



Australian Government

Tertiary Education Quality and Standards Agency

TEQSA and Demystifying Risk Based Regulation

Wednesday 1 November 2017

TEQSA

TEQSA Organisational Structure

Commission

CEO

- Executive Office (Governance Unit, Policy and Analysis Team)
- Engagement Group
- Legal Group
- Corporate Group
- Assessment and Investigations Group
- Assurance Group



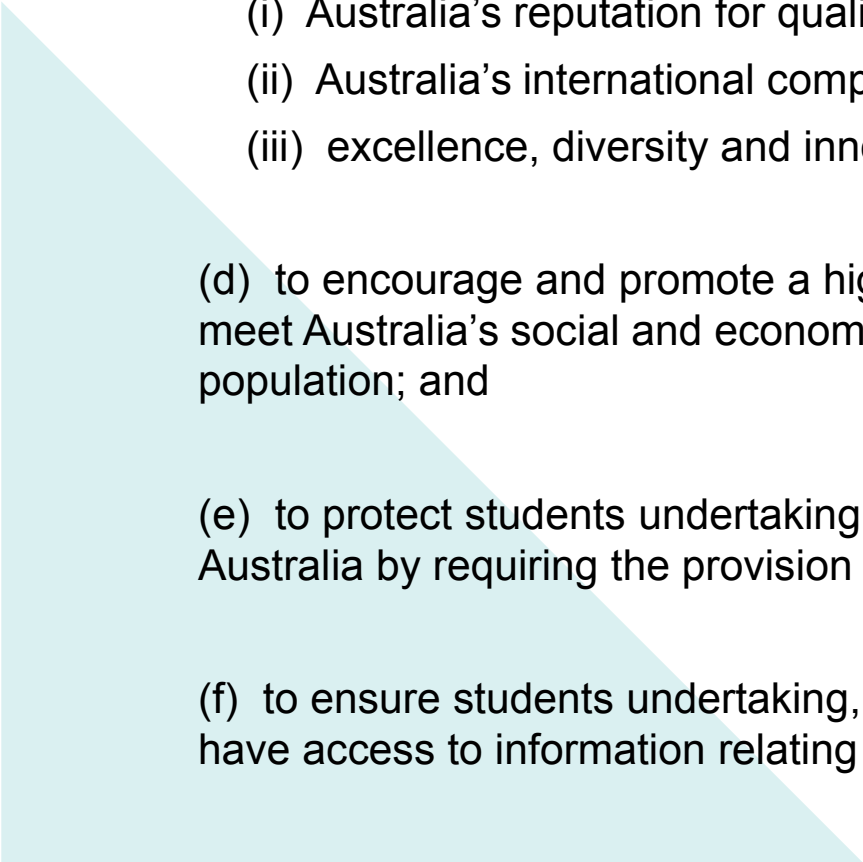
Policy and Analysis Team

What do we do?

- Give advice to the TEQSA Commission and TEQSA's senior team on matters affecting higher education regulation
- Conduct research and data analysis to inform the way TEQSA regulates higher education
- Oversight and development of the TEQSA Risk Assessment Framework
- Development of TEQSA risk indicator thresholds for approval by TEQSA Commission, analysis of sector risk and the development of targeted risk tools/analysis
- Provide financial analysis at sector- and provider-level
- Develop TEQSA's regulatory policies
- Work with other government agencies (ASQA, DIBP, DET) to share intelligence and coordinate and streamline regulation.

TEQSA's Powers

- Two acts of parliament
- The *Tertiary Education Quality and Standards Agency Act 2011* (TEQSA Act) establishes TEQSA as an agency
- TEQSA is a designated authority under the *Education Services for Overseas Students Act 2000* (ESOS Act).
 - Higher education providers registered under the TEQSA Act, English Language Intensive Course for Overseas Students (ELICOS), Foundation Program providers

- 
- (a) to provide for national consistency in the regulation of higher education; and
 - (b) to regulate higher education using:
 - (i) a standards-based quality framework; and
 - (ii) principles relating to regulatory necessity, risk and proportionality; and
 - (c) to protect and enhance:
 - (i) Australia's reputation for quality higher education and training services; and
 - (ii) Australia's international competitiveness in the higher education sector; and
 - (iii) excellence, diversity and innovation in higher education in Australia; and
 - (d) to 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; and
 - (e) to protect students undertaking, or proposing to undertake, higher education in Australia by requiring the provision of quality higher education; and
 - (f) to ensure students undertaking, or proposing to undertake, higher education, have access to information relating to higher education in Australia.

Three Basic Principles for Regulation

REGULATORY NECESSITY

TEQSA only intervenes when necessary. In making its decisions, the Commission considers the particular circumstances of a provider and ensures its regulatory responses are the most effective and the least burdensome means of addressing the provider's compliance with the Standards.

REFLECTING RISK

TEQSA's decisions reflect the risk of non-compliance with the Threshold Standards. Its risk-reflective approach helps TEQSA to focus on areas of higher risk and reduce compliance burden on the sector where possible. Risk assessments inform the level of monitoring or regulatory action that may be necessary.

PROPORTIONATE REGULATION

TEQSA's regulatory actions are in proportion to any non-compliance, or risk of future non-compliance, by a provider. TEQSA balances the interests of students and the potential impact of TEQSA's actions on the provider and on the reputation of the sector.

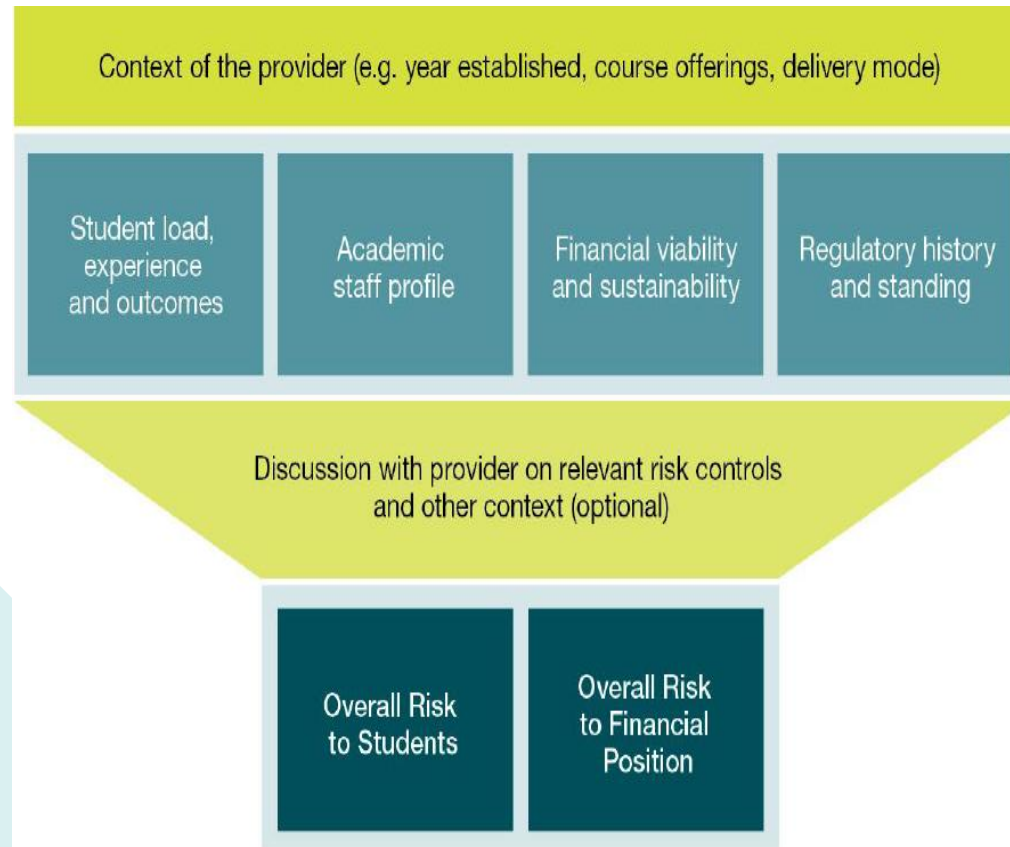
How does TEQSA regulate?

- TEQSA decides whether a provider is approved to deliver higher education
 - Register new providers and accredit courses against the Higher Education Standards
- TEQSA monitors registered higher education providers to ensure they continue to meet the standards
 - Cyclical re-registration of providers and re-accreditation of courses (for non SAA providers)
 - Continuous monitoring via a risk based approach

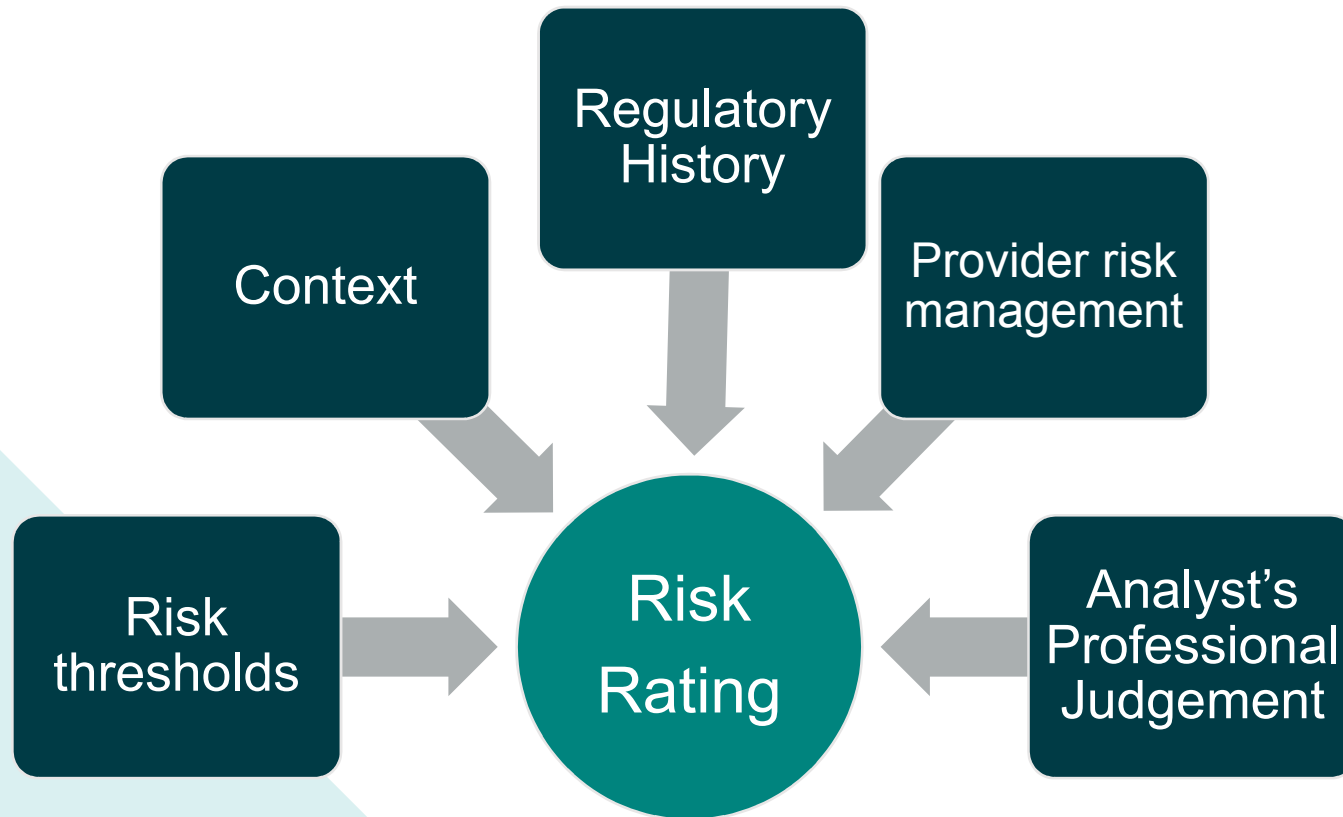
Risk Assessment Framework

- The Risk Assessment Framework is drawn from the key principle of 'reflecting risk'
- Risk Assessments are performed annually and provide TEQSA with an indication of:
 - *Risk to students*
 - *Risk to financial position*
- Informs TEQSA's Core + approach to regulation (proportionate regulation and regulatory necessity)

Risk Assessment Framework



Risk Indicator Assessment



Risk Assessment Purpose

TEQSA's risk assessments do not draw conclusions about compliance with the Threshold Standards or the ESOS Act and National Code, but rather identify potential risks of non-compliance.

In other words, risk assessments may identify 'leads' that warrant closer consideration by TEQSA case managers, but do not confirm that there is necessarily a problem.

Data Sources

Data Used in TEQSA Risk Assessments

Previous Regulatory and Case History

Student/Staff

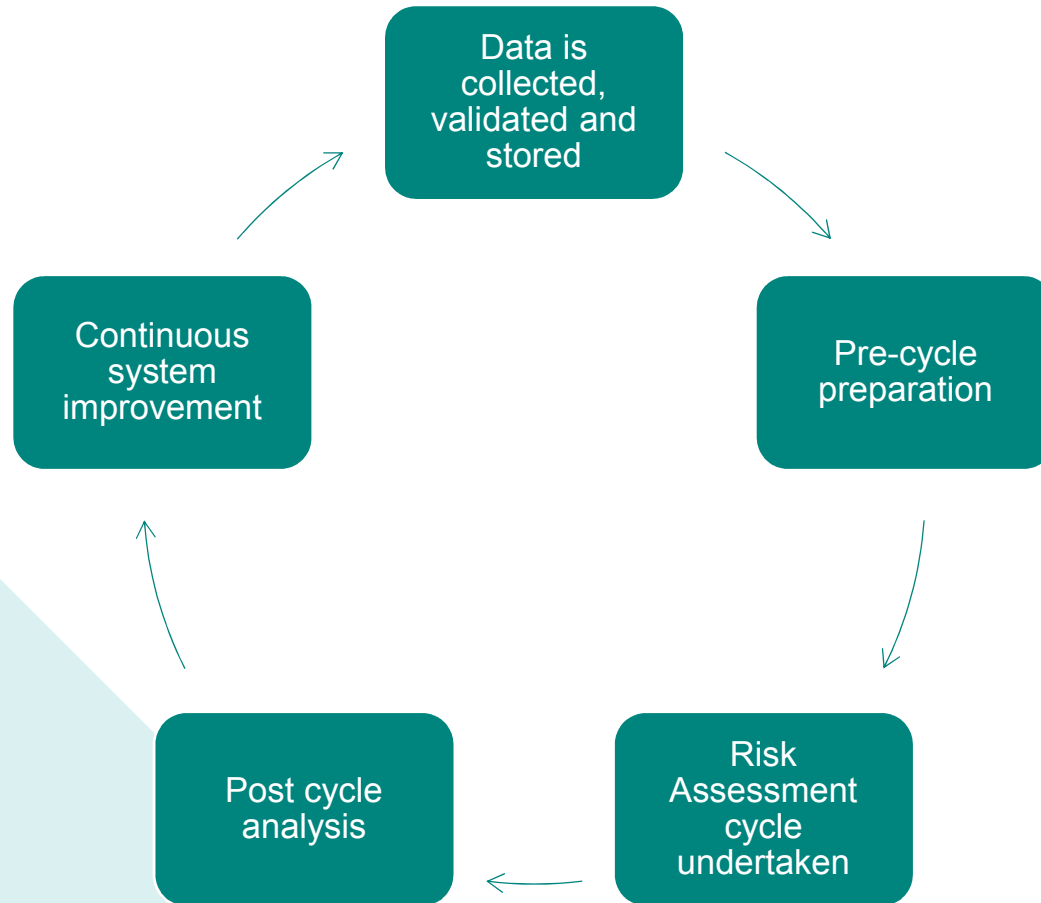
- HEIMS, PIR, QILT

Financial

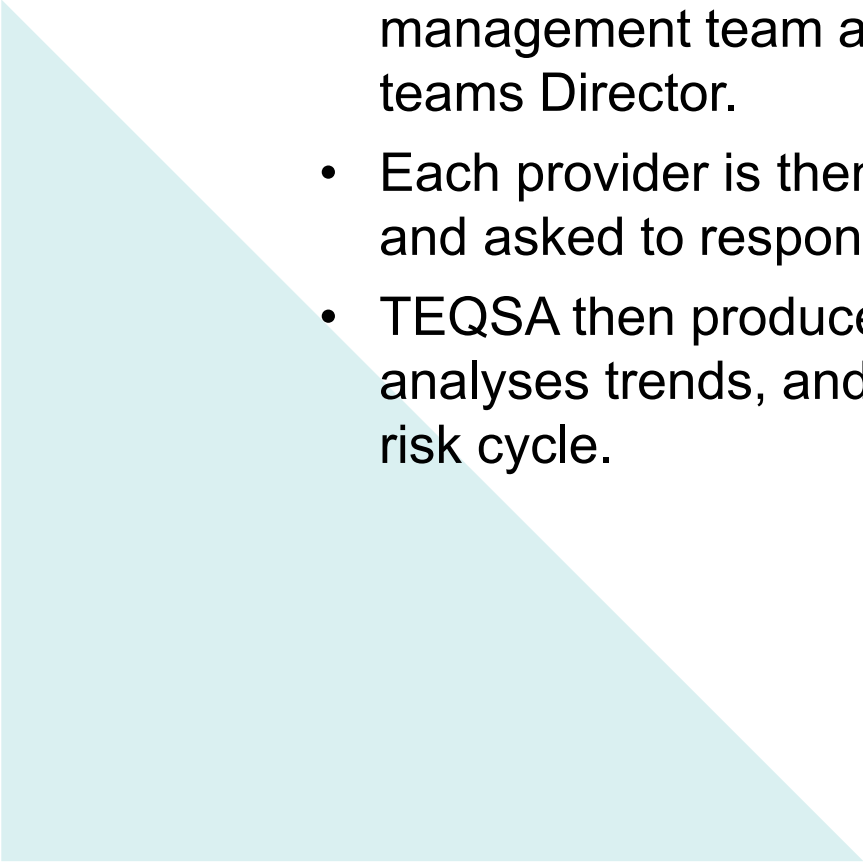
- HEIMS, PIR, HITS

It's important to get the data submission right. Poor quality data points to poor data governance, systems and management processes, it also leaves TEQSA in a position where it can not reliably make judgements about the individual risk factors. TEQSA defaults to a high risk finding in this situation.

Annual Risk Cycle Process



Finalising the Annual Risk Assessment

- TEQSA risk analysts prepare a preliminary risk assessment for each registered provider.
 - The assessment is then finalised with the TEQSA case management team and signed off as final by the case teams Director.
 - Each provider is then sent a confidential risk assessment and asked to respond on any issues raised.
 - TEQSA then produce sector and sub-sector summaries, analyses trends, and decide on the parameters for its next risk cycle.
- 

Risk Indicators

Risk to Student

- Student Profile and Outcomes
 - Cohorts Completed, Student Load, Attrition Rate, Progress Rate, Completions
- Student Voice
 - Graduate Satisfaction, Graduate Destination
- Staff Resources and Profile
 - Senior Academic Leaders, Student to Staff Ratio, % Academic Staff as Casuals

Risk to Financial Position

- Financial Viability
- Financial Sustainability

TEQSA Risk Indicators

Student Profile and Outcomes (HEIMS or PIR)

Cohorts Completed – a measure of provider maturity

Student Load – A significant increase in student load has the potential to impact on the quality of student experience unless planned for and managed, for example, through adequate investment in infrastructure, academic teaching staff, student support and teaching and learning resources

Attrition Rate

Progress Rate

Completions

- High attrition rate / low progression rate / or low or significantly decreasing completions, each indicate potential quality issues in admission processes, teaching and learning processes, and overall student experience.

TEQSA Risk Indicators

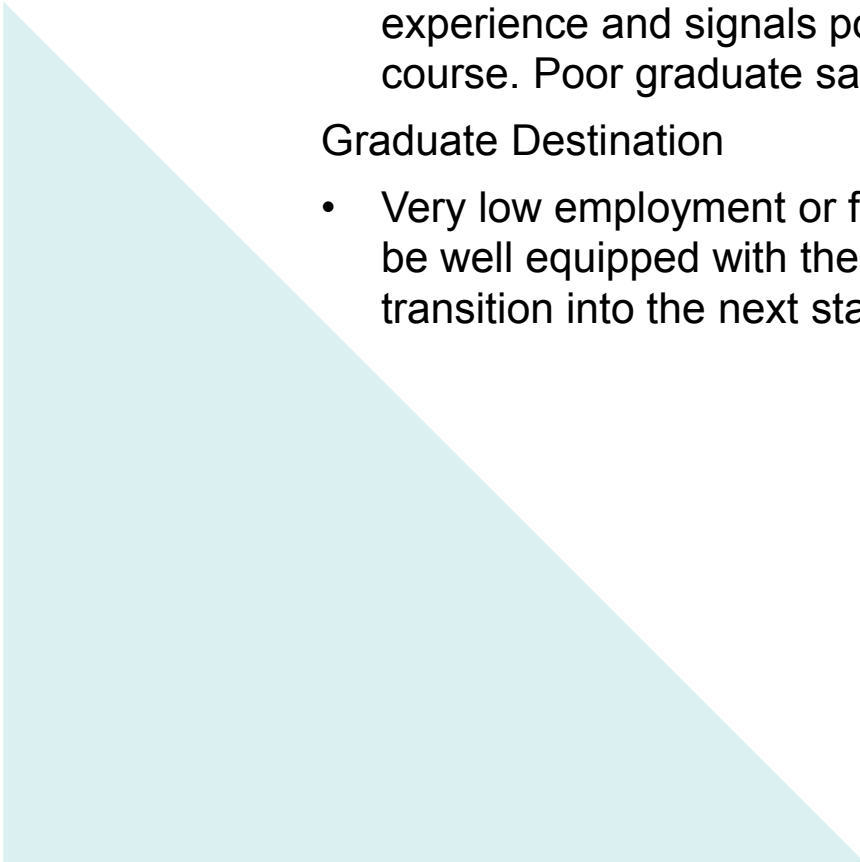
Student Voice (QILT or PIR)

Graduate Satisfaction

- Low graduate satisfaction across the institution reflects overall student experience and signals potential issues in relation to the quality of the course. Poor graduate satisfaction may also impact future market demand.

Graduate Destination

- Very low employment or further study rates signal that students may not be well equipped with the necessary graduate attributes to successfully transition into the next stage of their chosen profession or study.



TEQSA Risk Indicators

Staff Resources and Profile (HEIMS and PIR)

Senior Academic Leaders

- Senior academic leaders typically make a strong contribution to key academic policies for the organisation, internal quality review, supervise staff and show professional leadership in their field of expertise

Student to Staff Ratio

- A high ratio of students to teaching and learning staff provides a broad indication of potential constraints on the level of support available to students. It is not proposed here as a proxy for class size

Academic Staff on Casual Work Contracts

- A significantly high proportion of casual staff increases the risk of these staff not being appropriately supported and resourced to provide a continuity of support for students, anchor academic activities, engage in scholarly activities, and be active contributing members in a community of scholarship.

Financial Viability and Sustainability

Overall Risk to Financial Position

Risk Indicator: Financial Viability

A composite indicator that considers risk to a provider's current and short-term financial strength and capacity.

Risk Indicator: Financial Sustainability

A composite indicator that considers risk to a provider's medium to longer term financial strength and capacity and its ability to exhibit structural characteristics which support operating endurance. Measures utilised 3-years or trailing data.

Financial Viability and Sustainability (cont.)

Overall Risk to Financial Position

Risk Indicator: Financial Viability

1. Liquidity (Current Ratio excluding related party items)
2. Profitability (Excludes abnormal items, capital grants)
3. Gearing (Tangible assets, Total Liabilities)
4. Debt serviceability (Principle & Interest and investment in PP&E)
5. Operating cash flow

Risk Indicator: Financial Sustainability

1. Revenue growth (3 year average)
2. Asset replacement (3 year average)
3. Change in employee benefits ratio (3 year average)
4. Change in students commencing (Year on Year)
5. Revenue concentration (single source reliance)

Each measure (1 – 5 above) rated on a scale out of 5.

This is then combined via a weighted average to determine separate ratings for Financial Viability and Financial Sustainability.

Contextual factors (size, maturity, external support etc.) and analyst judgement are also used as part of the assessment process (i.e. not solely formula driven)

Benefits of Being Low Risk

Why do I want to be low risk?

- Re-accreditation and re-registration processes are streamlined in accordance with Core+
- Focus on engagement, support and monitoring rather than compliance
- Helps to pave the way for Self Accrediting Authority
- Presumption that any differentiation in TEQSA's approach would favour low-risk providers



Tailored engagement



In practice, this approach means that any provider with:

- ✓ A strong record of delivery of higher education
- ✓ Sound financial standing
- ✓ No history of non-compliance with the standards
- ✓ A low risk of future non-compliance with the standards



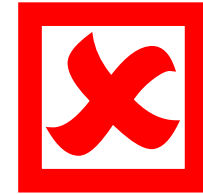
'Tailored' engagement
with TEQSA, involving a lower burden of evidence of compliance with the standards.

High Risk Providers

What happens if I am high risk?

- It is an indicator to TEQSA that we need to take a closer look at a provider and gain a better understanding about the drivers for the outcomes being observed
 - We will ask providers to provide TEQSA a formal response to the finding and provide further information where relevant
 - TEQSA will conduct further in depth analysis of the provider
 - Scheduled assessments will be comprehensive rather than Core+
- A high risk finding does not translate into specific regulatory intervention (although consideration will be given to whether the application of appropriate conditions on registration are appropriate)
- It doesn't mean a provider has breached the threshold standards

Full engagement



Conversely, a provider that has:

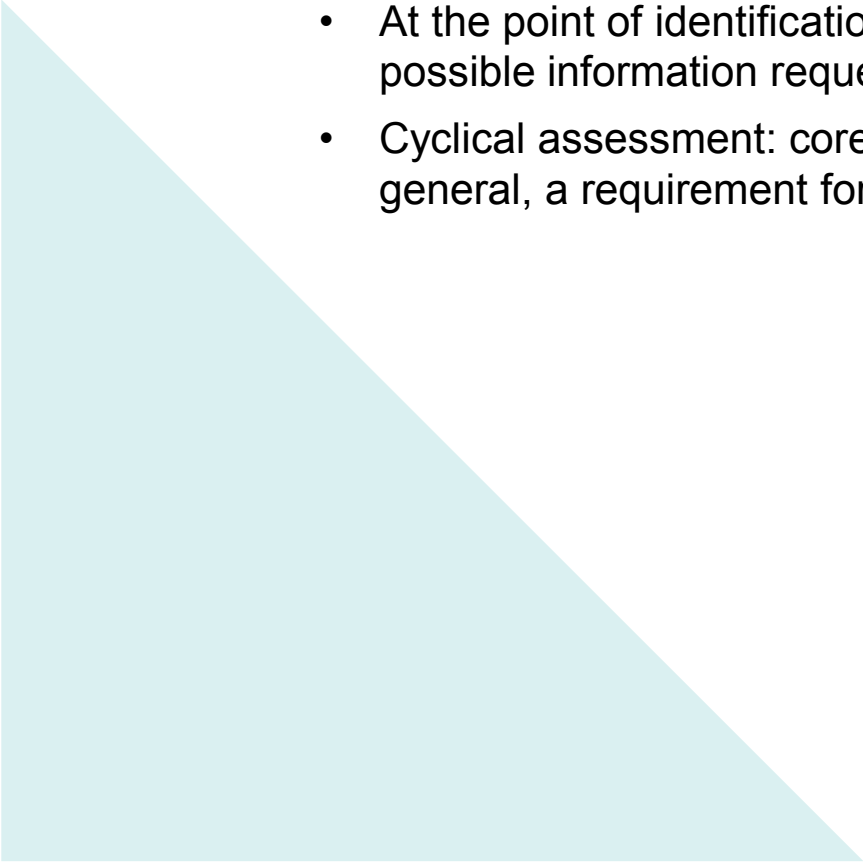
- ⊗ A limited or no record of delivery of quality higher education
- ⊗ Weak financial standing
- ⊗ A history of non-compliance
- ⊗ A high risk of future non-compliance with the standards

=

'Full' engagement
with TEQSA, to provide a greater level of assurance that the provider will continue to meet the standards. For providers applying for initial registration, TEQSA will always undertake an assessment against the full range of Threshold Standards.

High Risk Providers

High Risk Providers Policy

- TEQSA's high risk providers policy establishes a set of principles for approaching high risk providers
 - At the point of identification: deeper analysis of existing information, possible information request, formulation of an action plan
 - Cyclical assessment: core-plus is reversed (i.e. "all-minus") and, in general, a requirement for stronger evidence of compliance
- 

Initial Providers

Initial Provider Registrations Policy

- Newly registered providers lack a track record—this uncertainty adds risk
- Some initial applicants rely heavily on consultants—this can make it difficult for TEQSA to understand an applicant’s capability, which adds to uncertainty
- TEQSA assesses initial applicants against all Threshold Standards
- Successful new providers may expect to be registered for a shorter period, and TEQSA may impose conditions to restrict forms of delivery associated with particular risks (e.g. offshore delivery)
- Successful new providers might expect additional TEQSA information requests and meetings



Australian Government

Tertiary Education Quality and Standards Agency

Greg.Simmons@teqsa.gov.au

Andre.Fontanini@teqsa.gov.au

Andrew.Piskun@teqsa.gov.au

www.teqsa.gov.au



@TEQSAGov

TEQSA



Questions?



Australian Government

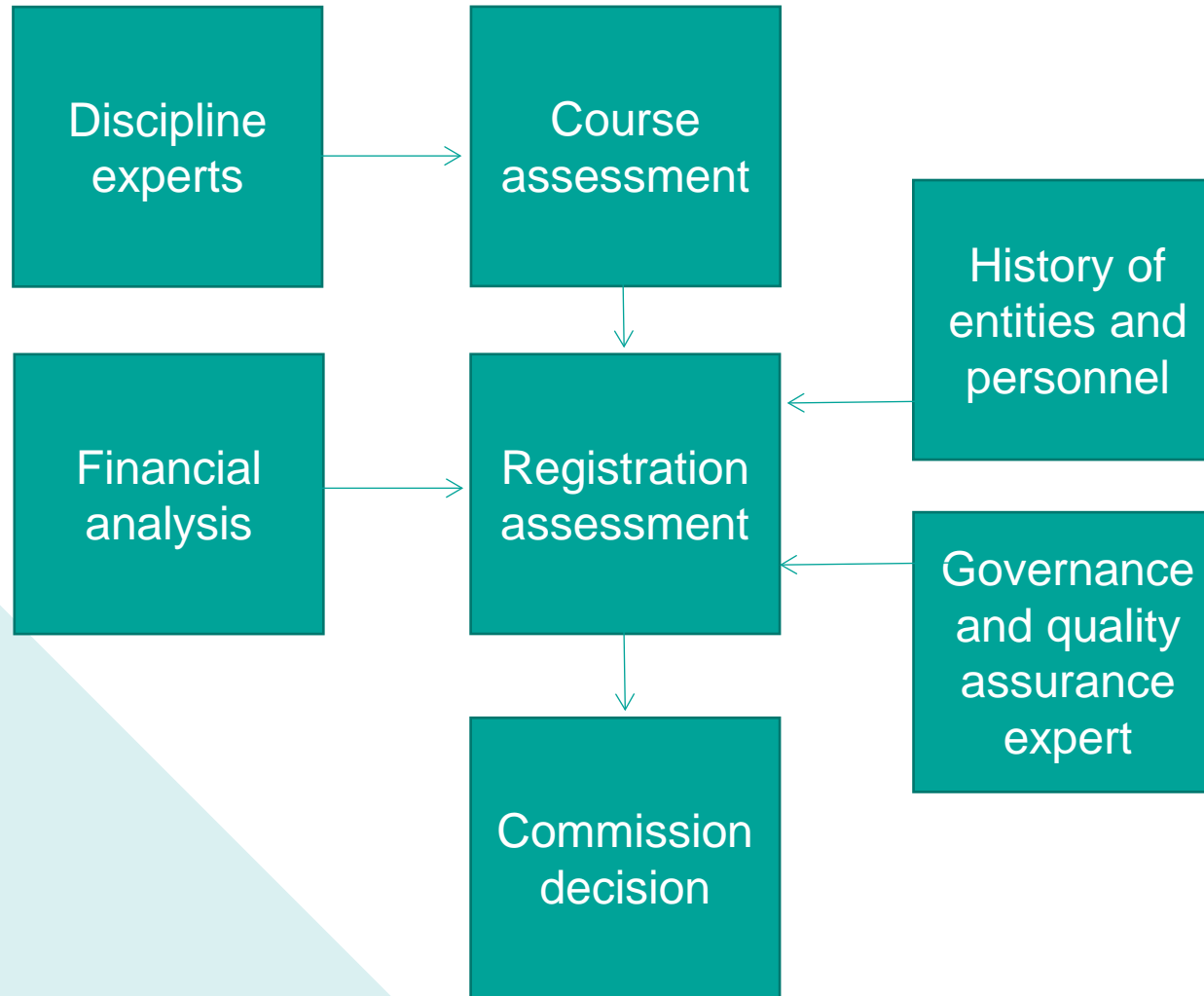
Tertiary Education Quality and Standards Agency

Registration as a higher education provider

1 November 2017


TEQSA

Assessment of applications



Decision-making process

- 
- Proposed decision to reject, or approve with conditions

- 
- Applicant provided with copies of all reports and given an opportunity to respond (28 days)

- 
- Assessment Team analyse Applicant's response and make final recommendations
 - Commission makes a final decision

Timelines

- TEQSA must make a decision on an application for registration within 9 months of receiving the payment for substantive assessment (TEQSA Act section 21)
- TEQSA may determine that a longer period is required (TEQSA Act subsection 21(3))

Since 1 July 2015:

6 applications have
been approved

7 applications have
been rejected

27 applications were
withdrawn prior to a
decision being made

17 applications are still
under assessment

Key issues:

- Poor corporate and academic governance
- Weaknesses in financial evidence – unrealistic student projections; and expectations of receiving government funding – particularly since the changes to VET student loans
- Over reliance on material supplied by consultants
- Plagiarism identified in course outlines

Key issues:

- Lack of experience in governance of a higher education institution
- Lack of understanding of higher education quality assurance frameworks
- Lack of understanding of risk management, strategic planning, scholarship and scholarly activities in a higher education context
- Lack of academic leadership
- Proposed staff with inadequate higher education teaching experience



Australian Government

Tertiary Education Quality and Standards Agency

Quality Assurance of Higher Education

TEQSA

Quality Assurance of Higher Education

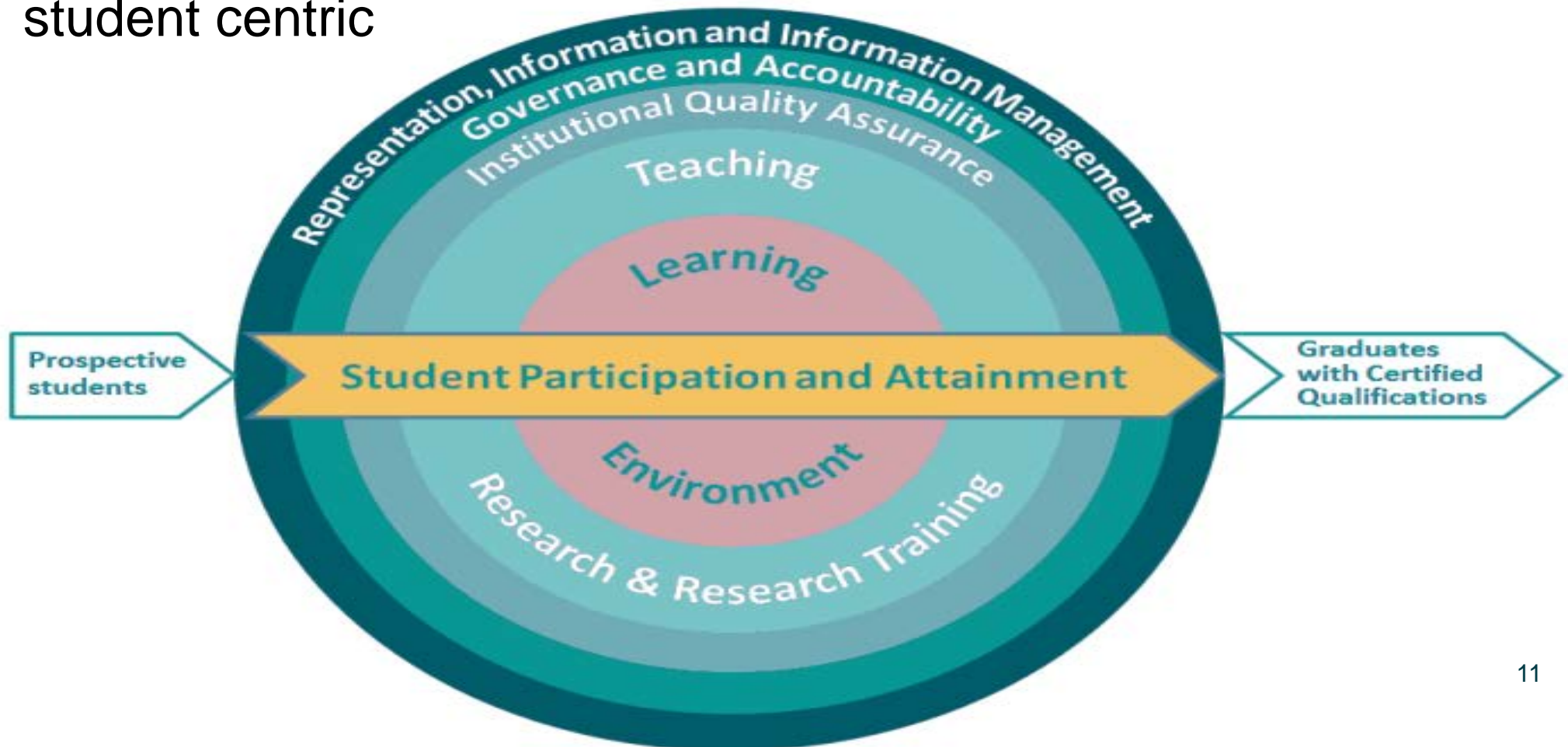
- TEQSA – standards-based, risk-based
- A national, consistent regulatory approach to test compliance against standards
- Risk framework and risk indicators to guide assessment
- Ongoing streamlining to reduce burden on providers

A Standards Based Approach

- Standards based quality assurance:
 - Higher Education Standards Framework
 - Australian Qualifications Framework
- Application of standards will vary according to mode of delivery
- In all cases we are looking for outcomes and an evidence focus based on the standards

The Higher Education Standards

Seven domains and student centric



The Higher Education Standards

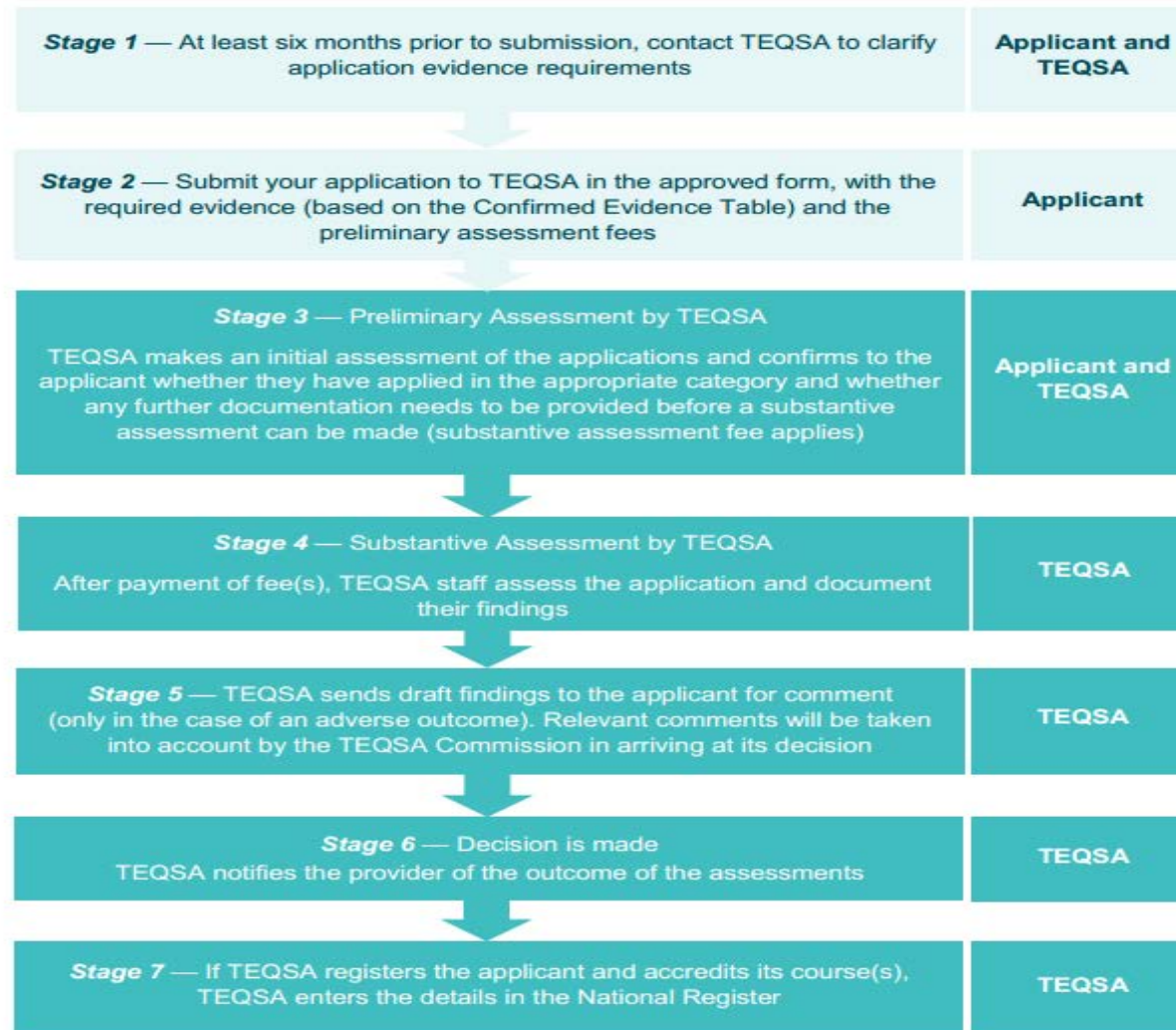
- Based on principles and outcomes, not structures, or ways and means
- Grounded in core characteristics of provider operations, i.e, reflective of practice of a responsible provider
- Supports TEQSA's use of your regular reports as evidence

The Higher Education Standards

- Particularly valuable for internal monitoring
- Fits well with TEQSA's emphasis on a culture of self-assurance

Application Guide for Initial Registration

Process overview



Application Guide for Initial Registration

Evidence requirements

- Summary of applicable Standards
- HEP Category Criteria indicative evidence requirements
- Registration – indicative evidence requirements
- Course accreditation – indicative evidence requirements
- Additional evidence requirements

Provider portal

- Online forms for Registration and Course Accreditation
 - Evidence tables
 - Templates
- TEQSA website
 - Frequently Asked Questions for use of the portal
 - Walk through video

Question and Answers

