is contained in the People and Relationships section.

1.1B: Suppliers

Goods and services supplied or rendered

Consultants	408	372
Contractors	2,791	2,882
Travel	321	420
IT services	979	799
Expert fees	490	598
Legal fees	197	337
Recruitment and training	350	317
Property operating expenses	737	213
Event costs	552	51
Other	652	636
Total goods and services supplied or rendered	7,477	6,625

Goods supplied	620	371
Services rendered	6,857	6,254
Total goods and services supplied or rendered	7,477	6,625

Other suppliers

Workers compensation expenses	68	75
Operating lease rentals ¹	-	1,271
Total other suppliers	68	1,346

Total suppliers	7,545	7,971
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¹TEQSA has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

TEQSA has no short term lease commitments as at 30 June 2020.

The above lease disclosures should be read in conjunction with the accompanying notes 1.1C, 1.2B, 3.2A and 3.3C.

Tertiary Education Quality and Standards Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Accounting Policy

Short-term leases and leases of low-value assets

TEQSA has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets (less than \$10,000). TEQSA recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

	2020	2019
	\$'000	\$'000
1.1C: Finance Costs		
Interest on lease liabilities	30	-
Unwinding of discount	12	80
Total finance costs	42	80

The above lease disclosures should be read in conjunction with the accompanying notes 1.1B, 1.2B, 3.2A and 3.3C.

Accounting Policy

All borrowing costs are expensed as incurred.

Tertiary Education Quality and Standards Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.2 Own-Source Revenue and Gains

	2020 \$'000	2019 \$'000
Own-Source Revenue		
<u>1.2A: Revenue from contracts with customers</u>		
Rendering of services	741	87
Total revenue from contracts with customers	741	87
Disaggregation of revenue from contracts with customers		
Service category:		
TEQSA Conference	719	80
Miscellaneous / Other	22	7
	741	87
Type of customer:		
Australian Government entities (related parties)	8	-
Non-government entities	733	87
	741	87
Timing of transfer of goods and services:		
Over time	-	-
Point in time	741	87
	741	87

Accounting Policy

Revenue from rendering of services is recognised when performance obligations have been satisfied and delivered to the customer in accordance with the contract or agreed-upon milestones.

TEQSA is a not-for-profit, non-corporate Commonwealth entity. TEQSA collects minor miscellaneous fees from freedom of information requests and reimbursements of staff costs to attend sector-based events. TEQSA generates ticket sales revenue associated with the annual TEQSA Conference. Revenue is recognised upon receipt, or at the conclusion of the event.

The transaction price is the total amount of consideration to which the TEQSA expects to be entitled in exchange for transferring promised goods or services to a customer. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

Receivables for goods and services, which have 30 day terms (2019: 30 days), are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Tertiary Education Quality and Standards Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2020 \$'000	2019 \$'000
1.2B: Rental Income		
Subleasing right-of-use assets	269	266
Total rental income	<u>269</u>	<u>266</u>

Subleasing right-of-use assets

TEQSA in its capacity as lessor sublets office accommodation. The sublease commenced on 21 September 2015 and expires on 28 February 2022.

Lease receipts are subject to a fixed percentage annual increase in accordance with the sublease agreement.

Maturity analysis of subleasing receivables:

Within 1 year	320	315
One to two years	223	329
Two to three years	-	228
Total undiscounted lease payments receivable	<u>543</u>	<u>872</u>

The above lease disclosures should be read in conjunction with the accompanying notes 1.1B, 1.1C, 3.2A and 3.3C.

Note: the total undiscounted lease payments receivable is GST inclusive where relevant.

1.2C: Other Revenue

Resources received free of charge		
Remuneration of auditors	46	46
Expert services	15	-
Total other revenue	<u>61</u>	<u>46</u>

Accounting Policy

Resources received free of charge

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

1.2D: Revenue from Government

Appropriations		
Departmental appropriations	17,539	17,938
Total revenue from Government	<u>17,539</u>	<u>17,938</u>

Accounting Policy

Revenue from Government

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when TEQSA gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

2. Income and Expenses Administered on behalf of Government

This section analyses the activities that the Tertiary Education Quality and Standards Agency does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

2.1 Administered - Expenses

For the year ended 30 June 2020, no administered expenses had been incurred by TEQSA (2019: Nil).

2.2 Administered - Income

	2020 \$'000	2019 \$'000
Revenue		
Non-Taxation Revenue		
<u>2.2A: Fees</u>		
Fees from regulatory services	<u>1,182</u>	<u>1,969</u>
Total fees	<u>1,182</u>	<u>1,969</u>

Accounting Policy

All administered revenues are revenues relating to ordinary activities performed by TEQSA on behalf of the Australian Government.

Revenue is generated from partial cost recovery arrangements for specific services to higher education providers. Fees are charged on registration and re-registration of providers, accreditation and re-accreditation of courses, and major variations to registrations and accreditations. Administered revenue is recognised on receipt of applications from the higher education providers.

Higher Education Relief Package

In response to the COVID-19 pandemic, the Australian Government have implemented a range of relief measures to lift the financial pressures on higher education providers. The measures include:

- waiver of fees and charges for eligible providers that have been invoiced since 1 January 2020, through to 30 June 2021; and
- refund of eligible payments received since 1 January 2020.

Administered revenue reported for the period is net of refunds made during the year and refunds payable at 30 June 2020.

Tertiary Education Quality and Standards Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3. Financial Position

This section analyses the Tertiary Education Quality and Standards Agency assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

3.1 Financial Assets

	2020	2019
	\$'000	\$'000

3.1A: Cash and Cash Equivalents

Cash at bank	207	174
Cash - third party accounts	-	115
Total cash and cash equivalents	207	289

Accounting Policy

Cash and cash equivalents

Cash is recognised at its nominal amount. Cash and cash equivalents include cash on hand and deposits in bank accounts.

3.1B: Trade and Other Receivables

Goods and services receivables

Goods and services	32	21
Total goods and services receivables	32	21

Appropriations receivables

Appropriation receivable	8,062	9,497
Total appropriations receivables	8,062	9,497

Other receivables

GST receivable from the Australian Taxation Office	183	204
Sublease incentive	45	73
Operating sublease receivable	68	99
Other	12	19
Total other receivables	308	395

Total trade and other receivables (net)

8,402	9,913
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Credit terms for goods and services were within 30 days (2019: 30 days).

Accounting Policy

Financial assets

Trade receivables, loans and other receivables that are held for the purpose of collecting the contractual cash flows where the cash flows are solely payments of principal and interest, that are not provided at below-market interest rates, are subsequently measured at amortised cost using the effective interest method adjusted for any loss allowance.

Tertiary Education Quality and Standards Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.2 Non-Financial Assets

3.2A: Reconciliation of the Opening & Closing Balances of Property, Plant & Equipment and Intangibles

	Buildings ¹	Plant and Equipment	Intangibles - Computer Software ²	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2019				
Gross book value	618	482	3,426	4,526
Accumulated depreciation, amortisation and impairment	-	(57)	(2,428)	(2,485)
Total as at 1 July 2019	618	425	998	2,041
Recognition of right-of-use asset on initial application of AASB 16	3,591	-	-	3,591
Adjusted total as at 1 July 2019	4,209	425	998	5,632
Additions				
Purchase	144	72	-	216
Internally developed	-	-	680	680
Depreciation and amortisation	(1,765)	(194)	(379)	(2,338)
Total as at 30 June 2020	2,588	303	1,299	4,190
Total as at 30 June 2020 represented by				
Gross book value	4,353	554	4,106	9,013
Accumulated depreciation, amortisation and impairment	(1,765)	(251)	(2,807)	(4,823)
Total as at 30 June 2020	2,588	303	1,299	4,190
Carrying amount of right-of-use assets	2,083	-	-	2,083

¹ Buildings include leasehold improvements and lease right-of-use assets.

² The carrying amount of computer software includes \$17,426 of purchased software and \$1,281,031 of internally generated software.

All items of plant and equipment and intangible assets were assessed for indications of impairment as at 30 June 2020. No indicators of impairment were found.

No property, plant and equipment or intangibles are expected to be sold or disposed of within the next 12 months.

Tertiary Education Quality and Standards Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Accounting Policy

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate. Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition.

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$2,000 which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make good' provisions in property leases taken up by TEQSA where there exists an obligation to restore the property to its original condition. These costs are included in the value of TEQSA's leasehold improvements with a corresponding provision for the 'make good' recognised.

Lease right-of-use (ROU) Assets

Leased ROU assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for by Commonwealth lessees as separate asset classes to corresponding assets owned outright, but included in the same column as where the corresponding underlying assets would be presented if they were owned.

On initial adoption of AASB 16, TEQSA has adjusted the ROU assets at the date of initial application by the amount of any provision for onerous leases recognised immediately before the date of initial application. Following initial application, an impairment review is undertaken for any right of use lease asset that shows indicators of impairment and an impairment loss is recognised against any right of use lease asset that is impaired. Lease ROU assets continue to be measured at cost after initial recognition in Commonwealth agency, GGS and Whole of Government financial statements.

Revaluations

Following initial recognition at cost, property, plant and equipment (excluding ROU assets) are carried at fair value (or an amount not materially different from fair value) less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets did not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depended upon the volatility of movements in market values for the relevant assets.

TEQSA's leasehold improvements and property, plant and equipment are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation. The fair value measurements of TEQSA's leasehold improvements and plant and equipment was last performed by Jones Lang LaSalle (JLL) in the 2018-19 financial year. JLL have appropriate experience in the fair value measurement of similar assets in the Government sector.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset, and the asset is restated to the revalued amount.

Tertiary Education Quality and Standards Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Accounting Policy (continued)

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the entity using, in all cases, the straight-line method of depreciation. The estimated useful lives, residual values and depreciation methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

Asset Class	2020	2019
Buildings	Lease term	Lease term
Plant and equipment	3 to 10 years	3 to 10 years

The depreciation rates for ROU assets are based on the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term.

Impairment

All assets were assessed for impairment at 30 June 2020. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if TEQSA were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Fair Value

Leasehold improvements and plant and equipment are measured at their estimated fair value in the Statement of Financial Position. Leasehold improvements and plant and equipment held by TEQSA are categorised under Levels 3 and 2 respectively, in accordance with the hierarchies listed in AASB 13. TEQSA's policy is to recognise transfers into and out of the fair value hierarchy levels as at the end of the reporting period.

Level 2 measurements use inputs other than quoted or market prices that are observable for the asset directly or indirectly. Level 3 measurements use inputs to estimate fair value where there are no observable market prices for the assets being valued.

The future economic benefits of TEQSA's leasehold improvements and property, plant and equipment are not primarily dependent on their ability to generate cash flows. TEQSA has not disclosed quantitative information about the significant unobservable inputs for the levels 2 and 3 measurements in these classes.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Intangibles

TEQSA's intangibles comprise of internally developed software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses. Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of TEQSA's software are 3 to 5 years (2019: 3 to 5 years).

All software assets were assessed for indications of impairment as at 30 June 2020.

Accounting Judgements and Estimates

The estimated fair value of leasehold improvements, plant and equipment was last determined by an independent valuer in 2019, and is subject to management assessment on an annual basis.

Tertiary Education Quality and Standards Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2020	2019
	\$'000	\$'000
3.2B: Other Non-Financial Assets		
Property operating prepayments ¹	36	178
Goods and services prepayments	<u>122</u>	<u>124</u>
Total other non-financial assets	<u>158</u>	<u>302</u>

No indicators of impairment were found for other non-financial assets.

¹ TEQSA has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

Accounting Policy

Other non-financial assets

Other non-financial assets consist of prepayments which are expected to be consumed within the next 12 months. Property operating prepayments consists of amounts that are outside the scope of AASB 16.

Tertiary Education Quality and Standards Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.3 Payables

	2020 \$'000	2019 \$'000
3.3A: Suppliers		
Trade creditors and accruals	622	628
Total suppliers	<u>622</u>	<u>628</u>

Settlement is usually made within 20 days (2019: 30 days).

3.3B: Other Payables

Salaries and wages	147	75
Superannuation	20	10
Lease incentive ¹	-	483
Operating lease payable ¹	-	480
Unearned income	-	115
Other	-	1
Total other payables	<u>167</u>	<u>1,164</u>

¹ TEQSA has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

Accounting Policy

Accounting policies for payables is contained in the Managing Uncertainties section.

3.3C: Leases

Lease liabilities	2,231	-
Total leases	<u>2,231</u>	<u>-</u>

TEQSA has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

The cash outflow for leases for the year ended 30 June 2020 was \$1,557,147.

Accounting Policy

Refer to Overview section for accounting policy on leases.

Tertiary Education Quality and Standards Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.4 Other Provisions

3.4A: Other Provisions

	Provision for restoration ¹	Provision for onerous contracts ²	Total
	\$'000	\$'000	\$'000
As at 1 July 2019	527	298	825
Additional provisions made	-	-	-
Amounts used	-	-	-
Amounts reversed	-	-	-
Unwinding of discount or change in discount rate	11	-	11
AASB 16 transition - adjustment against ROU asset ²	-	(298)	(298)
Total as at 30 June 2020	538	-	538

¹ TEQSA currently has 1 (2019: 1) agreement for the leasing of office space which requires the premises to be restored to their original condition at the conclusion of the lease. TEQSA has made a provision to reflect the present value of this obligation.

² At 1 July 2019, TEQSA had one sublease agreement whereby the economic benefit of the rental income derived is less than the operating lease expense incurred. At transition to AASB 16, the balance of the provision has been adjusted against the ROU asset in accordance with the modified retrospective approach.

Tertiary Education Quality and Standards Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

4. Assets and Liabilities Administered on behalf of Government

This section analyses assets used to conduct operations and the operating liabilities incurred which the Tertiary Education Quality and Standards Agency does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

4.1 Administered - Assets

As at 30 June 2020, TEQSA held no administered assets (2019: Nil).

4.2 Administered - Liabilities

	2020	2019
	\$'000	\$'000
4.2A: Suppliers		
Refund liabilities	52	-
Total suppliers	<u>52</u>	<u>-</u>

Settlement is usually made within 20 days (2019: 30 days).

The refund liability at 30 June 2020 represent amounts owed to eligible providers under the Higher Education Relief Package in response to the COVID-19 pandemic.

Tertiary Education Quality and Standards Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

5. Funding

This section identifies the Tertiary Education Quality and Standards Agency funding structure.

5.1 Appropriations

5.1A: Annual Appropriations ('Recoverable GST exclusive')

Annual Appropriations for 2020

	Annual Appropriation ¹	Adjustments to appropriation ²	Total appropriation	Appropriation applied in 2020 (current and prior years)	Variance ³
	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental					
Ordinary annual services	17,539	1,738	19,277	20,202	(925)
Capital Budget ⁴	846	-	846	737	109
Other services	-	-	-	-	-
Equity Injections	-	-	-	-	-
Total departmental	18,385	1,738	20,123	20,939	(816)

¹ In 2019-20, there were no appropriations which have been withheld (Section 51 of the PGPA Act) and quarantined for administration purposes.

² In 2019-20, adjustments to appropriation comprises of \$1.738 million of PGPA Act Section 74 receipts.

³ In 2019-20, the variance between total appropriation and appropriation applied in 2020 for ordinary annual services relates to payments funded from unspent prior year appropriation items.

⁴ Departmental Capital Budgets are appropriated through Supply and Appropriation Acts (No.1,3,5). They form part of ordinary annual services, and are not separately identified in the Supply and Appropriation Acts.

Annual Appropriations for 2019

	Annual Appropriation ¹	Adjustments to appropriation ²	Total appropriation	Appropriation applied in 2019 (current and prior years)	Variance ³
	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental					
Ordinary annual services	17,938	1,360	19,298	17,266	2,032
Capital Budget ⁴	1,646	-	1,646	411	1,235
Other services	-	-	-	-	-
Equity Injections	-	-	-	-	-
Total departmental	19,584	1,360	20,944	17,677	3,267

¹ In 2018-19, there were no appropriations which have been withheld (Section 51 of the PGPA Act) and quarantined for administration purposes.

² In 2018-19, adjustments to appropriation comprises of \$1.360 million of PGPA Act Section 74 receipts.

³ In 2018-19, the variance between total appropriation and appropriation applied in 2019 for ordinary annual services relates to payments funded from unspent prior year appropriation items.

⁴ Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No.1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

Tertiary Education Quality and Standards Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

2020 2019
\$'000 \$'000

5.1B: Unspent Annual Appropriations ('Recoverable GST exclusive')

Departmental

Appropriation Act (No. 1) - Capital Budget (DCB) 2016-17 ¹	-	504
Supply Act (No. 1) - Capital Budget (DCB) 2016-17 ¹	-	115
Appropriation Act (No. 1) - Capital Budget (DCB) 2017-18	-	440
Appropriation Act (No. 2) - Equity Injection 2017-18	-	100
Appropriation Act (No. 1) - Operating 2018-19	-	6,866
Appropriation Act (No. 1) - Capital Budget (DCB) 2018-19	1,449	1,646
Appropriation Act (No. 1) - Operating 2019-20	5,974	-
Supply Act (No. 1) - Capital Budget (DCB) 2019-20	353	-
Appropriation Act (No. 1) - Capital Budget (DCB) 2019-20	493	-
Total departmental	8,269	9,671

¹ Funding from budget year 2016-17 lapsed on 1 July 2019 with the repeal of *Supply Act (No. 1) 2016-17* and *Appropriation Act (No. 1) 2016-17*.

5.1C: Special Appropriations ('Recoverable GST exclusive')

Authority	Type	Purpose	Appropriation Applied	
			2020	2019
			\$'000	\$'000
<i>Public Governance, Performance and Accountability Act 2013</i>	Refund	To provide for payments under s.77 of the PGPA Act. All transactions under this Act are recognised as Administered items.	677	6
Total special appropriations applied			677	6

5.2 Regulatory Charging Summary

2020 2019
\$'000 \$'000

Amounts applied

Departmental

Annual appropriations	18,525	17,174
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Total amounts applied	18,525	17,174
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Expenses

Departmental

	16,886	16,408
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Total expenses	16,886	16,408
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External revenue

Administered

	1,182	1,969
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Total external revenue	1,182	1,969
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Regulatory charging activities:

TEQSA has in place partial regulatory charging for specified services to higher education providers including: registration and re-registration of providers; accreditation and re-accreditation of courses; and major variations to registrations and accreditations.

All fee revenue from regulatory charging activities is administered revenue and is returned to the Consolidated Revenue Fund. TEQSA does not have any administered expenses.

Documentation (Cost Recovery Implementation Statement) for the above activities is available at <https://www.teqsa.gov.au/fees>.

6. People and Relationships

This section describes a range of employment and post employment benefits provided to our people and our relationships with other key people.

6.1 Employee Provisions

	2020	2019
	\$'000	\$'000
6.1: Employee Provisions		
Leave	<u>2,484</u>	<u>2,060</u>
Total employee provisions	<u>2,484</u>	<u>2,060</u>

Accounting Policy

Liabilities for short-term employee benefits and termination benefits expected within twelve months of the end of reporting period are measured at their nominal amounts. Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the entity's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR) 24.1(a) using the shorthand method. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Superannuation

TEQSA's staff are members of the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap), or other superannuation funds held outside the Australian Government. The PSS is a defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

TEQSA makes employer contributions to the employees' defined benefit superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government, and accounts for the contributions as if they were contributions to defined contribution plans. The liability for superannuation recognised as at 30 June represents outstanding contributions.

**Tertiary Education Quality and Standards Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

6.2 Key Management Personnel Remuneration

Key Management Personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of TEQSA, directly or indirectly, including any director (whether executive or otherwise) of TEQSA.

TEQSA has determined KMP to be the Chief Commissioner, Commissioners and the Chief Executive Officer. KMP remuneration is reported in the table below:

	2020	2019
	\$'000	\$'000
Short-term employee benefits	903	917
Post-employment benefits	53	48
Other long-term employee benefits	19	14
Total key management personnel remuneration expenses¹	975	979

The total number of key management personnel that are included in the above table is 6 (2019: 5).

¹ The above KMP remuneration excludes the remuneration and other benefits of the Portfolio Minister. The Portfolio Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by TEQSA.

6.3 Related Party Disclosures

Related party relationships:

TEQSA is an Australian Government controlled entity. Related parties to TEQSA are those identified as Key Management Personnel including the Portfolio Minister.

Transactions with related parties:

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. These transactions have not been separately disclosed in this note.

The following transactions with parties related to KMP occurred during the financial year:

- Anthony McClaran (Chief Executive Officer) was a member of the Audit Committee Member of the Australian Accounting Standards Board (AASB) during the reporting period. TEQSA subleases office space to AASB under a MOU arrangement. The value of the transaction for the 2019-20 financial year is \$269,004 (2019: \$265,887).

None of the above KMP played any role in Agency decisions in relation to their related party transactions noted above.

7. Managing Uncertainties

This section analyses how the Tertiary Education Quality and Standards Agency manages financial risks within its operating environment.

7.1 Contingent Assets and Liabilities

7.1A: Contingent Assets and Liabilities

TEQSA had no departmental contingent assets or liabilities at 30 June 2020 (2019: Nil).

7.1B: Administered - Contingent Assets and Liabilities

TEQSA had no administered contingent assets or liabilities at 30 June 2020 (2019: Nil).

7.2 Financial Instruments

	2020	2019
	\$'000	\$'000

7.2A: Categories of Financial Instruments

Financial Assets

Financial assets at amortised cost

Cash and cash equivalents	207	289
Trade and other receivables - goods and services	44	40

Total financial assets at amortised cost	251	329
Total financial assets	251	329

Financial Liabilities

Financial liabilities measured at amortised cost

Trade creditors and accruals	622	628
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Total financial liabilities measured at amortised cost	622	628
Total financial liabilities	622	628

7.2A: Categories of Financial Instruments - continued

Accounting Policy

Financial assets

With the implementation of AASB 9 *Financial Instruments* for the first time in 2019, TEQSA classifies its financial assets in the following category:

- financial assets measured at amortised cost.

The classification depends on both TEQSA's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised and derecognised upon trade date. Comparatives have not been restated on initial application.

Financial Assets at Amortised Cost

Financial assets included in this category need to meet two criteria:

- (1) the financial asset is held in order to collect the contractual cash flows; and
- (2) the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using effective interest method.

Effective Interest Method

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period based on Expected Credit Losses, using the general approach which measures the loss allowance based on an amount equal to *lifetime expected credit losses* where risk has significantly increased, or an amount equal to *12-month expected credit losses* if risk has not increased.

The simplified approach for trade, contract and lease receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

A write-off constitutes a derecognition event where the write-off directly reduces the gross carrying amount of the financial asset.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Financial Liabilities at Amortised Cost

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

Tertiary Education Quality and Standards Agency
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

8. Other Information

8.1 Aggregate Assets and Liabilities

	2020	2019
	\$'000	\$'000

8.1A: Aggregate Assets and Liabilities

Assets expected to be recovered in:

No more than 12 months	8,654	8,686
More than 12 months	4,303	3,859
Total assets	12,957	12,545

Liabilities expected to be settled in:

No more than 12 months	2,572	2,321
More than 12 months	3,470	2,356
Total liabilities	6,042	4,677

8.1B: Administered - Aggregate Assets and Liabilities

Assets expected to be recovered in:

No more than 12 months	-	-
More than 12 months	-	-
Total assets	-	-

Liabilities expected to be settled in:

No more than 12 months	(52)	-
More than 12 months	-	-
Total liabilities	(52)	-

Appendices

6

- Appendix A: Legislative framework
- Appendix B: Summary of resources
- Appendix C: Staffing profile
- Appendix D: Freedom of information
- Appendix E: Ecologically-sustainable development and environmental performance
- Appendix F: Advertising and market research
- Appendix G: Workplace health and safety
- Appendix H: Complaints handling
- Appendix I: Disability reporting
- Appendix J: Corrections to previous annual report

Section 6: Appendices



Appendix A: Legislative framework

The TEQSA Act is the primary basis of TEQSA's powers. The objects of the Act are to:

- > provide for national consistency in the regulation of higher education
- > regulate higher education using a standards-based quality framework and principles relating to regulatory necessity, risk and proportionality
- > protect and enhance Australia's reputation for quality higher education, the international competitiveness of Australia's higher education sector, as well as excellence, diversity and innovation in higher education
- > encourage and promote a higher education system that is appropriate to meet Australia's social and economic needs for a highly educated and skilled population
- > protect students undertaking, or proposing to undertake higher education in Australia, by requiring the provision of quality higher education
- > ensure that students have access to information relating to higher education in Australia.

TEQSA assures the quality of registered higher education providers through nationally consistent regulation and meets the objects of the TEQSA Act through performing functions including:

- > registering providers and accrediting courses of study in accordance with the TEQSA Act
- > investigating whether the TEQSA Act has been or is being complied with, including by conducting compliance assessments
- > collecting, analysing, interpreting and disseminating information relating to higher education providers, regulated higher education awards, quality assurance practice and improvement in higher education and the HES Framework
- > cooperating with counterparts in other countries.

The agency also has responsibility under the *Education Services for Overseas Students Act 2000* (ESOS Act) to register providers of courses to overseas students, for the following providers:

- > higher education providers registered under the TEQSA Act
- > English Language Intensive Courses for Overseas Students (ELICOS) providers, if they have an entry arrangement with a registered higher education provider
- > Foundation program providers.

TEQSA is also subject to several other acts and legislative instruments including (but not limited to) the:

- > *Public Governance, Performance and Accountability Act 2013* (PGPA Act)
- > *Public Service Act 1999*
- > *Work Health and Safety Act 2011*
- > *Safety, Rehabilitation and Compensation Act 1988*
- > *Freedom of Information Act 1982*.

Appendix B: Summary of resources

Table B.1: Entity Resource Statement 2019-20

	Actual available appropriation - current year (a)	Payments made (b)	Balance remaining (a)-(b)
	\$'000	\$'000	\$'000
Departmental			
Annual appropriations - ordinary annual services	29,075	20,806	8,269
Annual appropriations - other services - non-operating	100	100	-
Total departmental annual appropriations	29,175	20,906	8,269
<i>Departmental special appropriations</i>	-	-	-
Total special appropriations	-	-	-
Special accounts	-	-	-
Total special accounts	-	-	-
less departmental appropriations drawn from annual/special appropriations and credited to special accounts	-	-	-
Total departmental resourcing (A)	29,175	20,906	8,269
Administered			
Annual appropriations - ordinary annual services	-	-	-
Annual appropriations - other services - non-operating	-	-	-
Annual appropriations - other services - specific payments to States, ACT, NT and local government	-	-	-
Annual appropriations - other services - new administered expenses	-	-	-

Table B.1: Entity Resource Statement 2019-20 (continued)

	Actual available appropriation - current year (a)	Payments made (b)	Balance remaining (a)-(b)
	\$'000	\$'000	\$'000
Total administered annual appropriations	-	-	-
Administered special appropriations	-	-	-
Total administered special appropriations	-	-	-
Special accounts	-	-	-
Total special accounts receipts	-	-	-
less administered appropriations drawn from annual/special appropriations and credited to special accounts	-	-	-
less payments to corporate entities from annual/special appropriations	-	677	-
Total administered resourcing (B)	-	677	-
Total resourcing and payments for entity X (A + B)	29,175	21,583	-

Table B.2: Expenses for Outcome 1

Outcome 1: Contribute to a high quality higher education sector through streamlined and nationally consistent higher education regulatory arrangements; registration of higher education providers; accreditation of higher education courses; and investigation, quality assurance and dissemination of higher education standards and performance.	Budget	Actual expenses	Variation
	2019-20	2019-20	2019-20
	\$'000	\$'000)	\$'000
Program 1.1: Regulation and Quality Assurance			
Departmental expenses			
Departmental appropriation	17,803	18,343	(540)
Expenses not requiring appropriation in the budget year	842	2,410	(1,568)
Total for Program 1.1	18,645	20,753	(2,108)
Outcome 1 totals by appropriation type			
Departmental expenses			
Departmental appropriation	17,803	18,343	(540)
Expenses not requiring appropriation in the budget year	842	2,410	(1,568)
Total expenses for Outcome 1	18,645	20,753	(2,108)
	Budget	Actual	
	2019-20	2019-20	
Average staffing level (number)	95	82	13

Appendix C: Staffing profile

As at 30 June 2020, TEQSA employed 56 APS and 33 executive-level staff, including one SES officer and four Office Holders. All roles were based in Victoria.

Table C.1: Employment type by classification and gender, 2019-20

Classification		Female		Male		Grand total
		Ongoing	Non-ongoing	Ongoing	Non-ongoing	
SES 1	Full-time	1	-	-	-	1
	Part-time	-	-	-	-	-
EL2	Full-time	3	-	4	-	7
	Part-time	-	-	-	-	-
EL1	Full-time	12	1	7	-	20
	Part-time	1	-	-	-	1
APS6	Full-time	27	-	7	2	36
	Part-time	5	-	-	-	5
APS5	Full-time	3	-	5	1	9
	Part-time	2	-	-	-	2
APS4	Full-time	1	2	-	-	3
	Part-time	1	-	-	-	1
Other	Full-time	-	-	-	1	1
	Part-time	-	1	-	2	3
TOTALS		56	4	23	6	89

As at 30 June 2019, TEQSA employed 53 APS and 30 executive-level staff. All roles were based in Victoria.

Table C.2: Employment type by classification and gender, 2018-19

Classification		Female		Male		Grand total
		Ongoing	Non-ongoing	Ongoing	Non-ongoing	
SES 1	Full-time	1	-	-	-	1
	Part-time	-	-	-	-	-
EL2	Full-time	1	-	5	-	6
	Part-time	-	-	-	1	1
EL1	Full-time	11	-	4	1	16
	Part-time	1	-	-	-	1
APS6	Full-time	25	1	7	1	34
	Part-time	6	-	-	-	6
APS5	Full-time	6	-	3	-	9
	Part-time	1	-	1	-	2
APS4	Full-time	1	-	-	-	1
	Part-time	1	-	-	-	1
Other	Full-time	-	-	-	1	1
	Part-time	-	2	-	2	4
TOTALS		54	3	20	6	83

Table C.3: Ongoing and non-ongoing Aboriginal and Torres Strait Islander staff, at 30 June 2019 and 30 June 2020

	2018-19	2019-20
Ongoing	1	1
Non-Ongoing	-	-
Total	1	1

Table C.4: Employment arrangements for SES and non-SES staff, 2019-20

	SES	Non-SES	Total
Section 24(1) determinations	1	-	1
S138 TEQSA Act	-	4	4
ss154C(1) TEQSA Act	-	-	-
Individual Flexibility Arrangement	-	7	7
Enterprise Arrangement	-	77	77
Total	1	88	89

Table C.5: Salary ranges by employment classification, 2019-20

	Minimum Salary	Maximum Salary
EL 2	\$123,142	\$147,817
EL 1	\$104,645	\$115,657
APS 6	\$85,102	\$93,583
APS 5	\$75,699	\$80,928
APS 4	\$68,556	\$73,322
APS 3	\$63,028	\$65,649
APS 2	\$56,437	\$60,141
APS 1	\$48,051	\$52,539
Other	\$28,830	\$43,728
Minimum/Maximum range	\$28,830	\$147,817

Table C.6: Information about remuneration for key management personnel

Name and position title	Short-term benefits			Post-employment benefits	Other long-term benefits			Termination benefits	Total remuneration
	Base salary	Bonuses	Other benefits and allowances		Superannuation contributions	Long service leave	Other long-term benefits		
Professor Nicholas Saunders, Chief Commissioner ¹ and Acting Chief Executive Officer ²	\$274,362	\$-	\$-	\$22,499	\$777	\$-	\$-	\$297,638	
Professor Cliff Walsh Commissioner ¹	\$121,045	\$-	\$-	\$11,499	\$-	\$-	\$-	\$132,544	
Dr Linley Martin Commissioner ¹	\$75,508	\$-	\$-	\$7,173	\$-	\$-	\$-	\$82,681	
Professor Joan Cooper Commissioner ¹	\$125,618	\$-	\$-	\$11,934	\$-	\$-	\$-	\$137,552	
Professor Peter Coaldrake Commissioner ¹	\$6,658	\$-	\$-	\$632	\$-	\$-	\$-	\$7,290	
Mr Anthony McClaran ³ , Chief Executive Officer	\$299,569	\$-	\$-	\$-	\$17,881	\$-	\$-	\$317,450	

1. No leave entitlements are paid or accrued for the Chief Commissioner and Commissioners

2. Commenced acting CEO arrangements effective 26 March 2020

3. No super contributions have been made as amounts are taken up as salary

The above table is prepared on an accruals basis.

Table C.7: Information about remuneration for senior executives

Total remuneration bands	Number of senior executives	Short-term benefits				Average other benefits and allowances	Average superannuation contributions	Other long-term benefits	Termination benefits	Total remuneration
		Average base salary	Average bonuses	Average other benefits	Average long service leave					
\$245,001 - \$265,000	1	\$220,171	\$-	\$-	\$30,650	\$5,704	\$-	\$-	\$256,525	

Table C.8: Information about remuneration for other highly paid staff

Total remuneration bands	Number of other highly paid staff	Short-term benefits				Average other benefits and allowances	Average superannuation contributions	Other long-term benefits	Termination benefits	Total remuneration
		Average base salary	Average bonuses	Average other benefits	Average long service leave					
\$225,001 - \$245,000	1	\$190,087	\$-	\$-	\$34,544	\$5,429	\$-	\$-	\$230,060	

Appendix D: Freedom of Information

Entities subject to the *Freedom of Information Act 1982* (FOI Act) are required to publish information as part of the Information Publication Scheme (IPS). This requirement appears in Part II of the FOI Act and has replaced the former requirement to publish a section 8 statement in an annual report. Each agency must display a plan on its website showing what information it publishes in accordance with the IPS requirements.

In accordance with these IPS requirements, an agency plan indicating published information is accessible from TEQSA's website at www.teqsa.gov.au/information-publication-scheme.

Appendix E: Ecologically-sustainable development and environmental performance

The information provided is in accordance with section 516A of the *Environment Protection and Biodiversity Conservation Act 1999*. TEQSA is committed to progressing towards a sustainable future and continued improvement in reducing negative impacts on the environment.

In 2019-20, TEQSA complied with environmental initiatives, participating in recycling initiatives offered by the 530 Collins Street building management. This comprises paper, cardboard, co-mingled organic matter and hard waste recycling; e-waste recycling; and battery recycling. TEQSA is committed to reducing contamination of waste streams and reducing its general waste stream.

TEQSA also continued its commitments to other recycling initiatives not provided by building management, including printer toner and waste cartridge recycling.

Appendix F: Advertising and market research

TEQSA did not conduct any advertising campaigns during 2019-20.

Appendix G: Workplace health and safety

TEQSA is committed to safeguarding the health, safety and welfare of staff and visitors and to preventing occupational injury. TEQSA has a Workplace Health and Safety (WHS) Committee that includes representatives from management and staff. TEQSA provides staff with access to an Employee Assistance Program and annual flu vaccinations.

No reportable WHS incidents occurred during 2019-20 and TEQSA was not required to give any notices under the *Work Health and Safety Act 2011*.

Appendix H: Complaints handling

Complaints about TEQSA

In 2019–20, TEQSA received six complaints about TEQSA. The main theme in these complaints related to TEQSA's responsiveness in its dealings with stakeholders (including the time taken to respond to complaints about a provider).

TEQSA's complaints page (available at www.teqsa.gov.au/complaints-about-teqsa) and public interest disclosure page (available at www.teqsa.gov.au/public-interest-disclosure) also provide information about complaints about TEQSA.

Concerns about higher education providers

TEQSA monitors concerns about higher education providers. The concerns page on TEQSA's website www.teqsa.gov.au/concerns provides information for the public on options for raising a concern with TEQSA about a registered higher education provider. This website includes an explanation of matters that are of interest to TEQSA and links to other Commonwealth and state and territory agencies.

Refer to *Section 3 Action 1.4: Enhance TEQSA's approach to monitoring, assessment and management of risks* for information about the work undertaken by TEQSA on concerns about providers in 2019–20.

Appendix I: Disability reporting

The National Disability Strategy 2010–2020 sets out a 10-year national policy framework for improving the lives of people with disability, promoting participation and creating a more inclusive society. A key initiative of the strategy is the introduction of a periodic high-level report tracking progress against each of the six outcome areas of the strategy for people with disability in Australia. The reports use trend data based on the six outcome areas of the strategy, and are available on the Department of Social Services website.

Appendix J: Corrections to previous annual report

Section 3: Performance review

Page 29 — The meetings with the high risk providers were informed by the 2017 Cycle 5 risk assessments results and the preliminary results of the 2018 Cycle 6 risk assessments. These meetings were completed by June 2018. TEQSA's oversight of the providers' action plans continued into 2018–19.

Section 6: Appendices

Page 104 – 2018-19 employment figures listed in *Table C.1: Employment type by classification and gender, 2018-19* have been updated.

Classification		Female		Male		Grand total
		Ongoing	Non-ongoing	Ongoing	Non-ongoing	
SES 1	Full-time	1	-	-	-	1
	Part-time	-	-	-	-	-
EL2	Full-time	1	-	5	-	6
	Part-time	-	-	-	1	1
EL1	Full-time	11	-	4	1	16
	Part-time	1	-	-	-	1
APS6	Full-time	25	1	7	1	34
	Part-time	6	-	-	-	6
APS5	Full-time	6	-	3	-	9
	Part-time	1	-	1	-	2
APS4	Full-time	1	-	-	-	1
	Part-time	1	-	-	-	1
Other	Full-time	-	-	-	1	1
	Part-time	-	2	-	2	4
TOTALS		54	3	20	6	83

Page 105 – 2017-18 employment figures listed in *Table C.2: Employment type by classification and gender, 2017-18* have been updated.

Classification		Female		Male		Grand total
		Ongoing	Non-ongoing	Ongoing	Non-ongoing	
SES 1	Full-time	-	-	-	-	-
	Part-time	-	-	-	-	-
EL2	Full-time	1	-	4	-	5
	Part-time	-	-	-	-	-
EL1	Full-time	8	-	8	-	16
	Part-time	1	-	-	-	1
APS6	Full-time	16	-	3	-	19
	Part-time	3	-	1	-	4
APS5	Full-time	4	-	-	-	4
	Part-time	2	-	-	-	2
APS4	Full-time	-	-	1	1	2
	Part-time	-	-	-	-	-
Other	Full-time	-	-	-	-	-
	Part-time	-	-	-	-	-
TOTALS		35	-	17	1	53

Indices and references



- Acronyms and abbreviations
- Glossary of terms
- Compliance index
- Alphabetical index

Section 7: Indices and references



Acronyms and abbreviations

APS	Australian Public Service
AQF	Australian Qualifications Framework
ASL	Average Staff Level
ASQA	Australian Skills Quality Authority
CEO	Chief Executive Officer
CRICOS	Commonwealth Register of Institutions and Courses for Overseas Students
ELICOS	English Language Intensive Courses For Overseas Students
ESOS	Education Services for Overseas Students
ESOS Act	<i>Education Services for Overseas Students Act 2000</i>
FOI Act	<i>Freedom of Information Act 1982</i>
HEIMS	Higher Education Information Management System
HES Framework	<i>Higher Education Standards Framework (Threshold Standards) 2015</i>
HESP	Higher Education Standards Panel
IPS	Information Publication Scheme
MoC	Memorandum of Cooperation
MoU	Memorandum of Understanding
PBS	Portfolio Budget Statements
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
SAA	Self-accrediting authority
SES	Senior Executive Service
SME	Small and Medium Enterprises
SMT	Senior Management Team
TAFE	Technical and Further Education
TEQSA	Tertiary Education Quality and Standards Agency
TEQSA Act	<i>Tertiary Education Quality and Standards Agency Act 2011</i>
WHS	Workplace Health and Safety

Glossary of terms

Australian Skills Quality Authority (ASQA)

The Australian Skills Quality Authority (ASQA) is the national regulator for Australia's vocational education and training sector. ASQA regulates courses and training providers to ensure nationally-approved quality standards are met.

Australian Qualifications Framework (AQF)

The Australian Qualifications Framework (AQF) is Australia's national policy for regulated qualifications. The AQF encompasses higher education, vocational education and training, and school education. It provides for national recognition and a consistent understanding of what defines each qualification type.

While TEQSA does not determine the content of the AQF, the agency has regard to the specifications and guidelines throughout the AQF. The HES Framework includes the requirement that the learning outcomes of all higher education qualifications at Levels 5-10 of the AQF must be consistent with the level of the course, which TEQSA will assess against the corresponding specifications for levels in the AQF. TEQSA will also take into consideration the relevant qualification type descriptors in the AQF.

Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS)

The Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS) is the official Australian Government website that lists all Australian education providers offering courses to people studying in Australia on student visas and the courses offered. CRICOS is a searchable database managed by the Department of Education, Skills and Employment under the ESOS legislative framework. It provides details of Australian education institutions approved to recruit, enrol and deliver education and training services to overseas students and details of the courses that they deliver. TEQSA is responsible for assessing applications for inclusion on the CRICOS and for approving the registration of a provider on CRICOS. The database can be searched by course or provider name/number and can be accessed at cricos.education.gov.au.

Department of Education, Skills and Employment

The Australian Government Department of Education, Skills and Employment is responsible for national policies and programs that help Australians to access quality early childhood education, school education, higher education, vocational education and training, international education and research. It is also responsible for national policies and programs that help Australians find and keep employment and work in safe, fair and productive workplaces.

English Language Intensive Courses for Overseas Students (ELICOS)

English Language Intensive Courses for Overseas Students are courses offered to students studying in Australia on student visas. 'Intensive' denotes full-time study comprising a minimum of 20 scheduled course contact hours per week of face-to-face classes of English language instruction.

Education Services for Overseas Students (ESOS)

The *Education Services for Overseas Students (ESOS) Act 2000* (ESOS Act) and the associated legislation form the legal framework governing delivery of education to overseas students studying in Australia on a student visa. The framework sets out clear roles and responsibilities for providers of education and training to international students and complements Australia's student visa laws. On 29 January 2012, TEQSA assumed responsibility for regulating international education for higher education under the ESOS Act.

Higher education provider

Higher education provider is defined in the TEQSA Act and means:

- (a) a constitutional corporation that offers or confers a regulated higher education award, or
- (b) a corporation that:
 - (i) offers or confers a regulated higher education award
 - (ii) is established by or under a law of the Commonwealth or a Territory, or
- (c) a person who offers or confers a regulated higher education award for the completion of a course of study provided wholly or partly in a Territory.

Higher Education Standards Framework (HES Framework)

The *Higher Education Standards Framework (Threshold Standards) 2011* was made by the responsible Minister on the advice of the Department of Industry, Innovation, Science, Research and Tertiary Education and commenced on 5 January 2012. The *Higher Education Standards Framework (Threshold Standards) 2015* was determined by the Minister for Education and Training on advice from the independent HESP and commenced on 1 January 2017.

The *Higher Education Standards Framework (Threshold Standards) 2015* is available at: www.legislation.gov.au/Details/F2015L01639.

The *Higher Education Standards Framework (Threshold Standards) 2011* is available at: www.legislation.gov.au/Details/F2013C00169.

Higher Education Standards Panel (HESP)

The Higher Education Standards Panel (HESP) is responsible for developing and monitoring the HES Framework. HESP members are appointed by the Minister, in consultation with the responsible Minister for Research. Since 1 January 2015, the HESP has been supported by the Department of Education, Skills and Employment.

Material change

Under subsection 29(1) of the TEQSA Act, it is a condition of registration that TEQSA is notified of events that happen, or are likely to happen, that will either:

- > significantly affect the provider's ability to meet the Higher Education Standards Framework
- > require updating the provider's entry on the National Register of Higher Education Providers.

National Code of Practice for Providers of Education and Training to Overseas Students (National Code)

The National Code provides nationally consistent standards for the conduct of registered providers and the registration of their courses. These standards set out specifications and procedures to ensure that registered providers of education and training courses can clearly understand and comply with their obligations under the National Code.

National Register of Higher Education Providers (National Register)

The National Register was established and is maintained under section 198 of the TEQSA Act. The National Register is available at www.teqsa.gov.au/national-register.

Provider category

Provider category relates to a category of provider as listed in the Criteria for Classification of Higher Education Providers, available in Part B of the HES Framework at www.legislation.gov.au/Details/F2015L01639.

Registered higher education provider

This term refers to a higher education provider registered under Part 3 of the TEQSA Act and listed on the National Register under paragraph 198(1)(a) of the Act.

Risk assessment

The term 'risk assessment' captures the overall process of risk identification, risk analysis and risk evaluation.

Risk Assessment Framework

TEQSA's Risk Assessment Framework outlines TEQSA's approach to undertaking structured risk assessments of registered higher education providers. Risk assessments play a key role in TEQSA's risk-based quality assurance and regulation of the sector by helping to prioritise TEQSA's regulatory focus.

More information about TEQSA's Risk Assessment Framework is available at www.teqsa.gov.au/risk-assessment-framework.

Self-accrediting authority

Registered higher education providers can apply for authority to accredit one or more of their own courses of study. The authority to self-accredit courses can be granted for all current and future courses, or for specific courses, fields of education and/or levels.

TEQSA case managers

TEQSA case managers are assessment staff employed in the Assurance Group and Assessment and Investigations Group of TEQSA who manage activities relating to higher education providers, through communication and cooperation with provider contacts.

TEQSA stakeholder survey

TEQSA undertakes an annual sector-wide survey to increase TEQSA's accountability, better understand its impact on higher education providers, and improve its performance. TEQSA decided not to undertake a survey for 2019-20 due to the COVID-19 pandemic.

Compliance index

The Compliance index indicates the location of information provided in accordance with paragraph 17AJ(d) of the PGPA Act. References in the first column of the Compliance index are to the relevant paragraph in the PGPA Act.

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
17AD(g)	Letter of transmittal		
17AI	Letter of transmittal	A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory
17AD(h)	Aids to access		
17AJ(a)	About this report	Table of contents.	Mandatory
17AJ(b)	Alphabetical index	Alphabetical index.	Mandatory
17AJ(c)	Glossary of terms	Glossary of abbreviations and acronyms.	Mandatory
17AJ(d)	Compliance index	List of requirements.	Mandatory
17AJ(e)	Contacts	Details of contact officer.	Mandatory
17AJ(f)	Contacts	Entity's website address.	Mandatory
17AJ(g)	Accessing this report online	Electronic address of report.	Mandatory

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
17AD(a)	Review by accountable authority		
17AD(a)	Review by the accountable authority	A review by the accountable authority of the entity.	Mandatory
17AD(b)	Overview of the entity		
17AE(1)(a)(i)	Section 2: Agency overview	A description of the role and functions of the entity.	Mandatory
17AE(1)(a)(ii)	Organisational structure	A description of the organisational structure of the entity.	Mandatory
17AE(1)(a)(iii)	TEQSA's objectives 2019-23	A description of the outcomes and programmes administered by the entity.	Mandatory
17AE(1)(a)(iv)	Purpose	A description of the purposes of the entity as included in corporate plan.	Mandatory
17AE(1)(aa)(i)	Corporate governance	Name of the accountable authority or each member of the accountable authority.	Mandatory
17AE(1)(aa)(ii)	Corporate governance	Position of the accountable authority or each member of the accountable authority.	Mandatory
17AE(1)(aa)(iii)	Corporate governance	Period as the accountable authority or member of the accountable authority within the reporting period.	Mandatory
17AE(1)(b)	N/A	An outline of the structure of the portfolio of the entity.	Portfolio departments - mandatory

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
17AE(2)	N/A	Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, mandatory
17AD(c)	Report on the Performance of the entity		
ANNUAL PERFORMANCE STATEMENTS			
17AD(c)(i); 16F	Performance against objectives	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory
17AD(c)(ii)	Report on Financial Performance		
17AF(1)(a)	Analysis of TEQSA's financial performance	A discussion and analysis of the entity's financial performance.	Mandatory
17AF(1)(b)	Appendix B: Summary of resources	A table summarising the total resources and total payments of the entity.	Mandatory

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
17AF(2)	N/A	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, mandatory.
17AD(d) Management and Accountability			
CORPORATE GOVERNANCE			
17AG(2)(a)	Corporate governance	Information on compliance with section 10 (fraud systems).	Mandatory
17AG(2)(b)(i)	Letter of transmittal	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory
17AG(2)(b)(ii)	Letter of transmittal	A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
17AG(2)(b)(iii)	Letter of transmittal	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory
17AG(2)(c)	Corporate governance	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory
17AG(2)(d) – (e)	N/A	A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance.	If applicable, mandatory

AUDIT COMMITTEE

17AG(2A)(a)	Corporate governance	A direct electronic address of the charter determining the functions of the entity's audit committee.	Mandatory
17AG(2A)(b)	Corporate governance	The name of each member of the entity's audit committee.	Mandatory
17AG(2A)(c)	Corporate governance	The qualifications, knowledge, skills or experience of each member of the entity's audit committee.	Mandatory
17AG(2A)(d)	Corporate governance	Information about the attendance of each member of the entity's audit committee at committee meetings.	Mandatory

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
17AG(2A)(e)	Corporate governance	The remuneration of each member of the entity's audit committee.	Mandatory
EXTERNAL SCRUTINY			
17AG(3)	Corporate governance	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory
17AG(3)(a)	N/A	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, mandatory
17AG(3)(b)	Corporate governance	Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, mandatory
17AG(3)(c)	N/A	Information on any capability reviews on the entity that were released during the period.	If applicable, mandatory
MANAGEMENT OF HUMAN RESOURCES			
17AG(4)(a)	Human resources	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
17AG(4)(aa)	Appendix C: Staffing profile	<p>Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following:</p> <ul style="list-style-type: none"> a. statistics on full-time employees b. statistics on part-time employees c. statistics on gender d. statistics on staff location. 	Mandatory
17AG(4)(b)	Appendix C: Staffing profile	<p>Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following:</p> <ul style="list-style-type: none"> > statistics on staffing classification level > statistics on full-time employees > statistics on part-time employees > statistics on gender > statistics on staff location > statistics on employees who identify as Indigenous. 	Mandatory
17AG(4)(c)	Appendix C: Staffing profile	<p>Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i>.</p>	Mandatory
17AG(4)(c)(i)	Appendix C: Staffing profile	<p>Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AG(4)(c).</p>	Mandatory

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
17AG(4)(c)(ii)	Appendix C: Staffing profile	The salary ranges available for APS employees by classification level.	Mandatory
17AG(4)(c)(iii)	Human resources	A description of non-salary benefits provided to employees.	Mandatory
17AG(4)(d)(i)	Human resources	Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory
17AG(4)(d)(ii)	N/A	Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory
17AG(4)(d)(iii)	N/A	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory
17AG(4)(d)(iv)	N/A	Information on aggregate amount of performance payments.	If applicable, Mandatory

ASSETS MANAGEMENT

17AG(5)	N/A	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	If applicable, mandatory
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PURCHASING

17AG(6)	Financial management	An assessment of entity performance against the <i>Commonwealth Procurement Rules</i> .	Mandatory
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PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
CONSULTANTS			
17AG(7)(a)	Financial management	A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during the previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST).	Mandatory
17AG(7)(b)	Financial management	A statement that <i>"During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million]"</i> .	Mandatory
17AG(7)(c)	Financial management	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
17AG(7)(d)	Financial management	A statement that <i>“Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website.”</i>	Mandatory

AUSTRALIAN NATIONAL AUDIT OFFICE ACCESS CLAUSES

17AG(8)	N/A	If an entity entered into a contract with a value of more than \$100,000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor’s premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, mandatory
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EXEMPT CONTRACTS

17AG(9)	N/A	If an entity entered into a contract or there is a standing offer with a value greater than \$10,000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, mandatory
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PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
SMALL BUSINESS			
17AG(10)(a)	Financial management	A statement that “[Name of entity] supports the small business participant in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance’s website.”	Mandatory
17AG(10)(b)	Financial management	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory
17AG(10)(c)	N/A	If the entity is considered by the Department administered by the Finance Minister as material in nature— a statement that “[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury’s website.”	If applicable, mandatory
FINANCIAL STATEMENTS			
17AD(e)	Section 5: Financial report	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
EXECUTIVE REMUNERATION			
17AD(da)	Appendix C: Staffing profile	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2-3 of the Rule.	Mandatory
17AD(f) Other Mandatory Information			
17AH(1)(a)(i)	N/A	If the entity conducted advertising campaigns, a statement that <i>"During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity's website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance's website."</i>	If applicable, mandatory
17AH(1)(a)(ii)	Appendix F: Advertising and market research	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, mandatory
17AH(1)(b)	N/A	A statement that <i>"Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity's website]."</i>	If applicable, mandatory

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
17AH(1)(c)	Appendix I: Disability reporting	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory
17AH(1)(d)	Appendix D: Freedom of Information	Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory
17AH(1)(e)	Appendix J: Corrections to previous annual report	Correction of material errors in previous annual report.	If applicable, mandatory
17AH(2)	Section 6: Appendices	Information required by other legislation.	Mandatory

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