



Australian Government

Tertiary Education Quality and Standards Agency

TEQSA

Annual Report

2020-21



TEQSA Annual Report 2020–21

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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 Alan Tudge MP
Minister for Education and Youth
Parliament House
CANBERRA ACT 2600

Dear Minister,

Subject: Tertiary Education Quality and Standards Agency Annual Report 2020-21

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 2021.

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 2020-21 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 2020-21 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 Peter Coaldrake AO
Chief Commissioner

Professor Joan Cooper
Commissioner

6 October 2021

About this report



This report informs The Hon Alan Tudge MP, Minister for Education and Youth; 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 2021.

Prepared according to parliamentary reporting requirements, the report describes TEQSA's achievements against the objectives and actions set out in the *TEQSA Corporate Plan 2020-24* and in TEQSA's *2020-21 Portfolio Budget Statements*.

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- ▶▶ TEQSA's purpose is to deliver quality assurance that protects the interests of students and the reputation and standing of Australian higher education.

**Review by the
accountable
authority**

1

Section 1: Review by the accountable authority



This is the tenth annual report setting out the performance and achievements of the Tertiary Education Quality and Standards Agency (TEQSA) for which the Commissioners, as the accountable authority within the meaning of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), are responsible.

This annual report covers a period of significant change for TEQSA, both in terms of the leadership and administration of the agency, and in the external and regulatory environment.

Emeritus Professor Peter Coaldrake AO was appointed TEQSA Chief Commissioner in March 2021, following the retirement of Emeritus Professor Nicholas Saunders AO in February 2021. We pay tribute to the dedicated service since 2015 of Professor Saunders and since 2014 of Commissioner Emeritus Professor Cliff Walsh, who passed away in July 2021.

Mr Alistair Maclean was appointed Chief Executive Officer in September 2020. Consultation on changes to the organisational structure occurred during the reporting period, taking effect from 1 July 2021.

Externally, the regulatory environment for TEQSA has undergone significant change with the impacts of the COVID-19 pandemic on the higher education sector, and more broadly on the Australian economy and society. A principal challenge for TEQSA has been to respond to those impacts and adapt its regulatory model and practice, while continuing to assure the quality of higher education in Australia and protect the interests of students.

TEQSA's performance in 2020-21

TEQSA continued to deliver its core regulatory functions of registering higher education providers and accrediting courses against the Higher Education Standards Framework during the year. TEQSA sought to do so consistent with best practice principles of continuous improvement, a proportionate risk-based approach, and collaboration with, and engagement of, the higher education sector. TEQSA has worked to improve the timeliness and responsiveness of its regulatory practice, in response to sector feedback.

Response to the impact of the COVID-19 pandemic

TEQSA has worked to support the Australian higher education sector in dealing with the ongoing impacts of the COVID-19 pandemic. TEQSA's pandemic support included streamlining approvals for graduate and undergraduate certificate programs, refunding eligible fees paid by providers as part of the Australian Government's Higher Education Relief Package, meeting with international peak bodies to stay informed about the evolving situation abroad, and updating our information and

communication resources, including the Online Learning Good Practice Hub for providers and launching the new TEQSA Quality Assurance Webinar Series.

Throughout the 2020–21 year, TEQSA also continued meetings with a range of higher education peak bodies to discuss how their members were faring during the pandemic and to help inform our approach to new or emerging sector risks.

Provider Category Standards reform

The Australian Parliament passed the *Higher Education Legislation Amendment (Provider Category Standards and Other Measures) Bill 2020* in February 2021, giving effect to the Australian Government’s decision to implement the recommendations of a review of Provider Category Standards conducted in 2019.

Immediately following passage, TEQSA set about implementing the reforms that, from 1 July 2021, would see the number of categories of Australia’s higher education providers reduced from six to four: Institute of Higher Education, University College, Australian University and Overseas University.

An intensive process of considering applications for University College and Australian University categories resulted in decisions by the Commission to categorise three higher education providers as University Colleges and one provider as an Australian University.

The Bill also updated the Australian Qualifications Framework to include Undergraduate Certificates and empowered TEQSA to collect and manage student records of closed higher education providers. As part of the reforms, in April 2021 TEQSA consulted the sector about the draft *Tertiary Education Quality and Standards Agency (Quality of Research) Determination 2021*, attracting 42 submissions. The final determination was subsequently approved by the Minister for Education and Youth, the Hon Alan Tudge MP, on 12 July 2021.

Sector consultation

Feedback received during its 2019 consultation with the sector saw TEQSA adjust its approach to provider risk assessment. Due to the significant impacts of COVID-19, we specifically focused on the financial viability of providers to ensure TEQSA was able to identify and respond to emerging risks.

In 2021, TEQSA conducted its annual stakeholder consultation to understand stakeholder views on the agency’s performance, its regulatory output and approach to risk. After switching to a focus group format with peak bodies in 2020 due to the disruption caused by the COVID-19 pandemic, in 2021 TEQSA returned to the registered providers survey format used in previous years. Registered providers commented favourably on TEQSA’s communications, regulatory approach to helping the sector protect students and deliver quality higher education, and advice and support related to reducing regulatory burden. Overall, stakeholders were positive about TEQSA’s case management approach, transparency, openness and consultation. Areas identified for improvement included concerns about the impact of case manager turnover and decision-making timelines.

Assessments and registration

During 2020–21, TEQSA completed 450 assessments – a 24 per cent increase on the previous year’s figure of 364. TEQSA’s median time for a decision was 208 days, up from 140 days the previous year but down from the 226 days recorded in 2018–19.

TEQSA registered 5 providers in 2020–21. A number of long running re-registration assessments were finalised in 2020–21 and the completion of these saw an increase in the median processing time. Only one application that had been under assessment for 12 months or more remained active at the end of 2020–21.

Cost recovery

On 30 April 2021, the Minister for Education and Youth announced targeted support measures for the sector including extension of the TEQSA regulatory fee waiver until 31 December 2021, with a phased introduction of full cost recovery of TEQSA’s regulatory services to commence on 1 January 2022.

TEQSA published a consultation paper on a proposed cost recovery model, consistent with the government’s original decision in the 2018–19 budget, for the agency and conducted public consultations from 30 April to 3 June 2021.

As part of this consultation, TEQSA’s CEO met with representatives from across the sector, and the Agency held 2 virtual public consultation sessions on 18 and 20 May. TEQSA published a range of questions and answers in response to the consultation on the TEQSA website. TEQSA received 37 formal submissions in response to the proposed model. TEQSA subsequently briefed the Minister on sector and public responses to the proposed cost recovery model, for further consideration by the Government ahead of the planned introduction of the scheme.

Higher education integrity

TEQSA received an additional \$12.2 million in funding (over four years) as part of the Australian Government’s Job Ready Graduates package announced by the Education Minister, the Hon Dan Tehan MP, on 19 June 2020. The funding included \$10.2 million for the establishment of a new Higher Education Integrity Unit (HEIU) within TEQSA to identify and respond to emerging integrity risks in the higher education sector.

An early focus for the HEIU was academic or contract cheating, in particular action against commercial contract cheating providers under the *Prohibiting Academic Cheating Services Act*, passed by Parliament in September 2020. TEQSA launched an Academic Integrity Toolkit in October 2020 to assist the sector in identifying and responding to contract cheating and published a suite of commercial cheating information resources.

In April 2021 TEQSA informed the sector about a cyber security risk that saw edu.au domains targeted by companies working for illegal cheating service operators. TEQSA published an advisory statement relating to online study platforms seeking to employ students to conduct on-campus promotional activities and events. TEQSA also launched a new academic integrity download hub with resources for students, academics and providers.

Safety improvements for students and staff

Other areas of focus for TEQSA included sexual assault and sexual harassment and underpayment of casual academics.

In July 2020, TEQSA published the *Good Practice Note: Preventing and responding to sexual assault and sexual harassment in the Australian higher education sector*, which was developed following extensive consultation with the sector.

TEQSA continued to work closely with the Fair Work Ombudsman (FWO) on the issue of the potential underpayment of casual academic staff. TEQSA is aware the FWO has engaged with several providers regarding these matters and recommends that providers self-report the identification of any systemic underpayment of staff as soon as it is identified.

TEQSA is focused on compliance with the HES Framework, specifically Standard 6.2.1a that requires providers to comply with 'the legislation under which the provider is established, recognised or incorporated, any other legislative requirements ...'. Compliance of providers with their industrial obligations, including the terms of existing enterprise agreements, is captured by this Standard. TEQSA will continue to work with the FWO to collectively ensure that higher education providers deliver quality learning experiences for all students.

Looking forward

TEQSA has a significant challenge in anticipating and adapting its regulatory model and practice to the uncertainty and rapid change that now characterises the higher education sector, in particular as a result of the impacts of the COVID-19 pandemic.

Some of the current dynamism in higher education relates to the increased pace of developments that were already occurring prior to the pandemic, such as the transition to online learning environments and the advent of so-called micro-credentials enabling the 'stacking' of qualifications for higher education awards.

Other elements of uncertainty in higher education are more structural, reflecting fundamental shifts brought on by the pandemic. As an example, the delivery of transnational education – which will increasingly incorporate online and offshore delivery of courses and other offerings, including by third parties – will be fundamentally different to that offered prior to the pandemic.

These developments will challenge TEQSA's role in assuring the quality of Australian higher education and protecting the interests of students and will require new thinking about TEQSA's regulatory model and practice, and the required resources to be applied.

TEQSA's risk practice, in particular, will require renewal and focused resources. During the year, TEQSA realigned its risk, compliance and information management functions and resources to enable a more sophisticated approach to monitoring – and responding – to sector risks.

We also expect to address a number of opportunities and challenges in 2021-22, including:

- > reviewing our regulatory model and practice, in particular against emerging sector risks
- > utilising the new Higher Education Integrity Unit to address significant immediate threats, in particular academic or contract cheating and cyber security, and to monitor other threats such as foreign interference
- > paying close attention to the ongoing financial viability of providers and the sustainability of financial models across the sector (and finalising arrangements for managing student records in the event of provider closure)
- > developing a policy and research capacity within the agency that can anticipate and respond to key sector trends, including in collaboration with the Department of Education, Skills and Employment, with specific focus on international education, student wellbeing and micro-credentials
- > improving timeliness in regulatory decisions, and adjusting priorities and workload to reflect risk and trend assessments
- > implementing revised cost recovery arrangements in a transparent and accountable manner, and ensuring the Government is able to assess the model in late 2022
- > responding and contributing to the government's deregulation agenda, including in continued collaboration with ASQA to ensure dual-sector providers are not unduly impacted by separate regulatory approaches
- > implementing a comprehensive workforce strategy to attract and retain the required level of qualified, skilled and experienced staff at TEQSA, in part in response to ongoing turnover challenges.

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 deliver quality assurance that protects the interests of students and the reputation and standing of Australian higher education.

As an independent quality assurance and regulatory agency, TEQSA adopts a risk-based approach that is guided by principles of necessity, risk and proportionality, and which supports quality, diversity, innovation, and excellence in tertiary education.

TEQSA has three strategic objectives in delivering its purpose:

1. promote good practice and support effective self-assurance
2. identify, analyse and respond to sector risks
3. ensure quality and compliance through effective and efficient regulation.

The core functions of TEQSA are to register all providers that offer higher education qualifications in or from Australia, and to accredit their courses (except for universities and other providers that have authority to accredit their own courses of study).

During 2020–21, TEQSA's compliance and quality assessments were carried out against the *Higher Education Standards Framework (Threshold Standards) 2015*, covering student participation, learning, teaching, research, quality assurance, governance, and information management. The *Higher Education Standards Framework (Threshold Standards) 2021*, commenced on 1 July 2021.

TEQSA also provides advice and recommendations to the Commonwealth Minister for Education, and collects, analyses, interprets, and disseminates information relating to quality practice and improvements in higher education.

Legislative framework

TEQSA's functions are set out in the *Tertiary Education Quality and Standards Agency Act 2011* (TEQSA Act). This includes, among other things, the functions 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.

TEQSA also has regulatory responsibilities under the *Education Service for Overseas Students Act 2000* (ESOS Act) in relation to all providers delivering higher education to overseas students studying in Australia, as well as providers of English Language Intensive Courses for Overseas Students (ELICOS) (where the provider does so under an entry arrangement with a higher education provider) and Foundation programs.

Recent amendments to the TEQSA Act include the prohibition of academic cheating services, an early focus for the Higher Education Integrity Unit (HEIU), and the authority for TEQSA to collect and manage student records in the event of provider closure.

Organisational structure

Figure 1: TEQSA’s organisational structure as at 30 June 2021



Commissioners and accountable authority

During the 2020–21 year, TEQSA had two part-time Chief Commissioners and three part-time Commissioners. TEQSA’s Commissioners are appointed by the Minister for Education and Youth 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 served as TEQSA Chief Commissioner from March 2015 to February 2021. Prior to joining TEQSA, Professor Saunders was Provost and Deputy Vice-Chancellor of Bond University and before 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.

Emeritus Professor Peter Coaldrake AO, Commissioner and Chief Commissioner

Professor Coaldrake was appointed as a TEQSA Commissioner in May 2020 and became Chief Commissioner in March 2021. Professor Coaldrake was Vice-Chancellor and CEO of Queensland University of Technology for nearly fifteen years until 2017, and is a former Chair of Universities Australia and the governing board of the Organisation for Economic Co-operation and 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).

The late Emeritus Professor Cliff Walsh, Commissioner

Professor Walsh was appointed as a TEQSA Commissioner in February 2014 and his appointment was renewed in February 2018 and held until his death on 8 July 2021. He 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 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 was also a member of the quasi-judicial Australian Competition Tribunal, which reviewed, on appeal, decisions of Australia's competition regulator, the Australian Competition and Consumer Commission. He was Emeritus Professor of Economics at the University of Adelaide, and a Visiting Research Fellow in the School of Economics.

Chief Executive Officer

Emeritus Professor Nicholas Saunders AO

Emeritus Professor Saunders – see biography above – was Acting CEO of TEQSA from March 2020 to August 2020.

Mr Alistair Maclean

Mr Maclean commenced as TEQSA's Chief Executive Officer on 1 September 2020. The Chief Executive Officer (CEO) is a full-time position, appointed by the Minister and with responsibility for the management and administration of TEQSA. Prior to joining TEQSA, Mr Maclean served as the inaugural CEO of Victoria's Independent Broad-based Anti-Corruption Commission (IBAC) from 2013–20, where he was responsible for the management of IBAC's activities and functions. From 2008–13, he was General Manager (External Affairs) with PanAust Ltd, an ASX-listed gold and copper producer. Mr Maclean was previously an Australian diplomat, serving as Ambassador to Laos from 2004–07, with prior postings to Washington DC and Bangkok. In between, he fulfilled various roles in Canberra, including as a senior advisor to the Prime Minister. He holds a Bachelor of Arts with Honours from the University of Melbourne and a Master of International Law degree from the Australian National University. Mr Maclean is also a graduate of the Australian Institute of Company Directors.

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) comprised: 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 specialist 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:

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

At 30 June 2021, the agency comprised several functional groups:

Regulatory Operations

The Regulatory Operations Group is 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 coordinates strategic projects, sector assessments, provider risk analysis, financial assessment of providers, and the collection, storage and integration of sector data. The new Higher Education Integrity Unit is part of this Group with early focus on commercial academic cheating, cyber security and other areas of academic integrity.

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's 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.

▲▲ TEQSA has worked to support the Australian higher education sector in dealing with the ongoing impacts of the COVID-19 pandemic.

Performance review 3

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- ▲ Australian National Audit Office performance audit
- ▲ TEQSA's objectives 2020-24
- ▲ 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 2020–21 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.

Australian National Audit Office performance audit

In 2019–20, the ANAO completed a performance audit of TEQSA's regulation of higher education. The ANAO made the following five recommendations regarding compliance and enforcement, that TEQSA:

- > establish and implement a comprehensive compliance monitoring framework, supported by appropriate operational processes
- > ensure that it adequately documents its analysis and the outcomes of each stage of its compliance assessments in a timely manner
- > ensure material submitted by providers as part of formal conditions is assessed in a timely manner
- > establish and implement a transparent process for managing material change notifications, including documenting the assessment of all notifications
- > ensure that its annual performance reporting includes information on the number of provider compliance activities undertaken and the outcomes of compliance activity.

TEQSA welcomed the ANAO recommendations and throughout 2020–21 has implemented a range of initiatives to address these matters.

TEQSA developed, published and implemented a Compliance Monitoring Framework, to guide and support the planning and delivery of robust, coordinated and strategic compliance activities.

TEQSA has improved its assessment documentation and record-keeping practices to promote consistency, increase transparency and enable a more efficient management of cases.

In 2021–2022 TEQSA will implement a new Records Management Solution to further enhance the Agency's record keeping practices.

TEQSA completed a comprehensive internal review of its management of formal regulatory conditions. As a result of this review, new procedures have been developed and will be progressively implemented over the coming year. New practices were implemented to ensure a more consistent and transparent approach to the management of conditions, including updating guidance for the sector.

TEQSA's inaugural compliance report was published in early 2021 and was subject to considerable media and sector interest. The report included information on the compliance activities undertaken by TEQSA, the risks identified and regulatory responses.

TEQSA's objectives 2020-24

The *TEQSA Corporate Plan 2020-24* sets out TEQSA's proposed actions over a four-year period under three objectives:

1. promote good practice and support effective self-assurance
2. identify, analyse and respond to sector risks
3. ensure quality and compliance through effective and efficient regulation.

Performance against objectives

TEQSA's *Operational Plan 2020-21*, sets out whole-of-organisation qualitative and quantitative targets and deliverables against the objectives and measures identified in the *TEQSA Corporate Plan 2020-24*.

Objective 1: Promote good practice and support effective self-assurance

TEQSA offers materials and support to assist providers in meeting required standards and to promote quality enhancement. These include application guides, guidance and good practice notes along with conferences, seminars, workshops, digital offerings and toolkits.

TEQSA uses feedback from a range of sources such as providers, the HESP, peak bodies and students, as well as observations from cyclical and compliance assessments and the annual risk cycle, to establish the areas and forms of support to be developed.

Performance measure 1.1: Education and guidance materials are developed in consultation with the sector to support self-assurance

<p>Source: 2020–24 Corporate Plan 2021 TEQSA Stakeholder Survey Website visits</p>	
<p>Qualitative target: Resources developed to support providers are accessed by providers.</p>	<p>Outcome: TEQSA's Guidance Notes were accessed more than 65,000 times via the TEQSA website in 2020–21. Online Learning Good Practice Hub continued to be updated during 2020–21 and was accessed more than 20,000 times via TEQSA website. Academic Integrity Toolkit for providers and academics launched on 13 October 2020, and was accessed 4085 times by 30 June 2021. TEQSA's inaugural Compliance Report was published in early 2021, presenting case studies of interest to the sector to enhance provider self-assurance. Good Practice Note on the Detection and Prevention of Sexual Assault and Sexual Harassment published on 9 July 2020 and accessed 2422 times by 30 June 2021.</p>
<p>Quantitative target: Support materials and initiatives are highly rated by providers.</p>	<p>Outcome: TEQSA's stakeholder survey found that 83 per cent of surveyed registered providers rated information contained within good practice notes as excellent or good, with 81 per cent rating usefulness of guidance notes as excellent or good.</p>
<p>Overall result: Achieved</p>	

Engagement has continued with students, peak bodies, international quality agencies and professional accreditation bodies to share information and discuss support needs.

During 2020–21, TEQSA published information including guidance notes, good practice notes and other resources about quality based on identified needs and results of regulatory assessments in relation to scholarship, the prevention of sexual assault and sexual harassment (SASH), online learning and academic integrity. Other activities included:

- > webinars including the TEQSA Quality Assurance Webinar Series, which covered topics including on Scholarship, Achieving Self-Accrediting Authority, use of TEQSA Experts and Provider Category Standards
- > TEQSA participation in webinars and meetings, particularly with Quality and Qualifications Ireland (QQI) and the Quality Assurance Agency for Higher Education (QAA) in the UK, as well as conducting webinars with Indonesia, Vietnam and South America
- > 7 meetings conducted with peak bodies
- > the new TEQSA Talks Podcast series focusing on academic integrity, preventing and responding to sexual assault and sexual harassment in the Australian higher education sector and the HEIU
- > continuing to update the Online Learning Good Practice hub on the TEQSA website, and promote resources via social media and sector-wide email newsletters during 2020–21.

 TEQSA's stakeholder survey found that 83 per cent of surveyed registered providers rated information contained within good practice notes as excellent or good, with 81 per cent rating usefulness of guidance notes as excellent or good.

Performance measure 1.2: Engagement with the sector is broadly based

Source:

2021 TEQSA Stakeholder Survey

Website visits

Quantitative target:

80 per cent or more of providers participate annually in TEQSA engagement activities.

Outcome:

In response to the COVID-19 pandemic, TEQSA undertook a program of provider meetings (called Health Checks) with all providers to identify any areas where TEQSA could assist in response to the unfolding situation for the sector. These meetings were well-received and TEQSA has decided to continue these permanently.

TEQSA also established new digital engagement activities including webinars and a podcast series and grew social media audiences over the past year. TEQSA's annual stakeholder survey found 80 per cent of registered providers rated TEQSA's communications as excellent or good. The 2020 TEQSA Conference was cancelled due to the COVID-19 pandemic but work is underway to deliver the 2021 Conference virtually on 25 November 2021.

The student section of TEQSA website is increasingly accessed.

There was an 8.83 per cent increase in visits to the Students section of TEQSA's website in 2020-21.

A revised student engagement strategy was developed and informed the development of academic integrity resources for students.

The student-focused 'Understanding academic integrity' section was accessed more than 11,000 times in 2020-21.

Overall result: Achieved

TEQSA has established an ongoing program of events and communication relevant to a wide range of stakeholders including:

- > student-focused communications – this continues to be a priority for the agency, with a digital communications for students framework developed. In addition to the ‘Understanding academic integrity’ website featuring case study animations and numerous tools and advice for students about the risks posed by commercial academic cheating services, TEQSA also issued advice for students about cyber intrusion and academic integrity risks that could impact students.
- > increased digital engagement – during the pandemic TEQSA has increased its use of online tools to engage with the sector. In addition to the Quality Assurance Webinar Series and TEQSA Talks podcast, the agency has also held virtual consultation around the proposed model for cost recovery implementation and conducted consultation on the draft Scholarship Guidance Notes and draft Research Determination. TEQSA’s social media channels also recorded strong audience growth in the period, with the LinkedIn audience up 33 per cent and Twitter audience up 21 per cent.
- > conferences – while the 2020 TEQSA conference was cancelled due to the COVID-19 pandemic, planning is underway for the 2021 TEQSA Conference to be held virtually on 25 November 2021.

 TEQSA’s Online Learning Good Practice Hub continued to be updated during 2020–21 and was accessed more than 20,000 times via the TEQSA website.

Objective 2: Identify, analyse and respond to sector risks

TEQSA's approach to provider risk

TEQSA's annual provider risk assessment is a key element of TEQSA's broader risk assessments framework. The risk assessment provides a snapshot of higher education providers to help prioritise TEQSA's focus in undertaking its assurance activities.

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.

TEQSA's risk assessments do not draw conclusions about compliance with the HES Framework or the ESOS Act and National Code. The risk assessment 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 annual risk assessment, including a provider's compliance history, concerns received by TEQSA and open source information.

Performance measure 2.1: TEQSA monitors the performance of registered providers, identifies risks and assesses provider risk mitigation

Source: 2020-24 Corporate Plan Operational Plan 2020-21	
Qualitative target: The annual risk assessment of providers and the sector is completed, reported to individual providers and key themes are shared with the sector.	Outcome: TEQSA implemented the annual risk assessment cycle including engagement with individual providers. Providers received their individual risk assessments in April 2021. As the risk assessment was based on pre-COVID-19 information, key themes will form part of a broader analysis of the sector's response to COVID-19.
Quantitative target: TEQSA's sector risk monitoring activity contributes to the annual setting of its risk priorities.	Outcome: Approach to risk assessment is agreed and published. Risk monitoring ongoing.
Overall result: Achieved	

Performance measure 2.2: Initiatives to respond to sector risks are delivered

Source:

2020–24 Corporate Plan
Operational Plan 2020–21
Website visits

Qualitative target:

Annual report of progress and outcomes of projects undertaken and the results are shared with stakeholders and other agencies.

Outcome:

TEQSA published its inaugural Compliance Report outlining work undertaken to address sector risk including investigations into English language admissions standards.

TEQSA's new Higher Education Integrity Unit was established and began developing and implementing project plans to address academic integrity and commercial academic cheating, foreign interference and cyber security and research integrity.

Legal and technological arrangements were established to facilitate release of the UNSW data to Australian higher education providers. TEQSA and QAA co-signed an addendum to their Memorandum of Understanding enabling TEQSA to collect data from UNSW relevant to institutions within the QAA's remit.

Overall result: Achieved

Sector wide risks

TEQSA encourages a culture of self-assurance within providers and recognises that providing effective guidance and advice to providers reduces the risk of non-compliance. TEQSA does this through a range of education and guidance activities aimed to promote greater internal monitoring of compliance by providers, build the capacity of the sector, enhance quality, and improve outcomes for students. This includes publishing guidance notes and good practice guides, forums and seminars to engage with the sector, webinars, and issuing regulatory guidance to providers on areas for improvement that may be identified through an assessment activity.

In 2020-21, TEQSA undertook a range of education and guidance activities focused on key sector-wide issues, including:

- > academic integrity and contract cheating
- > sexual assault and sexual harassment
- > admissions transparency
- > the quality of online learning.

In early 2021, TEQSA published its inaugural Compliance Report. The Compliance Report is a key initiative for TEQSA to share key learnings and reflections with the sector so it can better understand and mitigate risk. The report included a focused case study of 10 compliance assessments conducted on English language requirements for admission of international students to selected higher education providers.

Professional accreditation

TEQSA continued to work with industry professional bodies during 2020-21.

TEQSA continued work with professional body peak groups, including providing ongoing advice to various industry professional bodies and through membership of the Australian Health Practitioner Regulation Agency (AHPRA) Accreditation Advisory Committee.

In response to the COVID-19 pandemic, TEQSA has continued to communicate 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.

TEQSA has 21 active MoUs in place with professional and industry bodies. These set out the basis for sharing of information about regulatory and other matters.

TEQSA did not sign or renew any MoU's with professional bodies during 2020-21.

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 (QBGG).

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 2020–21, TEQSA continued engagement with international quality assurance agencies and networks through various activities, including:

- > participation in the virtual QBBG annual meeting in November 2020 to discuss higher education in a post-COVID world, which included an update on TEQSA's Academic Integrity toolkit and discussions regarding micro-credentials
- > participation at numerous webinars with international partners including Brazil, India, Bahrain, Indonesia, UK, Peru and Vietnam, to share good practice and share learnings in response to the COVID-19 pandemic, with a particular focus on the quality assurance of online learning and academic integrity
- > working with Australian providers operating in the United Arab Emirates (UAE) and the Commission for Academic Accreditation, Ministry of Education (CAA) to discuss and confirm accreditation and licensing requirements for providers wishing to operate in the UAE
- > regular teleconferences with international MoC partners.

During 2020–21, TEQSA signed or renewed MoCs with the organisations listed in Table 1.

Table 1: Memorandum of Cooperation signed or renewed in 2020–21

Organisation	Date signed or renewed
Malaysian Qualifications Agency (MQA)	February 2021
Quality Assurance Agency for Higher Education, United Kingdom (QAA)	April 2021
National Superintendence of University Higher Education of the Republic of Peru (SUNEDU)	June 2021

Objective 3: Ensure quality and compliance through effective and efficient regulation

TEQSA's core regulatory work includes:

- > registration and re-registration of higher education providers
- > accrediting and re-accrediting courses offered by higher education providers
- > registering and re-registering providers delivering higher education courses, Foundation programs, and English Language Intensive Courses for Overseas Students (ELICOS) to international students
- > compliance monitoring and enforcement.

TEQSA remains committed to improving the efficiency of TEQSA's regulatory activity, with a focus on reducing the administrative burden of regulation for higher education providers while ensuring key sector risks are identified and addressed.

In 2020–21 TEQSA experienced a significant increase in its assessment workloads. TEQSA received 78 per cent more applications than in the previous year and completed 24 per cent more assessments. In addition to this, TEQSA invested considerable effort in supporting the sector through COVID-19, with 148 extensions decided. The last four months of the financial year saw approximately 50 per cent of TEQSA operational resource reallocated to the provider category change process. These pressures required careful prioritisation of workloads and contributed to an increase to the on-hand caseload. The fact that processing times remained relatively stable and reduced slightly for re-registrations and course accreditations and re-accreditations was a positive outcome, in the context of these increased workloads and remote working arrangements.

Performance measure 3.1: TEQSA’s assessment and compliance activity aligns with regulatory principles of necessity, risk-reflective and proportionality

Source: Corporate Plan Operational Plan Compliance Report	
Qualitative target: TEQSA takes action to ensure that serious non-compliance by registered and non-registered providers is disrupted or addressed.	Outcome: 100 Compliance Assessments were finalised. 33 conditions were imposed to ensure providers remained compliant with the HES Framework. 78 assessments completed of provider condition reporting. 6 providers were re-registered for less than the maximum period. 18 re-accreditations were approved for less than the maximum period. Enhanced quarterly reporting on trends in concerns and complaints. Process improvements for managing unregistered entities were developed and implemented with 18 active cases.
Quantitative target: 90 per cent of compliance assessments are completed within 12 months.	Outcome: Substantive changes to the management of compliance assessments resulted in average completion times improving from 50 per cent (35 cases) completed within 12 months in July 2020, to 88 per cent (50 cases) completed within 12 months by end of June 2021.
Overall result: Achieved	

Regulatory caseload in 2020-21

In 2020-21, TEQSA undertook 78 per cent more assessments in total than the previous year and completed 24 per cent more assessments compared with 2019-20, primarily due to the number of applications for short courses and accreditations. Also, 144 provider category change assessments were undertaken in 2021 as part of the process to apply provider category legislative changes. These were completed in July 2021.

Table 2: TEQSA’s caseload summary

	2018-19	2019-20	2020-21
Active assessments as at the end of the financial year (including 2020-21 short courses, provider category change)	141	146	357 (3, 144)
Assessments created (including 2020-21 short courses, provider category change)	260	369 (83)	656 (185, 145)
Completed assessments (including 2020-21 short courses, provider category change)	255	364 (80)	450 (183, 2)

Table 3: Completed assessments and decisions

	2018-19	2019-20	2020-21
Decisions (including 2020-21 short courses)	186	337 (80)	418 (175)
Withdrawn	69	27	32 (8)
Total (completed assessments)	255	364 (80)	450

Table 3 sets out the total number of assessments completed and decisions made over the last three years. In 2020-21, there was a 24 per cent increase in the number of decisions made.

Under its governing legislation, TEQSA is obliged to provide particular forms of advice and complete certain processes within specified timeframes. Table 4 contains information about TEQSA’s performance in meeting legislative deadlines required by the TEQSA Act. In 2020-21, the agency met all of its legislative deadlines except in the case of one decision about an application for course accreditation.

Table 4: Performance in 2020–21 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 9 assessments in 2020–21.</p>
<p>Section 21</p> <p>TEQSA must make a decision on an application for registration within 9 months of receiving it or, if TEQSA is satisfied for reasons beyond its control that a decision cannot be made within the 9 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 9 months. There were 8 decisions in 2020–21.</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>Mostly Achieved</p> <p>99.71 per cent of preliminary assessments were completed within 30 days. There were 344 assessments undertaken in 2020–21, of which 343 were completed within 30 days.</p>
<p>Section 49</p> <p>TEQSA must make a decision on an application for accreditation of a course of study within 9 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 9 months, within which it must make a decision on the application.</p>	<p>Achieved</p> <p>100 per cent of decisions about applications for accreditation were made within 9 months. There were 264 decisions in 2020–21.</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>No decisions on a review of a reviewable decision were made in 2020–21.</p>

Adverse re-registration decisions

Adverse decisions include decisions to renew registration for a period that is less than the maximum 7 years, impose conditions, or 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.

Table 5: Percentage of assessments of re-registration applications with an adverse decision

Financial year	Total	Adverse decision per cent
2017-18	9	56%
2018-19	15	33%
2019-20	18	44%
2020-21	13	46%
Total	55	44%

Compliance with the HES Framework

Compliance with conditions

TEQSA may decide to impose a condition on a provider's registration or course accreditation to address non-compliance, or substantial risk of non-compliance, with a provider's obligations. As with any use of TEQSA's powers, in deciding to impose a condition, TEQSA takes into account the regulatory principles of necessity, reflecting risk and proportionality. Imposing a condition 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 2020-21, TEQSA conducted 161 assessments to determine compliance with conditions. As part of its ongoing compliance monitoring, TEQSA revoked 50 conditions and varied 4 conditions.

As at 30 June 2021, 57 providers (31 per cent of registered providers) were subject to a total of 162 active conditions. These conditions comprised:

- > 122 conditions imposed on TEQSA registrations
- > 40 conditions imposed on course accreditations.

Of these conditions, more than half (89) require periodic reporting to TEQSA as assurance that the providers are actively monitoring the implementation and outcomes of their rectification measures and that these measures have been adequately embedded into the provider's operations.

During 2020–21, as a result of application-based assessments and compliance assessments, TEQSA imposed 33 conditions across 13 providers to address non-compliance with the HES Framework. The most common conditions imposed in 2020–21 related to compliance with:

- > Domain 6 - Governance and Accountability, in particular Sections 6.1 Corporate Governance and 6.2 Corporate Monitoring and Accountability
- > 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.

Compliance assessments and investigations

Compliance assessments may be initiated in response to a range of factors, including concerns TEQSA receives from students and the public, 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 or investigation, TEQSA carefully analyses the potential 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, to decide the most appropriate course of action.

Compliance assessments may:

- > inform an application-based assessment where there is a concurrent or upcoming assessment
- > result in enforcement action being undertaken, for example, where non-compliance has been established
- > conclude with no further action being taken, for example, where TEQSA is satisfied that a provider is meeting their obligations identified as part of a compliance assessment.

In 2020–21, 58 compliance assessments were initiated and 100 compliance assessments were finalised. The most common focus of compliance assessments initiated were:

- > Corporate governance
- > Academic governance
- > Delivery (teaching and courses), including issues with professional accreditation of a course and shortage of clinical placement.

For the majority of cases, TEQSA’s intervention during the course of the compliance assessment led to providers taking action to address identified issues and mitigate the risk of non-compliance in the future. In a small number of cases, providers were able to satisfy TEQSA that there was not material non-compliance and the matters were closed with no further action.

Performance measure 3.2: Assessment and compliance activities are streamlined and coordinated

Source: Stakeholder survey	
Quantitative target: The year-on-year trend in processing time demonstrates improvement.	Outcome: Processing times remained relatively stable with a slight reduction in re-registration and course re-accreditation. However, there was a slight increase in course accreditations (see Table 7 below).
Increase in positive ratings from providers with regard to TEQSA’s efforts to reduce administrative burden.	In 2020-21, 65 per cent of respondents rated TEQSA as good or excellent in reducing administrative burden. This is an improvement on 2019 results with only 48 per cent providers feeling that TEQSA was listening to their views on reducing regulatory burden.
Overall result: Partially achieved	

Decision timeframes

Overall, median processing times remained relatively stable in 2020-21 despite a significant increase (84 per cent) to TEQSA’s assessment workloads (see Tables 2 and 3) and TEQSA staff working remotely for most of the year. There was an increase in new course accreditation applications. However, this needs to be understood in the context of TEQSA’s prioritisation of provider short courses, which were considered important to the sector’s COVID-19 response. TEQSA decided 175 short courses in 2020-21 with a median processing time of 3 days from the substantive assessment start date.

TEQSA commenced 2020-21 with 12 re-registration assessments carried over from previous financial years, including two applications that had been under assessment for 12 months or more. During 2020-21, 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 one application that had been under assessment for 12 months or more remained active at the end of 2020-21.

Table 7: Median number of days for processing of the most common types of applications (or commencement of substantive assessment) to decision

	2018-19	2019-20	2020-21
Registration	231	242	248
Re-registration	397	387	315
Course accreditation (registered and prospective providers)	154	150	184
Course accreditation (registered providers)	147	150	173
Course accreditation (prospective providers)	224	240	237
Course re-accreditation	413	220	208

Note: Short courses are excluded in accreditation assessments

Table 8 sets out the median time to decision for applications for re-registration, accreditation and re-accreditation from registered providers with and without adverse findings over the last two years.

Table 8: Median number of days to decision for assessments with and without adverse findings

Assessment type	2019-20			2020-21		
	Without adverse findings (days)	With adverse findings (days)	Overall median (days)	Without adverse findings (days)	With adverse findings (days)	Overall median (days)
Re-registration	168	779	387	256	406	315
Accreditation (registered providers)	104	150	150	158	258	173
Re-accreditation	123	622	220	119	470	208

Performance measure 3.3: TEQSA is open and transparent in its dealings with regulated entities

Source: 2020-24 Corporate Plan Operational Plan 2020-21	
Qualitative target: TEQSA engages annually with all providers to address any questions or concerns regarding compliance with requirements.	Outcome: TEQSA has engaged with all registered providers about our approach to the new Provider Category Standards including briefing sessions, website updates and direct engagement.
Overall result: Achieved	

Concerns about providers

Assessing concerns received about higher education providers is a key aspect of TEQSA's risk monitoring approach. We refer to complaints or allegations of non-compliance received about providers as concerns.

TEQSA uses information it receives through concerns, and providers' responses to concerns, to identify risks and inform assessments of providers' compliance with their obligations under TEQSA's legislative framework.

Table 9 shows the number of concerns recorded by TEQSA over the last two years that were within TEQSA's legislative remit. In 2020-21, TEQSA received 496 concerns, with 9 percent (45) outside of TEQSA's jurisdiction. Those outside TEQSA's jurisdiction were redirected to the relevant agencies where possible, and with the complainant's consent.

TEQSA received concerns about 52 per cent of all registered higher education providers. Of the 361 concerns that related to a specific provider, 66 per cent (238) related to an Australian University while 34 per cent (123) related to an Institute of Higher Education.

Table 9: Concerns received within TEQSA's jurisdiction year on year comparison

	2019-20	2020-21
Number of concerns received	420	451

Table 10 lists the top 10 types of concerns received by TEQSA over the last 2 years. In 2020-21, there was a substantial increase in concerns received about commercial academic cheating, with a 722 per cent increase in these concerns in 2020-21. This likely reflects TEQSA's engagement with the sector on these issues and amendments to the TEQSA Act in 2020 to empower TEQSA to take action against cheating services.

TEQSA continued to receive concerns related to COVID-19, with 55 concerns recorded across 33 providers (compared to 54 in 2019-20). The most common COVID-19 related concern was in relation to the delivery of teaching and courses, including quality of online delivery. In most cases, complainants were referred to their provider's internal complaints mechanisms for consideration of their complaint. TEQSA continued to carefully monitor COVID-19 related concerns to inform the effectiveness of the measures providers have put in place in response to the challenges of COVID-19 and engage with providers where necessary.

Table 10: Concerns received by category

Type of concern	2019-20	2020-21
Delivery (teaching and courses)	84	122
Contract cheating	9	74
Admission	16	53
Student services/learning environment	47	50
Governance	63	40
Tuition and refunds	36	24
Misrepresentation	18	17
Wellbeing and safety - other	25	12
Unregistered entity	22	8
Other*	100	51
Total	420	451

* This includes a range of concerns, including third-party mismanagement, 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 2020–21, TEQSA continued to receive an unprecedented number of material change notifications. TEQSA received a total of 491 material change notifications in 2020–21, exceeding the 441 material change notifications submitted in 2019–20, which was a record number itself at the time. This was primarily as a result of changes providers had to make to respond to the COVID-19 pandemic, including shifting to online delivery.

Table 11 sets out the top 10 categories of material change notifications received over the last 2 years. 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. Four compliance assessments were initiated as a result of a material change notification.

Table 11: Material change notifications by category

Material change notification by category	2019–20	2020–21
Change to executive and/or board membership	112	115
Major course changes - delivery mode	152	69
Major course changes - other	20	49
Third-party agreement	22	31
Governance - organisational changes or restructure	9	40
Change to principal executive officer	22	25
Financial viability/position	8	16
Major campus changes - new delivery site	9	15
Major course changes - discontinuation	5	13
Other*	82	119
Total	441	492

*This category includes a range of material change notifications including National Register updates, changes to Ownership/Shareholdings/Control and other governance changes, other government regulatory action, impact on professional accreditation, campus closure, information security, wellbeing and safety, criminality, academic misconduct.

Table 12: National Register breakdown as at 30 June 2021

Provider category	Providers with SAA (full or partial)	Providers with no SAA	Total
Higher Education Provider*	12	130	142
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	55	130	185

*Includes for-profit, not-for-profit and TAFE providers.

Analysis of TEQSA's financial performance

For the 2020-21 financial year, TEQSA recorded a surplus of \$2.78 million compared with a deficit of \$2.14 million in 2019-20.

The 2020-21 Portfolio Budget Statements estimated an operating deficit of \$0.79 million, which reflects the unfunded depreciation and amortisation expense.

The surplus in 2020-21 is primarily attributable to the timing in the establishment and activities associated with the new Higher Education Integrity Unit and reduction in operating costs due to the COVID-19 pandemic.

- ▶ During 2020-21, TEQSA completed 450 assessments – a 24 per cent increase on the previous year’s figure of 364.

Management and accountability 4

- ▲ 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 2020–21, 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 2020–21, 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 13 lists the members of the accountable authority and their period of tenure in the role.

Table 13: Details of accountable authority during 2020–21

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
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 45 of the PGPA Act and operates under an Audit and Risk Committee Charter, approved by the accountable authority. In 2020–21, the Committee comprised three external members (including the Chair) appointed by the accountable authority. 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 2020–21, the following internal audits were carried out: Payroll Review, Performance Framework Reporting and ICT General Controls.

In 2020–21, the Audit and Risk Committee met on a quarterly basis.

Table 14: Details of the Audit and Risk Committee during 2020–21

Member	Qualifications and experience	Number of meetings attended/ total number of meetings	Total annual remuneration
Dr Len Gainsford, Chair	Dr Len Gainsford (B Econ Qld MBA Macq MA UNSW DBA Macq 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.	4/4	\$15,180
Sally-Anne Pitt, Member	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.	4/4	\$10,120

Table 14: Details of the Audit and Risk Committee during 2020–21 (continued)

Member	Qualifications and experience	Number of meetings attended/ total number of meetings	Total annual remuneration
Brandon Mack, Member	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.	4/4	\$10,120

Planning and management

Corporate Planning

Due to the pandemic and the delay to the federal budget process, the Department of Finance deferred the deadline for publication of corporate plans for 2020–24 to 31 January 2021.

The TEQSA Corporate Plan 2020–24 was:

- > submitted to the Minister for Education on 23 December 2020
- > approved on 21 January 2021
- > published on the TEQSA website by 29 January 2021
- > provided to the Minister for Finance on 29 January 2021.

Enterprise Risk Management Framework

TEQSA uses a risk-based approach in its business operations and is committed to the continuous improvement of its risk management approach 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 risk management policy, risk appetite statements, an enterprise risk register, a Fraud Control and Anti-Corruption Plan, Business Continuity Plan, and internal and external arrangements for staff training and support.

In 2020-21, a high level review of TEQSA's risk management framework and risk profile was undertaken in response to 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 2020-21, 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 2020-21, 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 2020-21 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 2020. For further information on the performance audit in this report see Section 3: *Australian National Audit Office performance audit*.

During 2020–21, TEQSA officials appeared at parliamentary committee hearings for 2020–21 Budget Estimates.

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 2020–21. 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 2020–21, 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 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*. On 18 May 2021, TEQSA's CEO made a determination under section 24(1) of the *Public Service Act 1999* to provide remuneration increases on top of the TEQSA Enterprise Agreement 2018-2021, in lieu of bargaining a new enterprise agreement.

TEQSA maintains a shared-services arrangement with the Productivity Commission for 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 continued to present many challenges to the agency in relation to working safely and effectively. TEQSA implemented a number of approaches to support staff, including:

- > timely and tailored communication of lockdown arrangements and TEQSA's COVID-safe plan, including safety instructions for staff working remotely, in the office, and travelling between the office and home locations
- > enabling remote working arrangements for all staff and ensuring staff have the appropriate equipment and workspace to be able to do so safely and effectively
- > virtual ergonomic assessments of home workspaces for all staff
- > implementation of a contactless 'Sign In App Companion' to enable staff and visitors to check-in effortlessly and securely when they work in the office
- > implementation of an online desk booking system to ensure TEQSA can control the number of staff in the office and the number of available desks for booking during restricted periods
- > provision of a range of health, safety and wellbeing resources, with a particular focus on mental health and wellbeing.

Staffing statistics

As at 30 June 2021, TEQSA employed 65 APS and 30 executive-level staff, including one SES officer and four Office Holders.

On 29 August 2020, the Minister for Education the Hon Dan Tehan MP announced the appointment of Alistair Maclean as TEQSA's new CEO.

Prior to his appointment at TEQSA, Mr Maclean was the inaugural CEO of Victoria's Independent Broad-based Anti-Corruption Commission (IBAC) from 2013-20, where he was responsible for the management of IBAC's activities and functions. From 2008-13, he was General Manager (External Affairs) with PanAust Ltd, an ASX-listed gold and copper producer.

Mr Maclean was previously an Australian diplomat, serving as Ambassador to Laos from 2004-07, with prior postings to Washington DC and Bangkok. In between, he fulfilled various roles in Canberra, including as a senior advisor to the Prime Minister.

Mr Maclean commenced with TEQSA on 1 September 2020.

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 and Public Service (Subsection 24(1)—Tertiary Education Quality and Standards Agency Non-SES Employees) Determination 2021/1. The agreement and determination offer 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 2020–21, TEQSA's Learning Committee facilitated 16 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 2020-21, TEQSA provided staff with the following professional development:

- > executive coaching
- > diversity and inclusion awareness workshops
- > health and wellbeing workshops
- > Mental Health First Aid training
- > Harassment Contact Officer training
- > case management skills
- > management and leadership skills development, including strategic thinking and having difficult conversations
- > 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 regular all-staff newsletters and meetings, providing staff with updates on a range of management and operational matters. Each group within the agency held regular meetings to raise matters 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

In undertaking its regulatory activities, TEQSA uses a range of external experts across discipline, pedagogical and specialised higher education policy and governance areas.

The agency actively maintains a Register of External 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 2020-21, TEQSA implemented a revised strategy for managing its external experts. Key activities in relation to this included publishing the Register of External Experts on the TEQSA website to provide greater transparency to the sector and further work on programs to foster a community of best practice for external experts, including the development and rollout of a Quality Assurance Webinar Series.

In 2020-21, a total of 86 experts were engaged by TEQSA.

Table 15: Work assignments completed by experts

Financial year	Completed work assignments
2017-18	191
2018-19	138
2019-20	157
2020-21	133

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 continues to waive and refund fees and charges to providers. For the 2020-21 financial year, TEQSA has waived \$3,379,000 in fees and charges for 94 providers and refunded \$59,000 invoiced to 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 January 2022.

Fees payable as at 30 June 2021 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 2020-21 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.

Grants

TEQSA does not administer any discretionary grants programs.

Consultancies

During 2020–21, five new consultancy contracts were entered into, involving total actual expenditure of \$188,540. In addition, one ongoing reportable consultancy contract was active during the period, involving total actual expenditure of \$34,310.

Annual reports contain information about actual expenditure on reportable consultancy contracts. Information on the value of reportable consultancy contracts is available on the AusTender website at www.tenders.gov.au.

Decisions to engage consultants during 2020–21 were made in accordance with the PGPA Act and related regulations including the Commonwealth Procurement Rules and relevant internal policies.

Consultants are engaged through a procurement process, using open tender, limited tender or an established panel arrangement. All consultants are evaluated and selected in accordance with the Commonwealth Procurement Rules, various procurement-related legislations and relevant internal policies.

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.

Table 16: Expenditure on reportable consultancy contracts 2020–21

Reportable consultancy contracts 2020–21	Number	Expenditure \$ (inc GST)
New contracts entered into during the reporting period	5	\$188,540
Ongoing contracts entered into during a previous reporting period	1	\$34,310
Total	6	\$222,850

Table 17: Organisations receiving a share of reportable consultancy contract expenditure 2020-21

Name of organisation	Expenditure
Deloitte Consulting Pty Ltd (ABN: 86 611 750 648)	\$59,400
Artis Group Pty Ltd (ABN: 21 116 237 284)	\$58,960
Resolution Consulting Services Pty Ltd (ABN: 64 081 965 648)	\$34,310
Bruce Lander QC (ABN: 33 476 753 073)	\$33,000
RSM Australia Pty Ltd (ABN: 65 319 382 479)	\$18,700
Leadership Today (ABN: 33 595 983 313)	\$18,480

Annual reports contain information about actual expenditure on reportable non-consultancy contracts. Information on the reportable non-consultancy contracts' value is available on the AusTender website.

Table 18: Expenditure on reportable non-consultancy contracts 2020-21

Reportable non-consultancy contracts 2020-21	Number	Expenditure \$ (inc GST)
New contracts entered into during the reporting period	52	\$2,116,408
Ongoing contracts entered into during a previous reporting period	35	\$4,213,635
Total	87	\$6,330,043

Table 19: Organisations receiving a share of reportable non-consultancy contract expenditure 2020-21

Name of organisation	Expenditure
GPT Funds Management 2 Pty Ltd (ABN: 27 107 426 504)	\$1,850,080
Data#3 Limited (ABN: 31 010 5452 67)	\$800,937
Hays Specialist Recruitment (Aus) Pty Ltd (ABN: 47 001 407 281)	\$520,758
Datacom Systems (Aus) Pty Ltd (ABN: 39 135 427 075)	\$515,782
M & T Resources Pty Ltd (ABN: 27 132 349 458)	\$437,044

Financial report

5

- ▲ 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 2021:

- (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 2021 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 2021 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.

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 are 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.

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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



Peter Kerr
Executive Director
Delegate of the Auditor-General

Canberra

7 September 2021

Section 5: Financial report



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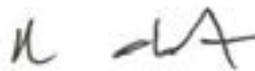
STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2021 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 Peter Coaldrake AO
Chief Commissioner
on behalf of the Accountable Authority
7 September 2021



Robert Oliphant
Chief Financial Officer
7 September 2021

Tertiary Education Quality and Standards Agency
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000	Original Budget ¹ \$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	1.1A	11,369	10,828	12,921
Suppliers	1.1B	5,098	7,545	6,831
Depreciation and amortisation	3.2A	2,006	2,338	2,034
Finance costs		19	42	112
Impairment loss on financial instruments	7.2B	178	-	-
Losses from asset disposals		5	-	-
Total expenses		18,675	20,753	21,898
Own-Source Income				
Own-source revenue				
Revenue from contracts with customers	1.2A	358	741	-
Rental income	1.2B	249	269	260
Resources received free of charge	1.2C	46	61	53
Total own-source revenue		653	1,071	313
Net (cost of)/contribution by services		(18,022)	(19,682)	(21,585)
Revenue from Government	1.2D	20,800	17,539	20,800
Surplus/(Deficit) attributable to the Australian Government		2,778	(2,143)	(785)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation reserve		1	-	-
Total other comprehensive income		1	-	-
Total comprehensive income/(loss)		2,779	(2,143)	(785)

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

¹ Original Budget reflects the figures in the 2020-21 Portfolio Budget Statements (PBS).

Tertiary Education Quality and Standards Agency
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2021

Budget Variances Commentary
Statement of Comprehensive Income

Affected line items	Explanation of major variances
<i>Employee benefits</i>	Employee benefits are under budget due to staff attrition and timing of recruitment activities.
<i>Suppliers</i>	Suppliers are less than budgeted due to impacts of COVID-19 in particular expenses relating to travel, property management and stakeholder engagements.
<i>Finance costs</i>	The variance in finance costs is primarily due to unwinding of discount for makegood provision, which was less than budget.
<i>Impairment loss on financial instruments</i>	Variance is due to impairment of receivables not anticipated during the 2020-21 budget preparation.
<i>Revenue from contracts with customers</i>	Variance is due to revenue not anticipated during the 2020-21 budget preparation.
<i>Resources received free of charge</i>	Variance in resources received free of charge is due to lower than anticipated cost of external audit fees.

Tertiary Education Quality and Standards Agency
STATEMENT OF FINANCIAL POSITION
as at 30 June 2021

	Notes	2021 \$'000	2020 \$'000	Original Budget ¹ \$'000
ASSETS				
Financial assets				
Cash and cash equivalents	3.1A	222	207	207
Trade and other receivables	3.1B	11,091	8,402	8,382
Total financial assets		11,313	8,609	8,589
Non-financial assets²				
Buildings	3.2A	1,177	2,588	1,170
Plant and equipment	3.2A	169	303	468
Intangibles - computer software	3.2A	1,458	1,299	1,681
Other non-financial assets	3.2B	230	158	153
Total non-financial assets		3,034	4,348	3,472
Total assets		14,347	12,957	12,061
LIABILITIES				
Payables				
Suppliers	3.3A	516	622	628
Other payables	3.3B	239	167	109
Total payables		755	789	737
Interest bearing liabilities				
Leases	3.4A	978	2,231	982
Total interest bearing liabilities		978	2,231	982
Provisions				
Employee provisions	6.1A	2,769	2,484	2,428
Other provisions	3.5A	541	538	528
Total provisions		3,310	3,022	2,956
Total liabilities		5,043	6,042	4,675
Net assets		9,304	6,915	7,386
EQUITY				
Contributed equity		12,897	13,287	14,543
Reserves		17	16	16
Retained surplus/(Accumulated deficit)		(3,610)	(6,388)	(7,173)
Total equity		9,304	6,915	7,386

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

¹ Original Budget reflects the figures in the 2020-21 Portfolio Budget Statements (PBS).

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

Tertiary Education Quality and Standards Agency
STATEMENT OF FINANCIAL POSITION
as at 30 June 2021

Budget Variances Commentary
Statement of Financial Position

Affected line items	Explanation of major variances
<i>Trade and other receivables</i>	The variance in trade and receivables is due to increases in cash held at 30 June from budget measures announced, after the 2020-21 Portfolio Budget Statement was finalised.
<i>Plant and equipment</i>	The decrease in plant and equipment is largely due to impact of COVID-19 on TEQSA's office densification project.
<i>Intangibles - computer software</i>	The decrease in intangibles are due to the changes in timing of the records management solution.
<i>Other non-financial assets</i>	Other non-financial assets reflects the increase in service-based prepayments held by TEQSA at 30 June 2021.
<i>Suppliers</i>	Supplier payables are less than budget due to timing of invoices received and cash payments at close of the reporting period.
<i>Other payables</i>	The variance in other payables is mainly due to lesser number of days accrued for salaries and superannuation in the budget.
<i>Employee provisions</i>	Employee provisions has exceeded budget due to a revision of the assumptions used in calculating the provision at year-end.

Tertiary Education Quality and Standards Agency

STATEMENT OF CHANGES IN EQUITY

for the period ended 30 June 2021

	2021 \$'000	2020 \$'000	Original Budget ¹ \$'000
CONTRIBUTED EQUITY			
Opening balance			
Balance carried forward from previous period	13,287	13,060	13,287
Transactions with owners			
Distribution to owners			
Departmental equity returns	(1,646)	(619)	-
Contributions by owners			
Departmental capital budget	1,256	846	1,256
Total transactions with owners	<u>(390)</u>	<u>227</u>	<u>1,256</u>
Closing balance as at 30 June	<u>12,897</u>	<u>13,287</u>	<u>14,543</u>
RETAINED EARNINGS			
Opening balance			
Balance carried forward from previous period	(6,388)	(5,208)	(6,388)
Adjustment on initial application of AASB 16	-	963	-
Adjusted opening balance	<u>(6,388)</u>	<u>(4,245)</u>	<u>(6,388)</u>
Comprehensive income			
Surplus/(Deficit) for the period	2,778	(2,143)	(785)
Total comprehensive income	<u>2,778</u>	<u>(2,143)</u>	<u>(785)</u>
Closing balance as at 30 June	<u>(3,610)</u>	<u>(6,388)</u>	<u>(7,173)</u>
ASSET REVALUATION RESERVE			
Opening balance			
Balance carried forward from previous period	16	16	16
Comprehensive income			
Other comprehensive income	1	-	-
Total comprehensive income	<u>1</u>	<u>-</u>	<u>-</u>
Closing balance as at 30 June	<u>17</u>	<u>16</u>	<u>16</u>
TOTAL EQUITY			
Opening balance			
Balance carried forward from previous period	6,915	7,868	6,915
Adjustment on initial application of AASB 16	-	963	-
Adjusted opening balance	<u>6,915</u>	<u>8,831</u>	<u>6,915</u>
Comprehensive income			
Surplus/(Deficit) for the period	2,778	(2,143)	(785)
Other comprehensive income	1	-	-
Total comprehensive income	<u>2,779</u>	<u>(2,143)</u>	<u>(785)</u>
Transactions with owners			
Distribution to owners			
Departmental equity returns	(1,646)	(619)	-
Contributions by owners			
Departmental capital budget	1,256	846	1,256
Total transactions with owners	<u>(390)</u>	<u>227</u>	<u>1,256</u>
Closing balance as at 30 June	<u>9,304</u>	<u>6,915</u>	<u>7,386</u>

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

¹ Original Budget reflects the figures in the 2020-21 Portfolio Budget Statements (PBS).

Tertiary Education Quality and Standards Agency

STATEMENT OF CHANGES IN EQUITY

for the period ended 30 June 2021

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 2021

	Notes	2021 \$'000	2020 \$'000	Original Budget ¹ \$'000
OPERATING ACTIVITIES				
Cash received				
Appropriations		18,250	20,202	20,693
Rendering of services		314	327	260
GST received		599	863	741
Other		166	618	65
Total cash received		<u>19,329</u>	<u>22,010</u>	<u>21,759</u>
Cash used				
Employees		11,013	10,315	13,035
Suppliers		5,811	8,311	6,873
Interest payments on lease liabilities		16	30	16
GST paid		2	11	679
Section 74 receipts transferred to OPA		1,328	1,738	-
Total cash used		<u>18,170</u>	<u>20,405</u>	<u>20,603</u>
Net cash from/(used by) operating activities		<u>1,159</u>	<u>1,605</u>	<u>1,156</u>
INVESTING ACTIVITIES				
Cash used				
Purchase of plant, equipment and intangibles		623	897	1,163
Total cash used		<u>623</u>	<u>897</u>	<u>1,163</u>
Net cash from/(used by) investing activities		<u>(623)</u>	<u>(897)</u>	<u>(1,163)</u>
FINANCING ACTIVITIES				
Cash received				
Contributed equity		732	737	1,256
Total cash received		<u>732</u>	<u>737</u>	<u>1,256</u>
Cash used				
Principal payments of lease liabilities		1,253	1,527	1,249
Total cash used		<u>1,253</u>	<u>1,527</u>	<u>1,249</u>
Net cash from/(used by) financing activities		<u>(521)</u>	<u>(790)</u>	<u>7</u>
Net increase/(decrease) in cash held		15	(82)	-
Cash and cash equivalents at the beginning of the reporting period		207	289	207
Cash and cash equivalents at the end of the reporting period	3.1A	<u>222</u>	<u>207</u>	<u>207</u>

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

¹ Original Budget reflects the figures in the 2020-21 Portfolio Budget Statements (PBS).

Tertiary Education Quality and Standards Agency
CASH FLOW STATEMENT
for the period ended 30 June 2021

Budget Variances Commentary
Cash Flow Statement

Affected line items	Explanation of major variances
<i>Operating activities</i> <i>Appropriations (cash received)</i>	Appropriations received was lower than budget as supplier expenses relating to travel, property management and stakeholder engagements decreased due to COVID-19.
<i>Operating activities</i> <i>Rendering of services</i>	Cash from rendering of services is greater than budget due to TEQSA receiving a higher than expected refund from the landlord for 2019-20FY property outgoings.
<i>Operating activities</i> <i>Other</i>	Other cash received is greater than budget due to TEQSA receiving a financial contribution for the procurement and implementation of the whole-of-government Digital Records Transformation Initiative from Department of Finance.
<i>Operating activities</i> <i>GST received</i>	GST received is lower than budget due to a decrease in supplier expenses which has resulted in TEQSA paying less GST during the financial year.
<i>Operating activities</i> <i>Employees</i>	Cash paid to employees is below budget due to timing of recruitment activities.
<i>Operating activities</i> <i>Suppliers</i>	Cash paid to suppliers is below budget due the impact of COVID-19 on expenses relating to travel, property management and stakeholder engagements. This is reflected in the lower than anticipated appropriation received.
<i>Operating activities</i> <i>Section 74 receipts transferred to OPA</i>	Section 74 receipts is higher than budget due to increase in miscellaneous receipts during the year.
<i>Investing activities</i> <i>Purchase of plant, equipment and intangibles</i>	Purchase of plant, equipment and intangibles is below budget due to changes in timing of the records management solution.
<i>Investing activities</i> <i>Contributed equity</i>	Cash received was lower due to timing and progress of TEQSA's capital projects, in particular the records management solution.

Tertiary Education Quality and Standards Agency
ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME
for the period ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000	Original Budget ¹ \$'000
NET COST OF SERVICES				
Income				
Revenue				
Non-taxation revenue				
Fees	2.2A	353	1,182	-
Total non-taxation revenue		353	1,182	-
Total revenue		353	1,182	-
Total income		353	1,182	-

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

¹ Original Budget reflects the figures in the 2020-21 Portfolio Budget Statements (PBS).

Budget Variances Commentary

Administered Schedule of Comprehensive Income

Affected line items	Explanation of major variances
Fees	The revenue reflects regulatory charges collected from providers who were not eligible for fee relief under the government's COVID-19 Higher Education Relief Package.

Tertiary Education Quality and Standards Agency
ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES
as at 30 June 2021

	Notes	2021 \$'000	2020 \$'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 2020-21 Portfolio Budget Statements (PBS).

Tertiary Education Quality and Standards Agency
ADMINISTERED RECONCILIATION SCHEDULE
for the period ended 30 June 2021

Notes	2021 \$'000	2020 \$'000
Opening assets less liabilities as at 1 July	(52)	-
Net contribution by services		
Income	353	1,182
Transfers (to)/from the Australian Government		
Appropriation transfers from Official Public Account		
Special appropriations (unlimited)		
Payments to entities other than corporate Commonwealth entities	70	677
Appropriation transfers to OPA		
Transfers to OPA	<u>(371)</u>	<u>(1,911)</u>
Closing assets less liabilities as at 30 June	<u>-</u>	<u>(52)</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 2021

	2021	2020
	\$'000	\$'000
OPERATING ACTIVITIES		
Cash received		
Fees	371	1,911
Total cash received	<u>371</u>	<u>1,911</u>
Cash used		
Refunds to higher education providers	70	677
Total cash used	<u>70</u>	<u>677</u>
Net cash from/(used by) operating activities	<u>301</u>	<u>1,234</u>
Cash from Official Public Account		
Appropriations	70	677
Total cash from official public account	<u>70</u>	<u>677</u>
Cash to Official Public Account		
Appropriations	(371)	(1,911)
Total cash to official public account	<u>(371)</u>	<u>(1,911)</u>
Cash and cash equivalents at the beginning of the reporting period	-	-
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.

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

No accounting standard has been adopted earlier than the application date as stated in the standard. All new, revised, amending standards and/or interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect on TEQSA's financial statements.

Taxation

TEQSA 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 2021.

1.1 Expenses

	2021 \$'000	2020 \$'000
1.1A: Employee Benefits		
Wages and salaries	8,950	8,464
Superannuation		
Defined contribution plans	1,099	1,003
Defined benefit plans	414	338
Leave and other entitlements	906	1,023
Total employee benefits	11,369	10,828

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	279	408
Contractors	1,411	2,791
Travel	47	321
IT services	1,077	979
Expert fees	434	490
Legal fees	385	197
Recruitment and training	280	350
Property operating expenses	556	737
MOU costs	223	177
Event costs	1	552
Other	336	475
Total goods and services supplied or rendered	5,029	7,477
Goods supplied	285	620
Services rendered	4,744	6,857
Total goods and services supplied or rendered	5,029	7,477
Other suppliers		
Workers compensation expenses	69	68
Total other suppliers	69	68
Total suppliers	5,098	7,545

TEQSA has no short term lease commitments as at 30 June 2021.

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.

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

1.2 Own-Source Revenue and gains

	2021	2020
	\$'000	\$'000
Own-Source Revenue		
<u>1.2A: Revenue from contracts with customers</u>		
Rendering of services	358	741
Total revenue from contracts with customers	<u>358</u>	<u>741</u>
Disaggregation of revenue from contracts with customers		
Service category:		
TEQSA Conference	-	719
Miscellaneous / Other	358	22
	<u>358</u>	<u>741</u>
Type of customer:		
Australian Government entities (related parties)	127	8
Non-government entities	231	733
	<u>358</u>	<u>741</u>
Timing of transfer of goods and services:		
Over time	-	-
Point in time	358	741
	<u>358</u>	<u>741</u>

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 (2020: 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

	2021 \$'000	2020 \$'000
1.2B: Rental income		
Subleasing right-of-use assets	249	269
Total rental income	<u>249</u>	<u>269</u>

Subleasing right-of-use assets

TEQSA in its capacity as a 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 operating lease income receivables:

Within 1 year	221	320
One to two years	-	223
Total undiscounted lease payments receivable	<u>221</u>	<u>543</u>

The above lease disclosures should be read in conjunction with the accompanying notes 1.1B, 3.2A and 3.4A.

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>46</u>	<u>61</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	20,800	17,539
Total revenue from Government	<u>20,800</u>	<u>17,539</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 2021, no administered expenses had been incurred by TEQSA (2020: Nil).

2.2 Administered - Income

	2021 \$'000	2020 \$'000
Revenue		
Non-Taxation Revenue		
<u>2.2A: Fees</u>		
Fees from regulatory services	353	1,182
Total fees	<u>353</u>	<u>1,182</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. The fee waivers been extended until 31 December 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.

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

	2021 \$'000	2020 \$'000
3.1A: Cash and cash equivalents		
Cash at bank	222	207
Total cash and cash equivalents	<u>222</u>	<u>207</u>

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	58	32
Total goods and services receivables	<u>58</u>	<u>32</u>

Appropriation receivables

Appropriation receivable	10,817	8,062
Total appropriation receivables	<u>10,817</u>	<u>8,062</u>

Other receivables

GST receivable from the Australian Taxation Office	166	183
Sublease incentive	18	45
Operating sublease receivable	30	68
Other	2	12
Total other receivables	<u>216</u>	<u>308</u>
Total trade and other receivables (net)	<u>11,091</u>	<u>8,402</u>

Credit terms for goods and services were within 30 days (2020: 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 2020				
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 1 July 2020	2,588	303	1,299	4,190
Additions				
Purchase	-	35	38	73
Internally developed	-	-	552	552
Depreciation and amortisation	(274)	(164)	(431)	(869)
Depreciation on right-of-use assets	(1,137)	-	-	(1,137)
Disposals	-	(5)	-	(5)
Total as at 30 June 2021	1,177	169	1,458	2,804
Total as at 30 June 2021 represented by				
Gross book value	3,985	534	4,696	9,215
Accumulated depreciation, amortisation and impairment	(2,808)	(365)	(3,238)	(6,411)
Total as at 30 June 2021	1,177	169	1,458	2,804
Carrying amount of right-of-use assets	947	-	-	947

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

² The carrying amount of computer software includes \$71,091 of purchased software and \$1,385,887 of internally generated software.

All items of plant and equipment and intangible assets were assessed for indications of impairment as at 30 June 2021. 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.

Contractual commitments for the acquisition of property, plant, equipment and intangible assets

As at 30 June 2021, TEQSA has 1 contractual commitment for the acquisition of a records management solution. The capital commitment for this acquisition is \$389,858 GST inclusive.

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, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

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 obligation exists 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. 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.

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. Depreciation rates (useful lives), residual values and 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	2021	2020
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 2021. Where indications of impairment exist, the assets' recoverable amount is estimated and an impairment adjustment made if the assets' 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 (2020: 3 to 5 years).

All software assets were assessed for indications of impairment as at 30 June 2021.

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

	2021	2020
	\$'000	\$'000
3.2B: Other non-financial assets		
Property operating prepayments	38	36
Goods and services prepayments	<u>192</u>	<u>122</u>
Total other non-financial assets	<u>230</u>	<u>158</u>

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

Accounting Policy

Other non-financial assets

Other non-financial assets consist of prepayments which are expected to be consumed within the next 12 months.

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

3.3 Payables

	2021 \$'000	2020 \$'000
3.3A: Suppliers		
Trade creditors and accruals	<u>516</u>	<u>622</u>
Total suppliers	<u>516</u>	<u>622</u>

Settlement is usually made within 20 days (2020: 20 days).

3.3B: Other payables

Salaries and wages	195	147
Superannuation	34	20
Other	10	-
Total other payables	<u>239</u>	<u>167</u>

Accounting Policy

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

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

3.4 Interest Bearing Liabilities

	2021 \$'000	2020 \$'000
3.4A: Leases		
Lease liabilities	978	2,231
Total leases	978	2,231

The cash outflow for leases for the year ended 30 June 2021 was \$1,269,444 (2020: \$1,557,147).

Maturity analysis - contractual undiscounted cash flows

Within 1 year	1,091	1,265
Between 1 to 5 years	-	1,091
Total leases	1,091	2,356

TEQSA in its capacity as a lessee has one contract for office accommodation in Melbourne. The lease contract expires on 30 April 2022, with an option to extend for five years. Lease payments are subject to annual fixed percentage increases in accordance with the lease agreement. As at the reporting date, TEQSA has not made a decision if the option will be exercised.

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

Accounting Policy

For all new contracts entered into, TEQSA considers whether the contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

Once it has been determined that a contract is, or contains a lease, the lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease, if that rate is readily determinable, or the department's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification to the lease. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or profit and loss depending on the nature of the reassessment or modification.

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

3.5 Other Provisions

3.5A: Other provisions

	Provision for restoration \$'000	Total \$'000
As at 1 July 2020	538	538
Additional provisions made	1	1
Amounts used	-	-
Amounts reversed	-	-
Unwinding of discount or change in discount rate	2	2
Total as at 30 June 2021	541	541

TEQSA has 1 (2020: 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.

4. Assets and Liabilities Administered on behalf of Government

This section analyses assets used to conduct operations and the operating liabilities incurred as a result 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 2021, TEQSA held no administered assets (2020: Nil).

4.2 Administered - Liabilities

	2021 \$'000	2020 \$'000
4.2A: Suppliers		
Refund liabilities	-	52
Total suppliers	<u>-</u>	<u>52</u>

Settlement is usually made within 20 days (2020: 20 days).

The refund liability at 30 June 2020 represented 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 2021

	Annual Appropriation ¹	Adjustments to appropriation ²	Total appropriation	Appropriation applied in 2021 (current and prior years)	Variance ³
	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental					
Ordinary annual services	20,800	1,328	22,128	18,250	3,878
Capital Budget ⁴	1,256	-	1,256	732	524
Other services					
Equity Injections	-	-	-	-	-
Total departmental	22,056	1,328	23,384	18,982	4,402

¹ In 2020-21, there were no appropriations which have been withheld (Section 51 of the PGPA Act) and quarantined for administration purposes.

² In 2020-21, adjustments to appropriation comprises of \$1.328 million of PGPA Act Section 74 receipts.

³ In 2020-21, the variance between total appropriation and appropriation applied in 2021 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 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.

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

	2021 \$'000	2020 \$'000
5.1B: Unspent Annual Appropriations ('recoverable GST exclusive')		
Departmental		
Appropriation Act (No. 1) - Capital Budget (DCB) 2018-19 ¹	1,200	1,449
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 ¹	446	493
Appropriation Act (No. 1) - Operating 2020-21	9,866	-
Appropriation Act (No. 1) - Capital Budget (DCB) 2020-21	760	-
Supply Act (No. 1) - Capital Budget (DCB) 2020-21	413	-
Total departmental	12,685	8,269

¹ These amounts have been formally withheld under the direction s. 51 of the *Public Governance, Performance and Accountability Act 2013*.

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

Authority	Type	Purpose	Appropriation Applied	
			2021 \$'000	2020 \$'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.	70	677
Total special appropriations applied			70	677

5.2 Regulatory Charging Summary

Amounts applied

Departmental		
Annual appropriations	15,459	18,525
Total amounts applied	15,459	18,525

Expenses

Departmental	14,120	16,886
Total expenses	14,120	16,886

External revenue

Administered	353	1,182
Total external revenue	353	1,182

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

	2021 \$'000	2020 \$'000
6.1A: Employee Provisions		
Leave	<u>2,769</u>	<u>2,484</u>
Total employee provisions	<u>2,769</u>	<u>2,484</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 Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), or the PSS accumulation plan (PSSap), or other superannuation funds held outside the Australian Government. The CSS and PSS are 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. TEQSA 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 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 the key management personnel to be the Chief Commissioner, Commissioners and the Chief Executive Officer. Key management personnel remuneration is reported in the table below:

	2021	2020
	\$'000	\$'000
Short-term employee benefits	754	903
Post-employment benefits	84	53
Other long-term employee benefits	3	19
Total key management personnel remuneration expenses¹	841	975

The total number of key management personnel that are included in the above table is 5 (2020: 6).

¹ The above key management personnel 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.

During the financial year, TEQSA identified overpayments estimated at \$181,000 relating to travel allowances paid from October 2015 to April 2020. The overpayments were identified following an internal review of office holder travel entitlements and are a breach of section 7(9) of the *Remuneration Tribunal Act 1973* (RT Act). TEQSA is putting in place improvements to its internal controls to prevent a reoccurrence of the overpayments.

The overpayments were considered a recoverable debt to the Commonwealth under section 16A of the RT Act. TEQSA has recovered \$2,744, with the remaining balance of \$178,256 deemed not legally recoverable for the purposes of r11(b) of the Public Governance Performance and Accountability Rule 2014. The debt is not formally waived.

In accordance with section 16C of the RT Act, TEQSA reports that:

- 17 payments, totalling \$30,392, were made under subsection 16A(1) of the RT Act in 2015-16.
- 21 payments, totalling \$40,080, were made under subsection 16A(1) of the RT Act in 2016-17.
- 24 payments, totalling \$40,684, were made under subsection 16A(1) of the RT Act in 2017-18.
- 27 payments, totalling \$38,031, were made under subsection 16A(1) of the RT Act in 2018-19.
- 19 payments, totalling \$31,813, were made under subsection 16A(1) of the RT Act in 2019-20.

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. Such transactions include the payment or refund of taxes, receipt of a Medicare rebate or higher education loans. These transactions have not been separately disclosed in this note.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by the entity, it has been determined that there are no related party transactions to be separately disclosed (2020: \$269,004).

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 2021 (2020: Nil).

7.1B: Administered - Contingent Assets and Liabilities

TEQSA had no administered contingent assets or liabilities at 30 June 2021 (2020: Nil).

7.2 Financial Instruments

	2021	2020
	\$'000	\$'000

7.2A: Categories of financial instruments

Financial assets

Financial assets at amortised cost

Cash and cash equivalents	222	207
Trade and other receivables - goods and services	60	44

Total financial assets at amortised cost

Total financial assets

282	251
282	251

Financial liabilities

Financial liabilities measured at amortised cost

Trade creditors and accruals	516	622
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Total financial liabilities measured at amortised cost

Total financial liabilities

516	622
516	622

Accounting Policy

Financial assets

In accordance with AASB 9 *Financial Instruments*, 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 when TEQSA becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred 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.

7.2A: Categories of Financial Instruments - continued

Accounting Policy (continued)

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).

	2021	2020
	\$'000	\$'000
7.2B: Impairment loss on financial assets		
Financial assets at amortised cost		
Impairment	178	-
Loss on financial assets at amortised cost	178	-

8. Other Information

8.1 Current/non-current distinction for assets and liabilities

	2021	2020
	\$'000	\$'000

8.1A: Current/non-current distinction for assets and liabilities

Assets expected to be recovered in:

No more than 12 months

Cash and cash equivalents	222	207
Trade and other receivables	11,091	8,289
Buildings	1,177	-
Prepayments	230	158

Total no more than 12 months

12,720	8,654
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More than 12 months

Trade and other receivables	-	113
Buildings	-	2,588
Plant and equipment	169	303
Intangibles - computer software	1,458	1,299

Total more than 12 months

1,627	4,303
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Total assets

14,347	12,957
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Liabilities expected to be settled in:

No more than 12 months

Suppliers	516	622
Other payables	239	167
Leases	978	1,144
Employee provisions	820	639
Other provisions	541	-

Total no more than 12 months

3,094	2,572
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More than 12 months

Leases	-	1,087
Employee provisions	1,949	1,845
Other provisions	-	538

Total more than 12 months

1,949	3,470
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Total liabilities

5,043	6,042
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8.1B: Administered - current/non-current distinction for assets and liabilities

Liabilities expected to be settled in:

No more than 12 months

Suppliers	-	52
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Total no more than 12 months

-	52
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More than 12 months

-	-
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Total more than 12 months

-	-
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Total liabilities

-	52
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Appendices 6

- ▲ Appendix A: Summary of resources
- ▲ Appendix B: Staffing profile
- ▲ Appendix C: Freedom of information
- ▲ Appendix D: Ecologically-sustainable development and environmental performance
- ▲ Appendix E: Advertising and market research
- ▲ Appendix F: Workplace health and safety
- ▲ Appendix G: Disability reporting

Section 6: Appendices



Appendix A: Summary of resources

Table A.1: Entity Resource Statement 2020–21

	Actual available appropriation - current year (a)	Payments made (b)	Balance remaining (a)-(b)
	\$'000	\$'000	\$'000
Departmental			
Annual appropriations - ordinary annual services	31,653	18,968	12,685
Annual appropriations - other services - non-operating	-	-	-
Total departmental annual appropriations	31,653	18,968	12,685
<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)	31,653	18,968	12,685
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	-	-	-

Table A.1: Entity Resource Statement 2020–21 (*continued*)

	Actual available appropriation - current year (a)	Payments made (b)	Balance remaining (a)-(b)
	\$'000	\$'000	\$'000
Annual appropriations - other services - new administered expenses	-	-	-
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	-	70	-
Total administered resourcing (B)	-	70	-
Total resourcing and payments for entity X (A + B)	31,653	19,038	-

Table A.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
	2020-21	2020-21	2020-21
	\$'000	\$'000)	\$'000
Program 1.1: Regulation and Quality Assurance			
Departmental expenses			
Departmental appropriation	19,811	16,620	3,191
Expenses not requiring appropriation in the budget year	2,087	2,055	32
Total for Program 1.1	21,898	18,675	3,223
Outcome 1 totals by appropriation type			
Departmental expenses			
Departmental appropriation	19,811	16,620	3,191
Expenses not requiring appropriation in the budget year	2,087	2,055	32
Total expenses for Outcome 1	21,898	18,675	3,223
	Budget	Actual	Variation
	2020-21	2020-21	2020-21
Average staffing level (number)	100	90	10

Appendix B: Staffing profile

As at 30 June 2021, TEQSA employed 65 APS and 30 executive-level staff, including one SES officer and four Office Holders. All roles were based in Victoria.

Table B.1: Employment type by classification and gender, 2020-21

Classification		Female		Male		Total
		Ongoing	Non-ongoing	Ongoing	Non-ongoing	
SES 1	Full-time	1	-	-	-	1
	Part-time	-	-	-	-	-
EL2	Full-time	4	-	3	-	7
	Part-time	-	-	-	-	-
EL1	Full-time	13	1	7	-	21
	Part-time	1	-	-	-	1
APS6	Full-time	28	3	8	-	39
	Part-time	5	-	-	-	5
APS5	Full-time	5	2	6	2	15
	Part-time	1	-	-	-	1
APS4	Full-time	1	2	1	-	4
	Part-time	1	-	-	-	1
Other	Full-time	-	-	-	1	1
	Part-time	-	1	-	2	3
TOTALS		60	9	25	5	99

Table B.2: Employment type by classification and gender, 2019-20

On 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.

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

Table B.3: Ongoing and non-ongoing Aboriginal and Torres Strait Islander staff, at 30 June 2020 and 30 June 2021

	2019-20	2020-21
Ongoing	1	1
Non-Ongoing	-	-
Total	1	1

Table B.4: Employment arrangements for SES and non-SES staff, 2020-21

	SES	Non-SES	Total
Section 24(1) determinations	1	-	1
S138 TEQSA Act	-	4	4
Individual Flexibility Arrangement	-	-	-
Enterprise Arrangement	-	94	94
Total	1	98	99

Table B.5: Salary ranges by employment classification, 2020–21

	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 B.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	Other long-term benefits				
Professor Peter Coaldrake, Chief Commissioner ¹ and Commissioner ²	\$109,682	0	0	\$10,420	0	0	0	0	0	\$120,102	
Professor Nicholas Saunders, Chief Commissioner ² and Acting Chief Executive Officer ³	\$165,151	0	0	\$13,496	0	0	0	0	0	\$177,870	
Professor Cliff Walsh Commissioner ²	\$83,921	0	0	\$7,973	0	0	0	0	0	\$91,894	
Professor Joan Cooper Commissioner ²	\$110,727	0	0	\$10,519	0	0	0	0	0	\$121,246	
Mr Alistair Maclean Chief Executive Officer ⁴	\$284,653	0	0	\$41,421	0	0	0	0	0	\$329,629	
Total	\$754,134	\$0	\$0	\$83,829	\$0	\$0	\$0	\$2,778	\$0	\$840,741	

1. Commenced as Chief Commissioner effective 1 March 2021.

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

3. Acting Chief Executive Officer arrangements for the period 1 July – 31 August 2020.

4. Commenced as Chief Executive Officer effective 1 September 2020.

The above table is prepared on an accruals basis.

Table B.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 and allowances	Average long service leave					
\$265,001 - \$285,000	1	\$221,374	\$0	\$0	\$41,594	\$5,515	\$0	\$0	\$268,483	

Table B.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 and allowances	Average long service leave					
\$230,001 - \$245,000	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	

Appendix C: 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).

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 D: 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 2020-21, TEQSA achieved a 5.5 star NABERS rating, an increase of 0.5 star since last year. The increase was due to a 34 per cent decrease in energy consumption as Melbourne was in lockdown due to COVID-19 restrictions. The number of staff in the office dramatically reduced as TEQSA integrated social distancing in the office and also required staff to operate from home as directed.

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, waste cartridge recycling and secure destruction and recycling of all confidential matter.

Appendix E: Advertising and market research

TEQSA did not conduct any advertising campaigns during 2020-21.

Appendix F: 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, annual flu vaccinations, a range of health and wellbeing resources and initiatives, and a network of First Aid and Mental Health First Aid Officers.

No reportable WHS incidents occurred during 2020-21 and TEQSA was not required to give any notices under the *Work Health and Safety Act 2011*.

Appendix G: Disability reporting

The *Australian Public Service Disability Employment Strategy 2020–25* is an important part of the Australian Government's ongoing commitment to improving the employment outcomes for people with disability. Continuing the momentum from the previous APS disability employment strategy, this strategy sets out a comprehensive plan to improve the employment outcomes for people with disability. TEQSA reported on measures of success against this strategy by publicly reporting progress in the annual State of the Service Report and the APS Employment Database. The State of the Service report and APS employment data can be found at www.apsc.gov.au.

Indices and references

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- ▲ Compliance index
- ▲ Alphabetical index

Section 7: Indices and references



Acronyms and abbreviations

APS	Australian Public Service
AQF	Australian Qualifications Framework
ASL	Average Staffing 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 is made by the Minister for Education under section 58 of the *Tertiary Education Quality and Standards Agency Act 2011*. In April 2021, the Minister made the *Higher Education Standards Framework (Threshold Standards) 2021*, to commence on 1 July 2021.

The *Higher Education Standards Framework (Threshold Standards) 2021* is available at: www.legislation.gov.au/Details/F2021L00488.

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

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.

The National Code 2018 is available at www.legislation.gov.au/Details/F2017L01182.

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 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 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 undertook the survey in 2020-21 following pausing of the survey in 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 A: 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
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17AG(2A)(e)	Corporate governance	The remuneration of each member of the entity's audit committee.	Mandatory
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EXTERNAL SCRUTINY

17AG(3)	Corporate governance	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory
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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
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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
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17AG(3)(c)	N/A	Information on any capability reviews on the entity that were released during the period.	If applicable, mandatory
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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
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PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
17AG(4)(aa)	Appendix B: 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 B: 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 B: 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 B: 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 B: 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
REPORTABLE CONSULTANCY CONTRACTS			
17AG(7)(a)	Management and accountability	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)	Management and accountability	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)	Management and accountability	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)	Management and accountability	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

REPORTABLE NON-CONSULTANCY CONTRACTS

17AG(7A)(a)	Management and accountability	A summary statement detailing the number of new reportable non-consultancy contracts entered into during the period; the total actual expenditure on such contracts (inclusive of GST); the number of ongoing reportable non-consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST).	Mandatory
17AG(7A)(b)	Management and accountability	A statement that <i>“Annual reports contain information about actual expenditure on reportable non-consultancy contracts. Information on the value of reportable non-consultancy contracts is available on the AusTender website.”</i>	Mandatory

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
17AD(daa)	Additional information about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts		
17AGA	Management and accountability	Additional information, in accordance with section 17AGA, about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts.	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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PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
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
SMALL BUSINESS			
17AG(10)(a)	Financial management	A statement that <i>"[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."</i>	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

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
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
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EXECUTIVE REMUNERATION

17AD(da)	Appendix B: Staffing profile	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2-3 of the Rule.	Mandatory
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PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
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 E: 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
17AH(1)(c)	Appendix G: Disability reporting	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
17AH(1)(d)	Appendix C: 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)	N/A	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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