

## **Joint Committee of Public Accounts and Audit**

### **QUESTION ON NOTICE**

#### **Inquiry into Auditor-General's Reports 33, 47, 48 (2019-20) and 5 and 8 (2020-21)**

#### **Outcome: Tertiary Education Quality and Standards Agency (TEQSA)**

#### **Department of Education, Skills and Employment Question No. IQ21-000027**

The Committee provided in writing.

#### ***TEQSA risk ratings***

##### **Question**

A key element of transparency with the risk assessment process is the provision of a result for each risk indicator which are then evaluated to determine an overall student risk rating and a financial risk rating. This allows providers to appreciate and consider how they are meeting each indicator and allows them to focus any responses to the relevant indicators that may be in dispute. It has been suggested that TEQSA may have altered its presentational approach post the ANAO audit by only providing an overall risk rating assessment.

Has TEQSA altered its presentation of the assessment of risk ratings by only providing an overall risk summary without providing a breakdown of rating by risk indicator? If so, why? Particularly given the ANAO commented favourably regarding the transparency with respect to the consideration of individual risk indicators.

TEQSA states that its risk approach is informed by the international standard on risk management (ISO 31000). As this standard requires that both likelihood and consequence should be taken into account when managing risk, can TEQSA explain how this is applied in the approach that they take?

##### **Answer**

The Tertiary Education Quality and Standards Agency (TEQSA) has provided the following response.

No, individual risk indicators are still detailed in the [revised 2020 Risk Assessment format](#).

Risk ratings for indicators take into account risk thresholds, regulatory history and specific circumstances of providers. This includes information on the provider's own risk controls, where known to TEQSA. Where TEQSA identifies potential risks, the provider is invited to submit further evidence regarding its risk profile and management.

Providers responding to their initial risk assessment are asked to demonstrate actions or initiatives undertaken to mitigate any identified risks to students and the financial position of the provider, including ratings of likelihood and consequence, and accompanying treatments and controls. . On the basis of the response, TEQSA then arrives at a residual risk rating, considering the provider's inherent risk, risk mitigation and regulatory history.

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**Department of Education, Skills and Employment Question No. IQ21-000028**

The Committee provided in writing.

***With respect to ESOS Act assessments, the ANAO Audit report states at 3.28 that expert input is not involved and site visits were generally not undertaken.***

**Question**

Have external expert reports been commissioned for any ESOS Act assessments in the last three years? If so, how many times and for which providers? What percentage of ESOS Act assessments did this cover?

How many site visits were undertaken as part of ESOS Act renewals in the last three years? Which providers did this involve? What percentage of ESOS Act assessments did this cover?

**Answer**

The Tertiary Education Quality and Standards Agency (TEQSA) has provided the following response.

Yes. In the last three years, TEQSA commissioned 39 reports from external experts to inform assessments under the ESOS Act. Expert reports were commissioned for over 20 different providers, ranging from small private higher education providers to large public universities. This represents less than five per cent of all ESOS Act assessments for the same period.

In the last three years, TEQSA conducted seven physical site visits, undertaken as part of the assessment of applications for renewal of CRICOS registration under the ESOS Act. This represents less than 10 per cent of all applications for renewal of CRICOS re-registration under the ESOS Act.

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#### **Department of Education, Skills and Employment Question No. IQ21-000029**

The Committee provided in writing.

#### ***Information provision required of providers by TEQSA when assessing applications.***

##### **Question**

Concerns have been raised regarding the volume of documentation required by TEQSA when assessing applications and that many of the documents requested often do not seem to have been considered in the resultant decision making process.

Are there standard documentary requirements when a provider makes an application?

Has TEQSA reviewed the amount of documentation it requires when assessing an application from a provider?

Is there scope for TEQSA to improve its focus on required documentation to both lessen the regulatory burden on providers and streamline TEQSA's consideration of applications?

What sort of volume of supporting documentation can a provider be expected to be required to provide?

##### **Answer**

The Tertiary Education Quality and Standards Agency (TEQSA) has provided the following response.

The scope of evidence required is based on the provider's regulatory and compliance history, TEQSA's annual risk assessment, and any other intelligence held by TEQSA about the provider and the provider's risk context.

TEQSA limits its assessment to a core set of standards which focuses on the provider's internal and external reviews and reporting. This significantly reduces the volume of facts and evidence that providers need to submit. TEQSA will expand the scope of the assessment and increase the evidence requirements where it has reason to be concerned about potential non-compliance.

Providers are encouraged to only provide facts and evidence relevant to the standards being assessed. However, it is ultimately up to a provider to determine the volume of facts and evidence they provide to support their assessment.

TEQSA considers all the facts and evidence provided.

TEQSA is committed to continual review and improvement. TEQSA recently reviewed and refined its approach to Core plus assessments (focussed on core governance standards). These changes are currently being implemented and will further reduce the administrative burden associated with regulation for low-risk assessments.

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**Outcome: Tertiary Education Quality and Standards Agency (TEQSA)**

**Department of Education, Skills and Employment Question No. IQ21-000030**

The Committee provided in writing.

***Administrative Appeals Tribunal***

**Question**

Can TEQSA provide a list of matters that have been notified to the AAT by providers and outline what was the nature and result of these proceedings?

My understanding is that most matters were resolved in mediation prior to formal hearings and orders accounting for additional information from the applicant.

If this is the case, has TEQSA considered if its approach should be adjusted to allow opportunities to consider such information prior to going into AAT proceedings that have significant costs associated with them for the applicant and TEQSA?

If it is the case that the provision of more recent data from an applicant has invariably led to TEQSA altering their decision, does it suggest that there is a regulatory problem with how TEQSA is considering these matters?

**Answer**

The Tertiary Education Quality and Standards Agency (TEQSA) has provided the following response.

Please see the following table for matters which have concluded since 2019/20 or which are currently ongoing. Decisions in the table below were made under the *Tertiary Education Quality and Standards Agency Act 2011* (TEQSA Act) unless otherwise stated.

<b>Applicant</b>	<b>Decision(s) under review</b>	<b>Result</b>	<b>Year resolved</b>
Apex Institute of Higher Education Pty Ltd	Reject applications for registration and accreditation of one course of study.	Set aside and substituted with a decision to register applicant and accredit its course of study.	2020/21
Barque Institute Pty Ltd	Reject applications for registration and accreditation of one course of study.	Affirmed by the AAT.	2019/20
Elite Education Institute Pty Ltd	Impose one condition on registration	Withdrawn by applicant.	2019/20

<b>Applicant</b>	<b>Decision(s) under review</b>	<b>Result</b>	<b>Year resolved</b>
Elite Education Institute Pty Ltd	Reject applications for renewal of registration under the <i>Tertiary Education Quality and Standards Agency Act 2011</i> (TEQSA Act) and <i>Education Services for Overseas Students Act 2000</i> (ESOS Act), reject application for renewal of accreditation of four courses of study, impose four conditions on registration.	Set aside and substituted with decisions to renew registration under the TEQSA Act and ESOS Act, renew accreditation of the applicant's four courses of study, and impose five conditions on registration.	2020/21
Kontea Pty Ltd	Reject applications for registration and accreditation of one course of study.	Set aside and substituted with a decision to register applicant, accredit its course of study, and impose four conditions on registration and one condition on accreditation.	2020/21
Mpika Holdings Pty Ltd	Reject applications for registration and accreditation of one course of study.	Currently before the AAT.	N/A (proceeding commenced in 2020/21)
National Institute of Organisation Dynamics Australia Ltd	Reject application for accreditation of one course of study.	Currently before the AAT.	N/A (proceeding commenced in 2019/20)
Sydney Metropolitan Institute of Technology Pty Ltd	Reject applications for registration and accreditation of one course of study.	Set aside and substituted with a decision to register applicant, accredit its course of study and impose three conditions on registration.	2020/21
Texila College Australia Pty Ltd	Reject applications for registration and accreditation of one course of study.	Set aside and substituted with a decision to register applicant and impose three conditions on registration.  Set aside and substituted with a decision to accredit one course of study.	2020/21
Universal Higher Education Pty Ltd	Reject applications for registration and accreditation of two courses of study.	Set aside and substituted with a decision to register applicant, accredit its courses of study and impose two conditions on registration.	2019/20

<b>Applicant</b>	<b>Decision(s) under review</b>	<b>Result</b>	<b>Year resolved</b>
Victorian Institute of Technology	Impose four conditions on registration.	Withdrawn by applicant, following revocation of three conditions by TEQSA.	2020/21

TEQSA notes that:

1. Applicants are provided with opportunities to provide information relevant to TEQSA's decisions before those decisions are made, and TEQSA considers that information.
2. The volume of external review matters involving TEQSA is low (around five per year since TEQSA's regulatory functions commenced in January 2012).
3. As is noted in the explanatory statement for the *Higher Education Standards Framework (Threshold Standards) 2015*, the legislative framework is designed so as to ensure that the barrier to entry into the higher education sector is set sufficiently high to underpin and protect the quality and reputation of the sector as a whole.
4. TEQSA is subject to legislative deadlines in dealing with applications for initial registration and course accreditation. It is not possible to allow an applicant further time beyond the legislative deadline to provide evidence to address particular concerns. However, an applicant has an opportunity to provide fresh evidence to the Tribunal which addresses the basis for rejection decisions.

TEQSA continually reviews its approach to its regulatory functions, including in light of external review proceedings, and the outcomes of these matters will continue to inform TEQSA's consideration of its approach.