



Office of the Auditor General of Ontario

Value-for-Money Audit:  
Private Career  
Colleges Oversight



*December 2021*



# Private Career Colleges Oversight

## 1.0 Summary

About 500 private career colleges in Ontario offer various certificate and diploma programs to almost 159,000 adult learners in fields such as business, health services, applied arts, information technology and transportation. In turn, these individuals are better positioned to contribute to Ontario's skilled workforce and the economy. Private career colleges train adults who require specific job skills or who already possess academic qualifications but want to enhance their practical skills to become even more competitive in the job market. Graduates of private career colleges work as paramedics, massage therapists, personal support workers, hairstylists, truck drivers and many other occupations that serve the public.

Private career colleges are a part of the province's post-secondary education system; however, unlike universities and public colleges, they are not funded by the government. Private career colleges are private, independent organizations that range from large, multi-campus organizations teaching multiple subjects to small, focused specialist institutions. They typically offer more flexible timing of enrolment and smaller class sizes compared to public colleges. Private career colleges that are regulated well and operate effectively can help supply employers with trained workers to fill their more specific job demands in a shorter period.

To ensure that students of private career colleges are protected, these institutions are governed and overseen by the Private Career Colleges Branch in the Ministry of Colleges and Universities (Ministry) under the *Private Career Colleges Act, 2005* (Act). The Act requires the Ministry to regulate private career colleges, including oversight on institution registrations, program approvals, inspections and investigations, complaints handling and the administration of the Training Completion Assurance Fund (Fund), which compensates students if private career colleges unexpectedly close prior to those students completing their training.

Our audit found that the Ministry has not effectively carried out its regulatory activities to meet its primary objective of protecting students. First, it has not established adequate systems and processes to validate that private career colleges are providing quality, up-to-date education to its students. For example, although the Ministry has taken steps to modernize its information system for registration and program approvals, the system does not flag programs requiring re-approval, meaning students may be attending outdated programs and not receiving appropriate training in areas such as paramedicine and information technology. As well, we found that as of June 2021, the Ministry had not met its own internal target of inspecting all colleges within three years at 214 or 30% of the college campuses. In fact, the Ministry halted all such inspections since March 2020 at the

onset of the COVID-19 pandemic and resumed them in late October 2021.

As well, the Ministry does not have an overarching post-secondary education strategy to link labour market needs with vocational options. As a result, it is missing an opportunity to balance the supply of career college and other post-secondary education with the demands and expectations of local communities. In early 2021, it partnered with other ministries to increase the enrolment of students in personal support worker programs in private career colleges as part of the government's strategy to increase the capacity of health human resources in Ontario, but did not broaden this initiative to other vocations. The Ministry requires colleges to submit labour market research and recent local job advertisements when submitting vocational programs for approval. However, it does not gather more robust data on regional labour market needs on an ongoing basis to determine whether there is saturation or shortages in any geographic area for training of a certain vocational program.

Further, the Ministry does not use the information it already gathers to make its regulatory oversight activities more effective. For example, the Ministry does not use its program data to identify institutions that are not designated as an approved institution but are still providing training to international students, contrary to program rules. It also does not analyze the nature of the most common complaints it receives from students to update training for its inspectors.

Finally, we found that the Ministry did not sufficiently inform the public and students about its student protection mandate or the performance of private career colleges. For example, the Ministry did not publish accurate and complete information on its enforcement activities and up-to-date results on private career colleges' performance indicators, hindering students from making informed decisions about which program or college to select. Further, even though the Ministry reported that between 2017 and 2019, over 80% of private career college students were employed after graduation, only about 60% were employed in their field of study. As well, the

results the Ministry posts on private career colleges' graduation rates, graduate employment rates and other performance indicators are at least two years old, and the performance indicator results for up to 83% of the private career college programs were not available, which limits their usefulness to students.

Some of our significant audit findings include:

### Registration and Program Approvals

- Almost 1,400 outdated programs are still being delivered by private career colleges, increasing the risk of students not receiving relevant updated training to find employment in their chosen field and help them effectively perform in the job market.** Under the Act, the Ministry must review private career college programs every five years to determine if the program will provide students with the skills and knowledge required to obtain employment, before approving or re-approving the program. We found that the Ministry was not conducting these re-approvals for all vocational programs, as required by its own policies. About 25% of approved programs with enrolled students were approved more than five years ago. These programs include information technology and paramedicine, where teaching students according to the most current standards is critical for ensuring better security and public safety.
- Ministry staff have limited guidance for assessing whether new applicants will operate in accordance with the law and with integrity and honesty.** Ministry staff do not have guidance that defines the circumstances under which a new applicant might not be operating in accordance with the law and with integrity and honesty, and therefore when Ministry staff should not approve a registration application. Without clear guidance, the Ministry cannot efficiently and effectively validate that it is registering colleges that will act in the students' best interests. In one case, the Ministry identified red flags with an applicant such as media articles indicating an individual from the college's senior management had been



arrested for importing cocaine; the individual was later acquitted. The applicant also took two years to submit all required documents. Although the Ministry had concerns that the applicant could cause problems in the future, it still approved the registration in April 2021.

### Compliance Inspections, Complaints and Enforcement

- **The Ministry does not inspect program delivery to confirm that programs are delivered as approved.** To have a vocational program reviewed and approved, a private career college must submit a detailed outline of its proposed program as well as a program evaluation from a qualified evaluator. However, we found that the Ministry's inspections of private career colleges do not include examining whether content delivered to students is the same program that was actually approved. As a result, the Ministry cannot verify whether students are receiving the education and training identified or needed for employment.
- **The Ministry cannot effectively confirm instructor qualifications in private career colleges providing commercial truck driving programs.** We found that the Ministry inspectors and investigators cannot easily verify that instructors in the private career colleges providing commercial truck driving programs meet the standard of having a Class A licence for at least five years partly due to a lack of clarity on the type of documents each college should have available to meet Ministry of Transportation standards. For example, during an inspection of a private career college, the Ministry inspector incorrectly concluded that the commercial truck driver instructor was appropriately qualified, whereas the Ministry of Transportation had determined during a road-side inspection done just nine-days prior that the same instructor contravened the training program requirement.
- **The Ministry lacks processes to identify colleges that overcharge students.** Posing as a prospective student, we contacted a sample of private career colleges and found that in one-third

of the cases, college representatives quoted fees higher than those recorded on the Ministry's fee list. In some cases, the colleges did not inform the Ministry of their fee increases. For example, one college offering a 44-week hairstyling program told us that tuition and other fees totalled \$12,525, compared with the \$12,025 fee documented on the Ministry's fee list. Where colleges quoted the higher fees, the tuition fees were on average \$485 above the fees held on record by the Ministry.

- **The Ministry does not analyze complaints trends or publish repeated complaints.** We found that the Ministry has appropriately addressed complaints that are within the scope of the Act, but it does not analyze the nature and frequency of complaints against private career colleges it receives or publish repeated complaints. As such, it cannot readily identify common issues at these colleges that should require greater attention by Ministry inspectors and prospective or existing students cannot identify which colleges have repeated complaints so that they can make better-informed decisions on whether to register at the college. We analyzed 146 complaints the Ministry received and resolved between February 2019 and July 2021 and found that the most common significant complaints were about course delivery/instruction and fees/refunds.
- **Turnaround time for the Ministry's review of financial penalties is not timely.** Financial penalties could be levied on colleges that contravene the Act, such as colleges that advertise or charge fees for programs that have not been approved by the Superintendent. We found that on average it took the Ministry over one year for a review decision to be made. This turnaround time can limit prospective students' ability to make an informed decision about colleges and programs that do not meet Ministry standards. There is also a risk that the time elapsed in concluding a review decision could reduce the prospect of collecting the penalties. We also found that of the 94 penalties that colleges submitted to the Ministry for review between 2011/12 and 2020/21, the Ministry upheld a

total of 74 cases, either at the original amount or a reduced amount. Of these, the Ministry subsequently wrote off 12 (or 16%) of the penalties, totalling about \$734,700, as it was unable to locate the debtor.

- **The Ministry's poor public reporting of enforcement actions hinders the public's ability to make informed decisions.** The Ministry posts the notices, orders and financial penalties it issues to private career colleges on its website. However, we found that the publication of enforcement actions was inconsistent across years, and the information posted also contained factual errors and was not always published in an easy-to-understand manner for prospective students. As well, the Ministry did not always publish enforcement actions on a timely basis, sometimes delaying the publication up to a year after the enforcement action was applied on the college. These lengthy delays can prevent prospective and existing students from becoming aware of problematic colleges, which may lead to them to continue their training with these colleges, whereas if better informed, they would not.

### International Students

- **The Ministry did not act on unusual enrolment trends of international students in private career colleges.** The Ministry is responsible for designating private career colleges as institutions that can accept international students so those students can obtain study permits to come to Canada. We found that four private career colleges were not designated as learning institutions but still had 10 international students enrolled in 2018 and seven in 2019 in programs of over six months in duration, the threshold required for designation. As well, we noted that the number of international students enrolled in private career colleges has increased by 420%, from 1,994 in 2015 to 10,368 in 2019. Such an increase is unusual given that students of private career colleges, unlike their counterparts in the public college system, cannot apply to stay in Canada on a federal post-graduation work permit. The Ministry did not act on

these trends, explaining that its agreement with Immigration, Refugees and Citizenship Canada did not explicitly specify whether the Ministry is responsible for sharing information about enrolment anomalies with the federal government.

### Meeting Regulatory Mandate

- **The Ministry does not collect sufficient fees from private career colleges to cover its regulatory costs.** In the last five years, the Ministry has only collected on average about \$2 million in fees and penalties from private career colleges annually, while incurring about \$6 million a year in order to regulate the sector. In 2020, the Ministry assessed the feasibility of fee increases so it could recover sufficient revenue to cover 55% of its costs to regulate private career colleges and designated learning institutions under the international student program. The Ministry adjusted its fees annually up until 2018/19 but has not made adjustments since.

This report contains 22 recommendations, with 52 action items, to address our audit findings.

### Overall Conclusion

Our audit concluded that the Ministry of Colleges and Universities (Ministry) does not effectively administer, oversee and enforce the legislation and Ministry policies that are in place to protect the interests of existing and prospective students of private career colleges in Ontario.

The Ministry does not have effective systems and processes in place to ensure that private career colleges are operating in accordance with the *Private Career Colleges Act, 2005* and that students' best interests are protected. For example, the Ministry does not inspect whether private career colleges deliver programs according to the approved content and there are opportunities to strengthen the Ministry's process in verifying that registration applicants meet the honesty and integrity requirements of the Act.

We also found that the Ministry has not effectively leveraged the role of private career colleges to best

contribute to the province's desired post-secondary education and skills outcomes. For example, it does not have a post-secondary education strategy where it defines how the programs offered by both public and private career colleges help meet the labour market needs in local regions of the province.

Further, the Ministry did not adequately measure its effectiveness in regulating private career colleges. It lacks performance indicators and targets for much of its regulatory oversights including complaint handling, registration and program approval processes. Significant delays have occurred in these areas, affecting planning and decisions by both private career colleges and students.

## OVERALL MINISTRY RESPONSE

The Ministry of Colleges and Universities (Ministry) appreciates the work of the Auditor General and her staff and thanks them for their collaborative approach to undertaking this audit. The Ministry welcomes input on how to better protect the interests of Ontario's vocational students and advance the quality and integrity of Ontario's private career college sector.

The Ministry is committed to providing robust and comprehensive oversight of Ontario's diverse private career colleges and wide-ranging vocational programs, and continually strives to improve its performance with respect to registration, program approvals, compliance inspections, and enforcement. The Ministry will use the recommendations provided by the Auditor General to review and update its policies and processes with an aim to better achieving its mandate and objectives. The Ministry is committed to:

- improving its systems and processes to validate that private career colleges are providing quality, up-to-date education to their students including initiating a process to renew the approval of older vocational programs, improving registration timelines for new private career colleges, ensuring instructor

qualifications and updating its risk-based approach to inspections;

- taking further steps to ensure the integrity of its financial protections for students; and
- making it easier for students and members of the public to access timely and accurate information about enforcement activities, complaints, program fees, and up-to-date key performance indicators for private career colleges, to help their decision-making.

The Ministry thanks the Auditor General for her recommendations and looks forward to using this report to continue improving its oversight of Ontario's private career colleges.

## 2.0 Background

### 2.1 Overview of Private Career Colleges in Ontario

Prospective students have a range of options when seeking post-secondary education in Ontario. In addition to Ontario's public colleges and universities, students may enrol in one of the province's more than 500 private career colleges.

Private career colleges are privately operated businesses that are regulated by the Ministry of Colleges and Universities (Ministry). They offer skills-focused education through certificate and diploma programs to students in fields such as business, health services, information technology, transportation and applied arts and design. Private career colleges offer education to individuals who require specific job skills to join the workforce or want to enhance their practical skills to become more competitive in the job market.

These colleges provide training to skilled workers with whom Ontarians interact on a regular basis, including personal support workers, paramedics, dental hygienists, truck drivers, hairstylists and information technology professionals.

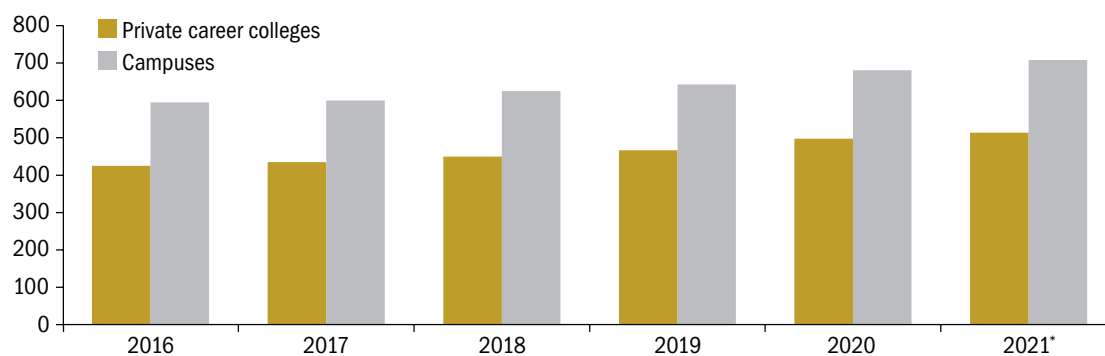
Private career colleges share some similarities with public colleges; for example, both provide training that offers more direct entry into the job market in various occupational fields (as shown in **Appendix 1**). However, private career colleges typically offer more flexible timing of enrolment, smaller class sizes, more flexible learning schedules and more compressed programs over a shorter period compared to public colleges.

In recognizing the public's interest in ensuring the quality of vocational instruction and protecting students, the province regulates private career colleges and requires them to be registered under the *Private Career Colleges Act, 2005* (Act). As of July 2021, 513 private career colleges, with 707 campuses, were registered in Ontario. **Figure 1** shows that the number of colleges and campuses has steadily grown since 2016.

According to a report on private career colleges released by the Conference Board of Canada in July 2016, all provinces and two territories collectively had over 1,330 regulated private career colleges, about 70% of which were in Ontario and British Columbia. Provinces categorize private career colleges under slightly different terminology. Ontario and Nova Scotia use the term “private career college”, while other provinces such as British Columbia and Manitoba use the terms “private training institution” and “private vocational institution.” **Figure 2** shows that Ontario has fewer private career colleges in proportion to its population of adult learners aged 20 to 64 compared to British Columbia and Alberta. **Appendix 2** provides a comparison of the key sections of legislation in Ontario and select provinces related to the oversight of private career colleges.

**Figure 1: Number of Registered Private Career Colleges and Campuses, as of December 31, 2016–2021**

Source of data: Ministry of Colleges and Universities



\* As of July 6, 2021

**Figure 2: Number of Adult Learners per Private Career College—Ontario, British Columbia and Alberta**

Prepared by the Office of the Auditor General of Ontario

|   | ON        | BC        | AB        |
|---|-----------|-----------|-----------|
| # of private career colleges <sup>1</sup>                       | 513       | 309       | 190       |
| Provincial population of adult learners ages 20–64 <sup>2</sup> | 9,008,634 | 3,169,305 | 2,730,884 |
| # of adult learners per private career college                  | 17,561    | 10,257    | 14,373    |

Note: According to a Conference Board of Canada report published in June 2016, Ontario, British Columbia and Alberta had the most private career colleges in Canada in 2015.

1. Ontario data as of July 6, 2021. BC data based on data reported to Ontario Ministry of Colleges and Universities in July 2019. Alberta data based on published data on government website accessed on July 15, 2021.

2. As of July 1, 2020, per Statistics Canada.



**Figure 3: Number of Students Enrolled in Registered Private Career Colleges, as of December 31, 2015–2019**

Source of data: Ministry of Colleges and Universities

|                        | 2015                      | 2016                       | 2017                       | 2018                       | 2019                       | 5-Year % Change |
|------------------------|---------------------------|----------------------------|----------------------------|----------------------------|----------------------------|-----------------|
| Domestic students      | 95,334                    | 107,511                    | 117,852                    | 128,224                    | 148,540                    | 56              |
| International students | 1,994                     | 3,681                      | 6,213                      | 6,225                      | 10,368 <sup>1</sup>        | 420             |
| <b>Total</b>           | <b>97,328<sup>2</sup></b> | <b>111,192<sup>2</sup></b> | <b>124,065<sup>2</sup></b> | <b>134,449<sup>2</sup></b> | <b>158,908<sup>2</sup></b> | <b>63</b>       |

1. The increase is primarily due to one private career college reporting almost 3,500 additional international students in 2019. The Ministry explained that the college increased advertisements to prospective students internationally from 2018 onward.
2. About 58% of the student count in each of the years between 2015 and 2019 is for students enrolled in the salesperson registration education program or the broker registration education program offered by the Ontario Real Estate Association that operates as a private career college under the name "OREA Real Estate College". The Real Estate Council of Ontario (RECO) selected OREA as a training institution for these programs. Following a competitive process, RECO appointed a different institution—a consortium consisting of a public college and a private-sector learning services company—to deliver these programs effective March 2021. Enrolment numbers will decline thereafter as a result.

About 159,000 students were enrolled in private career colleges in 2019 (the most current information available), comprising 148,540 domestic students and 10,368 international students on study permits. Compared to 2015, overall student enrolment in registered private career colleges has grown 63%; the number of domestic students enrolled has grown 56% and the number of international students enrolled has grown four-fold, as shown in **Figure 3**.

Private career colleges range from large, multi-campus organizations teaching multiple subjects to small, focused specialist institutions. Private career colleges do not receive operating funding from the government; however, in 2019 (the most current information available), the Ontario government provided over \$261 million to support eligible students in these colleges through various programs such as the Ontario Student Assistance Program (\$224 million) and the Employment Ontario programs (\$24 million).

- Over 60% of private career colleges have less than \$500,000 in annual revenue and about 4% have \$5 million or more in annual revenue, as shown in **Figure 4**.
- The top 10 private career colleges by domestic student enrolment comprise 68% of total student enrolment; the top 10 private career colleges by international student enrolment comprise 71% of total student enrolment, as shown in **Figure 5**.
- About 60% of all private career colleges have fewer than 100 students and less than 10% have more than 500 students, as shown in **Figure 6**.

**Figure 4: Size of Private Career Colleges by College Vocational Revenue, 2019**

Source of data: Ministry of Colleges and Universities

| Revenue Range (\$)    | # of Private Career Colleges | % of All Private Career Colleges |
|-----------------------|------------------------------|----------------------------------|
| >=10,000,000          | 9                            | 2                                |
| 5,000,000 – 9,999,999 | 10                           | 2                                |
| 1,000,000 – 4,999,999 | 82                           | 19                               |
| 500,000 – 999,999     | 55                           | 13                               |
| 250,000 – 499,999     | 97                           | 22                               |
| 100,000 – 249,999     | 70                           | 16                               |
| 50,000 – 99,999       | 35                           | 8                                |
| 10,000 – 49,999       | 35                           | 8                                |
| 1 – 9,999             | 18                           | 4                                |
| 0                     | 25 <sup>1</sup>              | 6                                |
| <b>Total</b>          | <b>436<sup>2</sup></b>       | <b>100</b>                       |

1. These private career colleges reported no vocational revenue in 2019. According to the Ministry, these colleges reported that they had no student enrolment in that year.
2. Since this data is based on renewal applications, the number of colleges is less than the number in **Figure 1** because some colleges are new registrants.

- Of the 513 colleges that were registered as of July 2021, 13% were established since 2020, 42% between 2010 and 2019, 29% between 2000 and 2009, and 17% prior to 2000.
- About 80% of the private career colleges are in either Toronto, the Greater Toronto Area or central Ontario, as shown in **Figure 7**.

**Figure 5: Top 10 Private Career Colleges by Student Enrolment, 2019**

Prepared by the Office of the Auditor General of Ontario

| Top 10 by Domestic Student Enrolment                  |  | Top 10 by International Student Enrolment                   |
|---|--|---|
| 1   | OREA Real Estate College*                            | CIMT College  |
| 2   | TRIOS College Business Technology Healthcare         | Toronto School of Management                                |
| 3   | CDI College – Business Technology Healthcare         | ILAC International College                                  |
| 4   | Career College Group                                 | Greystone College of Business and Technology (Toronto) Inc. |
| 5   | Oxford College of Arts, Business and Technology Inc. | Academy of Learning Career and Business College             |
| 6   | Hi-Mark Occupational Skills Training Centre Ltd.     | Toronto Film School   |
| 7   | Anderson College of Health, Business and Technology  | Liaison College   |
| 8   | Herzing College                                      | IBT College Business Travel & Tourism Technology            |
| 9   | Toronto Film School                                  | International Institute of Travel & Business                |
| 10  | CTS Canadian Career College                          | MLC College of Business, Technology and Healthcare          |
| <b>Total Enrolment of Top 10</b>                      |  | <b>100,806</b>  |
| <b>Total Enrolment of all private career colleges</b> |  | <b>7,343</b>  |
| <b>Total Enrolment of all private career colleges</b> |  | <b>148,540</b>  |
| <b>Top 10 as a % of all private career colleges</b>   |  | <b>10,368</b>   |
| <b>Top 10 as a % of all private career colleges</b>   |  | <b>68</b>   |
| <b>Top 10 as a % of all private career colleges</b>   |  | <b>71</b>   |

\* The Ontario Real Estate Association (OREA) is a registered private career college that offers the salesperson registration education program and the broker registration education program. The Real Estate Council of Ontario (RECO) selected OREA as a training institution for these programs. Following a competitive process, RECO appointed a different institution—a consortium consisting of a public college and a private-sector learning services company—to deliver these programs effective March 2021. Enrolment numbers will decline thereafter as a result.

**Figure 6: Size of Private Career Colleges by Student Enrolment, 2019**

Source of data: Ministry of Colleges and Universities

| # of Students <sup>1</sup> | # of Private Career Colleges | % of All Private Career Colleges | Sample Programs Offered <sup>2</sup>  |
|----------------------------|------------------------------|----------------------------------|---|
| 2,001+                     | 6                            | 1                                | Real Estate Salesperson, Business Administration, Network Administration  |
| 1,001–2,000                | 8                            | 2                                | Film Production, Immigration Consultant, Gas Technician   |
| 501–1,000                  | 20                           | 5                                | Business Administration, Customer Service, Sales and Marketing  |
| 201–500                    | 59                           | 14                               | AZ Tractor Trailer (MELT) <sup>3</sup> Trucking, Construction and Maintenance Electrician/Technician, Massage Therapy |
| 101–200                    | 71                           | 16                               | Personal Support Worker, Hospitality & Tourism, Computer Animation  |
| 51–100                     | 80                           | 18                               | AZ Tractor Trailer (MELT) <sup>3</sup> Trucking, Hairstyling, Advanced Medical Laser Technician                       |
| 21–50                      | 81                           | 19                               | Advanced Aesthetics, Welding, Graphic and Web Design  |
| 0–20                       | 111                          | 25                               | Commercial Pilot Licence, Pet Grooming, Administrative Assistant  |
| <b>Total</b>               | <b>436<sup>4</sup></b>       | <b>100</b>                       |   |

1. In comparison, in 2020/21, each public college on average had about 15,400 students enrolled; enrolment ranged from about 1,500 to about 38,500 per college.
2. These programs may also be offered at private career colleges of varying enrolment sizes.
3. Starting July 1, 2017, the Ontario government requires all Class A (commercial truck) drivers to obtain the Mandatory Entry-Level Training (MELT) before taking a road test.
4. Since this data is based on renewal applications, the number of colleges is less than the number in Figure 1 because some colleges are new registrants.

**Figure 7: Comparison of Private Career Colleges in Ontario by Region<sup>1</sup>**

Source of data: Ministry of Colleges and Universities

| Region  | Toronto |               | Central/ GTA<br>excluding Toronto |               | West  |               | North |               | East  |               | Total                  |
|---|---------|---------------|-----------------------------------|---------------|-------|---------------|-------|---------------|-------|---------------|------------------------|
|   | Count   | % of<br>total | Count                             | % of<br>total | Count | % of<br>total | Count | % of<br>total | Count | % of<br>total |                        |
| # of private career colleges <sup>2</sup>                 | 176     | 34            | 227                               | 44            | 51    | 10            | 15    | 3             | 26    | 5             | <b>495<sup>2</sup></b> |
| # of campuses <sup>2</sup>                                | 231     | 33            | 301                               | 42            | 93    | 13            | 28    | 4             | 54    | 8             | <b>707</b>             |
| # of students <sup>3</sup> – domestic                     | 106,954 | 72            | 27,560                            | 19            | 7,121 | 5             | 1,892 | 1             | 5,013 | 3             | <b>148,540</b>         |
| # of students <sup>3</sup> – international                | 5,799   | 56            | 4,118                             | 40            | 247   | 2             | 26    | <1            | 178   | 1             | <b>10,368</b>          |
| % of international students compared with total enrolment |         | 5             |                                   | 13            |       | 3             |       | 1             |       | 3             | <b>7</b>               |

1. Categorized by the Office of the Auditor General of Ontario using addresses of college campuses. Postal codes starting with M are considered in Toronto; with L are considered in Central/GTA; with N are considered in West; with K are considered in East and with P are considered in North.

2. Based on head office address postal codes. Excludes 18 colleges where the head office is located outside of Ontario.

3. Based on 2019 enrolment data.

## 2.2 Regulatory Framework of Private Career Colleges in Ontario

The Ministry's primary role in the private career college sector is to provide student protection oversight under the *Private Career Colleges Act, 2005* (Act). Specifically, the Private Career Colleges Branch (Branch) in the Ministry's Advanced Education Learner Supports Division is responsible for administering the Act. The Branch is overseen by a Director, who is appointed by the Minister, in accordance with the Act, as the Superintendent of Private Career Colleges (Superintendent). The Superintendent is empowered to make independent statutory decisions affecting these Ontario businesses, similar to registrars appointed under other consumer protection legislation that regulates, for example, the retirement home sector.

The Branch, as of June 2021, had about 40 staff including compliance and registration analysts/inspectors (inspectors), financial analysts, policy advisors and investigators, as shown in **Appendix 3**, who provide the following regulatory oversight functions on private career colleges:

- registering private career colleges and approving vocational programs and registration/program renewals;
- conducting inspections to monitor compliance with the Act, its regulations and other requirements;
- responding to student complaints;
- conducting investigations of allegations of non-compliant or unregistered private career colleges and taking enforcement actions;
- measuring and reporting on the performance of private career colleges; and
- administering the Training Completion Assurance Fund.

In addition to administering the Act, the Branch supports policy development and regulatory/legislative updates; administers the International Student Program (discussed in **Section 2.5**) on behalf of Ontario with Immigration, Refugees and Citizenship Canada; and determines which post-secondary institutions are eligible to enrol international students on student permits in programs of six months in duration or longer.

The Ministry does not regulate tuition fees at private career colleges as this is not mandated by the Act. In comparison, the Ministry, with Cabinet approval, sets tuition fees for domestic students enrolling in public colleges and gives public college boards full discretion to set tuition fees for international students, subject to certain limits. In 2019, private career colleges received a total of \$533 million in revenue through their provision of approved vocational programs.

In 2020/21, the Branch incurred about \$5 million in expenditures and collected about \$1.8 million in revenue consisting mostly of fees and penalties in relation to its regulatory activities on private career colleges, as shown in **Figure 8**.

### 2.2.1 Private Career College Registration and Program Approval

The Act requires that private career colleges offering vocational programs be registered, and their vocational programs be submitted to and approved by the Superintendent.

Under the Act, a private career college is defined as an educational institution or other institution, agency or entity that provides one or more vocational

programs (defined in **Appendix 4**) to students, administered through individual written contracts with the students, for a fee. Non-vocational programs, such as single-skill training (e.g., first aid/CPR) and professional development or skills upgrading courses (e.g., estate planning for paralegals), do not require Ministry approval.

#### Registration

To register a new private career college, applicants must complete a multi-step registration process involving registration pre-screening, registration and program approval applications, a review of program information and a site visit/inspection. To remain registered and continue operating legally, private career colleges must submit a renewal application on an annual basis. **Appendix 5** details these processes.

The Ministry informed us that its role is to educate and assist applicants with the application process. Between 2019/20 and 2020/21, the Ministry processed 187 new registration applications and, where needed, it returned applications to private career colleges and requested that they provide sufficient documentation to complete the submission process. Following this approach, the Ministry did not have to reject any applications during this period.

**Figure 8: Revenue and Expenditures Related to the Regulation of Private Career Colleges, 2016/17–2020/21 (\$ 000)**

Source of data: Ministry of Colleges and Universities

|                      | 2016/17      | 2017/18            | 2018/19      | 2019/20            | 2020/21            | 5-Year<br>% Change |
|----------------------|--------------|--------------------|--------------|--------------------|--------------------|--------------------|
| <b>Revenue</b>       |              |                    |              |                    |                    |                    |
| Fees                 | 1,464        | 1,372              | 1,693        | 1,930 <sup>1</sup> | 1,560              | 7                  |
| Fines and penalties  | 303          | (155) <sup>2</sup> | 81           | 624 <sup>3</sup>   | 262                | (14)               |
| Other revenue        | 27           | 58                 | 35           | 272 <sup>4</sup>   | 2                  | (93)               |
| <b>Total Revenue</b> | <b>1,794</b> | <b>1,275</b>       | <b>1,809</b> | <b>2,826</b>       | <b>1,824</b>       | <b>2</b>           |
| Expenditures         | 6,691        | 6,219              | 6,569        | 6,112              | 5,052 <sup>5</sup> | (24)               |

1. Higher registration fees were due to a growth in the private career college sector.

2. This is negative because three private career colleges had their administrative monetary penalties reduced following a review.

3. This was higher than prior years primarily due to monthly administrative monetary penalties levied on two colleges that continued to operate without registration.

4. Includes about \$263,650 of remaining balance from an old and inactive special purpose account created in 2001 under old legislation that the Ministry was unable to return to closed private career colleges; the balance was transferred to the consolidated revenue fund.

5. Expenditures declined in 2020/21 primarily due to some unfilled positions and no write-offs of administrative monetary penalties in that year.



## Program Approval

Registered private career colleges that provide approved programs are responsible for complying with legislative and regulatory requirements around admissions, program delivery and instructor qualifications, as shown in **Appendix 5**.

In 2020, there were 5,506 approved vocational programs, as shown in **Figure 9**, up from 5,130 in 2019. The most-enrolled-in programs in 2019 were in the business and health services sectors, as shown in **Figure 10**. The top five programs with the most students enrolled by region of Ontario are shown in **Figure 11**; in all regions, personal support worker was among the top five programs.

Private career colleges must also have their programs re-approved after they expire, which, according to the Act, is a maximum of five years from the date of approval.

Due to the COVID-19 pandemic, in March 2020, the Branch allowed private career colleges to request approval to use alternative training measures, such as online learning, on a temporary basis until March 2022. Colleges had to sign an attestation approved by the Superintendent that they had the capacity to train students in these alternative ways without significantly degrading program quality. International students were allowed to enrol virtually at a private career college if the colleges were approved to offer virtual programs. As of July 2021, the Branch had approved over 310 private career colleges for alternative training measures.

### 2.2.2 Compliance Inspections

The Act gives the Superintendent and his/her delegates (i.e., analysts/inspectors) the powers to enter and inspect a registered private career college's premises to ensure it is complying with the conditions of its registration and the requirements of the Act and its regulations. As of June 2021, the Ministry had eight analysts/inspectors (thereafter, inspectors), which has remained unchanged since before the onset of the pandemic in early 2020. The eight inspectors

**Figure 9: Approved Vocational Programs by Sector, 2020**

Source of data: Ministry of Colleges and Universities

|   | 2020         | %          |
|---|--------------|------------|
| Business <sup>1</sup>   | 1,169        | 21         |
| Health services   | 972          | 18         |
| Computer and information technology                                     | 766          | 14         |
| Service trade <sup>2</sup>  | 461          | 8          |
| Construction trade  | 379          | 7          |
| Human services <sup>3</sup>   | 378          | 7          |
| Tractor-trailer/Driver licensing  | 357          | 6          |
| Services <sup>4</sup>   | 271          | 5          |
| Law and public safety   | 227          | 4          |
| Applied arts and science  | 199          | 4          |
| Community and social services   | 184          | 3          |
| Flight training   | 53           | 1          |
| Industrial trade <sup>5</sup>   | 38           | 1          |
| Technical Standards and Safety Authority (TSSA) Restricted <sup>6</sup> | 28           | 1          |
| Motive power trade <sup>7</sup>   | 24           | 0          |
| <b>Total</b>  | <b>5,506</b> | <b>100</b> |

1. Includes real estate programs.

2. For example, chefs, hairstylists, appliance service technicians, electronic service technicians.

3. For example, cosmetologists, early childhood assistants, English as a Second Language teachers.

4. For example, travel tourism, customer service.

5. For example, welders, locksmiths.

6. For example, gas technicians.

7. For example, car repair shop technicians.

conduct inspections, review registration applications and approve programs before forwarding them to the Superintendent for his/her consideration. They also assess complaints received and address correspondence. **Appendix 6** explains how a compliance inspection is conducted.

The Act does not require inspections to be conducted on a specific schedule or frequency, but the Ministry indicated that it expects its inspectors will inspect each private career college every two or three years; this translates to an average of about 200 to 300 total inspections of private career colleges annually. Each inspector is assigned a portfolio of about 80 to 90 campuses, which translates to about

**Figure 10: Student Enrolment by Sector, 2019**

Source of data: Ministry of Colleges and Universities

|  | # of Domestic Students | # of International Students | Total          |
|--|------------------------|-----------------------------|----------------|
| Business   | 85,423                 | 4,317                       | <b>89,740</b>  |
| Health services  | 20,615                 | 907                         | <b>21,522</b>  |
| Tractor-trailer/Driver licensing   | 13,490                 | 106                         | <b>13,596</b>  |
| Service trade <sup>1</sup>   | 5,473                  | 535                         | <b>6,008</b>   |
| Human services <sup>2</sup>  | 4,710                  | 316                         | <b>5,026</b>   |
| Computer and information technology  | 3,265                  | 1,269                       | <b>4,534</b>   |
| Applied arts and science   | 3,504                  | 696                         | <b>4,200</b>   |
| Community and social services  | 3,987                  | 83                          | <b>4,070</b>   |
| Services <sup>3</sup>  | 845                    | 1,789                       | <b>2,634</b>   |
| Law and public safety  | 2,423                  | 75                          | <b>2,498</b>   |
| Technical Standards and Safety Authority (TSSA) Restricted Tradesperson <sup>4</sup> | 1,845                  | 0                           | <b>1,845</b>   |
| Flight training  | 1,243                  | 224                         | <b>1,467</b>   |
| Construction trade   | 835                    | 3                           | <b>838</b>     |
| Industrial trade <sup>5</sup>  | 523                    | 34                          | <b>557</b>     |
| Motive power trade <sup>6</sup>  | 359                    | 14                          | <b>373</b>     |
| <b>Total</b>   | <b>148,540</b>         | <b>10,368</b>               | <b>158,908</b> |

1. For example, chefs, hairstylists, appliance service technicians, electronic service technicians.
2. For example, cosmetologists, early childhood assistants, English as a Second Language teachers.
3. For example, travel tourism, customer service.
4. For example, gas technicians.
5. For example, welders, locksmiths.
6. For example, car repair shop technicians.

**Figure 11: Top Five Programs with the Most Enrolment in Ontario by Region,<sup>1</sup> 2019**

Source of data: Ministry of Colleges and Universities

|                                       | #1   | #2   | #3                                   | #4   | #5   |
|---------------------------------------|--|--|--------------------------------------|--|--|
| <b>Toronto</b>                        | Real Estate Salesperson                    | Personal Support Worker/Personal Attendant | Information Technology               | Business Administration <sup>2</sup>       | Music Production and Recording Arts Technology |
| <b>Central/ GTA excluding Toronto</b> | AZ Class Truck Driver <sup>3</sup>         | A Class Truck Driver <sup>3</sup>          | Business Administration <sup>2</sup> | Personal Support Worker/Personal Attendant | Information Technology                         |
| <b>West</b>                           | Personal Support Worker/Personal Attendant | Other – Service Trade                      | AZ Class Truck Driver <sup>3</sup>   | Massage Therapist                          | Commercial Pilot                               |
| <b>North</b>                          | AZ Class Truck Driver <sup>3</sup>         | Personal Support Worker/Personal Attendant | Heavy Equipment Operator             | AZ Class Truck Driver                      | Office Administration <sup>2</sup>             |
| <b>East</b>                           | AZ Class Truck Driver <sup>3</sup>         | Personal Support Worker/Personal Attendant | Gas Technician                       | Medical Office Administration/ Management  | Business Administration <sup>2</sup>           |

1. Categorized by the Office of the Auditor General of Ontario using addresses of college campuses. Postal codes starting with M are considered in Toronto; with L are considered in Central/GTA; with N are considered in West; with K are considered in East and with P are considered in North.
2. Office administration includes jobs such as administrative assistants; business administration includes jobs in marketing or sales.
3. AZ class and A class are separate truck driving licences with technical differences as prescribed by the Ministry of Transportation.

one inspection every other week, and is responsible for selecting and scheduling inspections of their assigned colleges.

### 2.2.3 Student Complaints

The Act requires private career colleges to establish a student complaint procedure to resolve any issues that arise between the college and students. The Superintendent must approve the procedure, including any changes to it. Private career colleges must retain a copy of any complaints and related correspondence for a period of at least three years from when the decision on the complaint was made.

If a student exhausts the college's student complaint process and is still unsatisfied with the way the college has resolved their complaint, the student may then refer the matter to the Superintendent.

Ministry inspectors review student complaints submitted to the Superintendent to determine whether the college followed its student complaint process and whether the college's action related to the complaint contravenes the Act. Based on this review, the Ministry communicates the inspector's findings to the student and the college by letter. Where the inspector finds significant contraventions of the Act, an investigation may follow.

If the Act does not cover the main issue of a student complaint, the student can contact other organizations such as the police, the Ontario Ombudsman and the Ontario Human Rights Tribunal to seek independent advice.

### 2.2.4 Investigations and Enforcement

The Ministry investigates allegations of unregistered private career colleges delivering vocational programs as well as allegations of major non-compliance issues at registered private career colleges, for example, where such allegations arise from student complaints. In the last 10 years, the Ministry conducted, on average, 153 investigations a year. Almost 80% of the investigations were conducted on unregistered institutions, as shown in **Figure 12**. The

Ministry is made aware of unregistered institutions from various sources, which includes notification from the public and other private career colleges that have registered with the Ministry.

To conduct their investigations, Ministry investigators use tools and techniques such as simple Internet searches, internal document/record reviews, secret shopping (e.g., an investigator posing as a prospective student), internal and external stakeholder interviews and site visits.

The Superintendent takes enforcement action when he/she confirms instances of non-compliance with the Act, its regulations and Ministry policies. The Superintendent follows a progressive enforcement model, where he/she starts with "softer" methods to encourage compliance and progresses to using "stronger" tools to facilitate compliance where necessary, particularly for those that re-offend. The timeline of the progression of these methods varies, depending on factors such as the non-compliance's level of severity and frequency, whether the inspector refers the file to an investigator to start an investigation, and whether there is evidence of a non-compliance based on the information received.

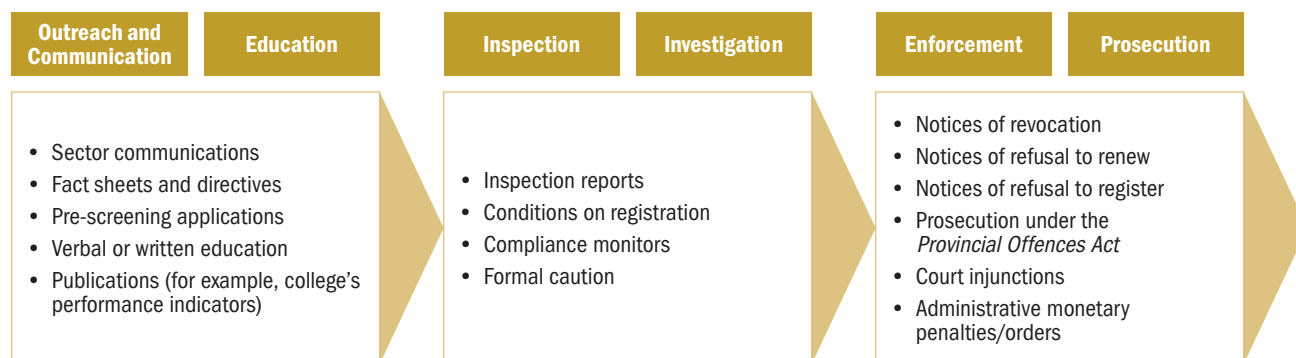
**Figure 12: Number of Investigations Conducted on Registered and Unregistered Private Career Colleges, 2011/12–2020/21**

Source of data: Ministry of Colleges and Universities

|                   | Registered | Unregistered | Total        |
|-------------------|------------|--------------|--------------|
| 2011/12           | 6          | 98           | <b>104</b>   |
| 2012/13           | 11         | 153          | <b>164</b>   |
| 2013/14           | 19         | 173          | <b>192</b>   |
| 2014/15           | 20         | 124          | <b>144</b>   |
| 2015/16           | 56         | 196          | <b>252</b>   |
| 2016/17           | 31         | 120          | <b>151</b>   |
| 2017/18           | 45         | 111          | <b>156</b>   |
| 2018/19           | 54         | 107          | <b>161</b>   |
| 2019/20           | 56         | 76           | <b>132</b>   |
| 2020/21           | 36         | 42           | <b>78</b>    |
| <b>Total</b>      | <b>334</b> | <b>1,200</b> | <b>1,534</b> |
| <b>% of Total</b> | <b>22</b>  | <b>78</b>    | <b>100</b>   |

**Figure 13: Private Career Colleges Branch Progressive Enforcement Model**

Source of data: Ministry of Colleges and Universities



Note: Investigators may use the private career college's history as a basis for deciding the next step in gaining the required compliance; they can also use their own discretion and experience when recommending the best action to take (e.g., if severe non-compliances were found, the investigator could recommend a "stronger" tool even if the "softer" tool was not used before).

**Figure 14: Number of Compliance and Enforcement Actions Taken on Registered and Unregistered Private Career Colleges, 2016/17–2020/21**

Source of data: Ministry of Colleges and Universities

|   | Registered | Unregistered |
|---|------------|--------------|
| 2016/17   | 23         | 56           |
| 2017/18   | 10         | 30           |
| 2018/19   | 17         | 31           |
| 2019/20   | 10         | 28           |
| 2020/21   | 9          | 20           |
| <b>Total</b>  | <b>69</b>  | <b>165</b>   |
| As a % of total investigations* conducted 2016/17–2020/21 | 31         | 36           |

\* One investigation could result in more than one compliance and enforcement action. For example, an investigation could lead to immediate suspension and revocation of registration.

**Figure 13** illustrates the progressive enforcement model, and **Appendix 7** describes when each enforcement tool might be used.

As shown in **Figure 14**, between 2016/17 and 2020/21, the Ministry took a total of 69 enforcement actions on registered private career colleges and 165 enforcement actions on unregistered institutions, representing 31% and 36% of the total investigations conducted in these years, respectively. **Figure 15** shows that the most common enforcement actions

taken were a warning letter (66%), compliance order (17%) and administrative monetary penalty (financial penalty) (12%).

Private career colleges have the option to:

- appeal the Superintendent's decision related to registration (e.g., refusal, refusal to renew, suspension, revocation) with the Licence Appeal Tribunal (Tribunal) as allowed in the Act;
- apply for a Ministerial Review on the decision of a financial penalty, within 15 days or longer where considered appropriate. From 2011/12 to 2020/21, colleges appealed a total of 94 cases of financial penalties to the Minister; and
- apply for a judicial review of a decision by the Tribunal or of a compliance order or restraining order issued by the Superintendent.

The Act also requires the Superintendent to publish certain enforcement actions and gives him/her the flexibility to publish certain orders, as shown in **Appendix 7**.

### 2.2.5 Performance Indicators of Private Career Colleges

For each approved vocational program at each registered private career college, the Ministry publicly reports on five performance indicators related to graduates' academic and employment



**Figure 15: Type and Number of Compliance and Enforcement Actions Taken on Registered and Unregistered Private Career Colleges, 2016/17–2020/21**

Source of data: Ministry of Colleges and Universities

| Actions*                                     | 2016/17   | 2017/18   | 2018/19   | 2019/20   | 2020/21   | Total      |
|--|-----------|-----------|-----------|-----------|-----------|------------|
| Education/caution letter                     | 57        | 32        | 31        | 14        | 20        | 154        |
| Compliance order, order or restraining order | 9         | 3         | 7         | 17        | 4         | 40         |
| Administrative monetary penalty              | 8         | 3         | 5         | 7         | 4         | 27         |
| <i>Provincial Offences Act</i>               | 2         | 0         | 1         | 0         | 1         | 4          |
| Compliance monitor                           | 1         | 1         | 0         | 0         | 0         | 2          |
| Revocation                                   | 0         | 0         | 2         | 0         | 0         | 2          |
| Pre-notice letter                            | 1         | 1         | 0         | 0         | 0         | 2          |
| Verbal communication                         | 1         | 0         | 0         | 0         | 0         | 1          |
| Refusal to renew                             | 0         | 0         | 1         | 0         | 0         | 1          |
| Suspension                                   | 0         | 0         | 1         | 0         | 0         | 1          |
| <b>Total</b>                                 | <b>79</b> | <b>40</b> | <b>48</b> | <b>38</b> | <b>29</b> | <b>234</b> |

\* The Ministry may take multiple actions against a private career college after an investigation.

outcomes. **Figure 16** lists these performance indicators and their definitions. These indicators were last updated in 2013. The Ministry informed us that the indicators inform policy decisions and allow the colleges to demonstrate their achievements and identify potential changes to better meet the needs of students and employers.

Although the Ministry does not set targets for these indicators, through publishing colleges' performance results, it aims to promote quality instruction and accountability as well as help prospective students and their families to make an informed choice on which private career college and program to select. Based on our research, Manitoba, Nova Scotia and Saskatchewan also do not set targets for their performance indicators.

The Ministry began collecting data for these performance indicators in 2013 using an external third-party research company and publishes the results on an annual cycle.

**Figure 17** shows the performance indicators of the most-enrolled-in program sectors in the 2017 and 2018 reporting periods.

### Public Reporting Requirements for Private Career Colleges

The Ministry sends a memo to all private career colleges when the performance indicators of a specific cycle have been approved and provides instructions on how to access the results. Each private career college must make available on its public website, and in any promotional materials, the performance indicator results for each of its vocational programs within 30 days of the Ministry providing this information. Since 2020, the Ministry removed the requirement for private career colleges that provide programs governed by standards set by external regulatory or accrediting bodies to also publish their examination pass rates as an additional performance indicator.

## 2.3 Private Career College Closures

Private career colleges, like other private businesses, may close unexpectedly for various reasons such as financial viability issues, Ministry investigations, registration expiry and the owner's personal decision. Such events will affect enrolled students, who could

**Figure 16: Private Career Colleges Performance Indicators**

Source of data: Ministry of Colleges and Universities

| Performance Indicator   | Definition  |
|---|---|
| <b>Graduation rate<sup>1</sup></b>                                | The percentage of students who enrolled in a specific vocational program and successfully graduated from the program within the allowed period of time.   |
| <b>Graduate employment rate<sup>2</sup></b>                       | The percentage of graduates of a vocational program in the labour force who were employed during a defined period of time following graduation.   |
| <b>Graduate employment rate in the field of study<sup>2</sup></b> | The percentage of graduates of a vocational program in the labour force who were employed in a field related to their training during a defined period of time following graduation.  |
| <b>Graduate satisfaction<sup>2</sup></b>                          | The percentage of graduates of a vocational program who perceived that their private career college experience was useful to them in achieving their goals after graduation; graduates are surveyed about six months after their graduation date. |
| <b>Employer satisfaction<sup>2</sup></b>                          | The percentage of employers who indicate that they are satisfied with the graduate's overall private career college preparation; employers are surveyed about three weeks after the graduate survey is completed.                                 |

1. The external third-party research company the Ministry hires to collect performance indicator results uses enrolment and graduate data reported by private career colleges. The Ministry requires private career colleges to submit this data and have it audited by a licenced public accountant to assure its accuracy. The private career college is responsible for the cost of the audit.
2. The research company conducts a graduate outcomes survey and an employer satisfaction survey. For example, to derive the graduate employment rate, the research company surveys graduate participants about six months after graduation to obtain their employment status.

**Figure 17: Performance Indicators of Private Career Colleges in Most-Enrolled-in Program Sectors, 2017 and 2018**

Source of data: Ministry of Colleges and Universities

|   | Graduation Rate (%) |      | Graduate Employment Rate (%) |      | Graduate Employment Rate in Field of Study (%) |      | Graduate Satisfaction (%) |      | Employer Satisfaction (%) |      |
|---|---------------------|------|------------------------------|------|--|------|---------------------------|------|---------------------------|------|
|   | 2017                | 2018 | 2017                         | 2018 | 2017   | 2018 | 2017                      | 2018 | 2017                      | 2018 |
| Business                                  | 77                  | 78   | 66                           | 71   | 43   | 52   | 74                        | 73   | 94                        | 96   |
| Health services                           | 79                  | 78   | 75                           | 79   | 57   | 61   | 81                        | 82   | 91                        | 95   |
| Tractor-trailer/<br>Driver licensing      | 87                  | 86   | 83                           | 86   | 57   | 67   | 81                        | 85   | 93                        | 90   |
| Service trade                             | 80                  | 79   | 88                           | 86   | 66   | 65   | 86                        | 81   | 91                        | 91   |
| Human services                            | 80                  | 78   | 78                           | 80   | 56   | 63   | 84                        | 83   | 88                        | 100  |
| Computer and<br>information<br>technology | 78                  | 80   | 69                           | 70   | 42   | 53   | 71                        | 69   | 92                        | 95   |

lose their tuition investment and have their education and potential job placement interrupted. Between 2016 and 2020, a total of 82 private career colleges closed, averaging about 16 closures per year. As a result, the colleges incurred a total of \$2.9 million in closure costs.

As part of its mandate to protect students, the Ministry administers a special purpose fund called the Training Completion Assurance Fund (Fund). The Act requires that private career colleges make payments to this Fund, which compensates students if private career colleges unexpectedly close prior to

those students completing their training. The Fund is only triggered if the closing college's financial security is insufficient to cover the costs of its closure.

**Appendix 8** describes how the financial security is calculated and paid, and **Appendix 9** explains the Fund in further detail.

**Figure 18** shows that in the last five years, of the closures that affected actively enrolled students, only 30% of the closure costs claimed were covered by the college's financial securities, while 70% of the closure costs claimed had to be covered by the Fund. This is in line with the regulatory requirement that sets financial securities at 25% of previous year's highest monthly unearned revenue (an estimate of the full closure costs) or \$10,000, whichever is more.

## 2.4 Fees

Private career colleges are mandated to remit various fees to the Ministry, including fees for applications for registration, a new college campus, the approval of a new vocational program and the annual renewal of registration, as shown in **Appendix 10**. Registration

fees are generally non-refundable with the exception of inspection fees, if an inspection has not yet been conducted.

## 2.5 International Students in Private Career Colleges

In 2019, the most current year where enrolment data is available from private career colleges, a total of 10,368 international students were enrolled in private career colleges. These students studied at about one-third of all registered colleges, with 71% of them enrolled in 10 specific colleges. Two of these colleges are involved in the Public College-Private Partnership initiative, explained in **Appendix 11**.

To be eligible to accept international students, a private career college must apply to the Ministry for an International Student Program designation; this designation allows students to apply for a study permit to enter Canada. Staff in the Private Career Colleges Branch assess each applicant institution based on criteria that include, for instance, whether the institution has sufficient financial capacity to

**Figure 18: Closing Costs of Private Career Colleges with Active Enrolment and Impact on Training Completion Assurance Fund, 2016–2020**

Source of data: Ministry of Colleges and Universities

|  | 2016   | 2017                 | 2018           | 2019                | 2020                 | Total     |
|--|--------|----------------------|----------------|---------------------|----------------------|-----------|
| # of private career colleges with active enrolment closed <sup>1</sup> | 1      | 2                    | 3              | 4                   | 4                    | 14        |
| Total closure costs with active enrolment (\$)                         | 32,618 | 403,684              | 703,781        | 1,202,791           | 555,104              | 2,897,978 |
| # of students affected   | 8      | 59                   | 90             | 74                  | 211                  | 442       |
| Total financial security forfeited (\$)                                | 20,000 | 208,566 <sup>2</sup> | 56,955         | 51,262 <sup>2</sup> | 527,104 <sup>2</sup> | 876,886   |
| % of claims covered by financial securities                            | 61     | 52                   | 8 <sup>3</sup> | 4 <sup>3</sup>      | 95                   | 30        |
| % of claims covered by fund  | 39     | 48                   | 92             | 96                  | 5                    | 70        |

1. Excludes 68 closures in 2016 to 2020 of private career colleges that did not have active student enrolment—the Ministry of Colleges and Universities would not need to draw from the Fund for these colleges.
2. Excludes amounts of financial securities that exceeded closure costs in 2017, 2019 and 2020. The Ministry provides a refund of the financial securities in excess of closure costs to the owner of these colleges once students affected by the closure complete their training and all payments have been issued.
3. This is lower than prior years primarily due to two aviation schools that closed (one in 2018 and another in 2019) where their eventual closure costs were substantially higher than the deposited financial securities, which were determined based on financial information that the Ministry recently determined may not fairly represent the financial risks of aviation schools. The Ministry was reviewing potential changes to mitigate similar shortfalls in the future, when we completed this audit.

provide to international students the programs or training it delivers or plans to deliver, and has appropriate systems and mechanisms, such as housing and academic counselling, to support and protect international students.

If the application is successful, the private career college enters into a designation agreement with the Ministry and can begin accepting international students on a study permit. As of July 2021, 307 private career college campuses have received this status. The colleges may advertise overseas or engage with recruitment agents to attract international students.

Because international students can only apply to stay in Canada on a federal post-graduation work permit if they attend a public institution (**Appendix 11** notes exceptions), they have a significant incentive to attend a public college instead of a private career college. Thus, most international students do not end up enrolled in private career colleges. In fact, between 2015 and 2019, international students comprised about 2% to 6% of total student enrolment in private career colleges.

### 3.0 Audit Objective and Scope

Our objective for this audit was to assess whether the Ministry of Colleges and Universities (Ministry) has effective systems and processes in place to:

- administer and enforce the *Private Career Colleges Act, 2005*, its regulations and Ministry policies to protect the interests of existing and prospective students of private career colleges in Ontario;
- leverage the role of private career colleges to contribute to the province's desired post-secondary education and skills outcomes; and
- measure and report on the Ministry's effectiveness in regulating private career colleges.

We identified the audit criteria (see **Appendix 12**) we would use to address our objective, based on a review of applicable legislation, policies and

procedures; internal and external studies and best practices. Senior management at the Ministry reviewed and agreed with the suitability of our objectives and associated criteria.

We conducted our audit between January 2021 and August 2021, primarily at the Ministry's Private Career Colleges Branch (Branch) in Toronto. Due to the COVID-19 pandemic, although we were not able to complete the majority of our audit work on-site at the Ministry offices as Ministry staff were working remotely, we held discussions with Ministry staff by both telephone and video conference, and they electronically provided us with all required documents and data.

Most of our work was focused on Ministry activities that occurred in the three-year period ending March 31, 2021, and in some cases over the 10-year period ending on that date. We obtained written representation from Ministry management that, effective November 15, 2021, it had provided us with all the information it was aware of that could significantly affect this report's findings or conclusion.

With respect to the Ministry, we reviewed applicable legislation, agreements, reports and program guidelines and policies; interviewed senior management and program staff responsible for regulating the private career college sector in Ontario; examined files and analyzed data related to registration, renewal, program approval, inspection, investigation, enforcement and complaints; and reviewed and assessed management controls and financial information. We visited a private career college and observed the process that Ministry inspectors followed for compliance inspections. We also posed as a prospective student shopping for career college education at a sample of private career colleges via telephone calls to ask about tuition fees, start dates and program durations.

We also obtained program, performance indicator and tuition fee information on public colleges from the Ministry's Postsecondary Education Division.



We interviewed representatives from other ministries and stakeholders (listed in **Appendix 13**) as part of our audit work related to the Branch's information exchange with these parties.

In addition, we reviewed information related to performance indicators and advertisement materials primarily directed to international students that private career colleges published online and assessed whether they met legislative and regulatory requirements.

We held discussions with the National Association of Career Colleges and Career Colleges Ontario to obtain their perspectives on the Ministry's regulatory framework and emerging issues in the private career college sector.

We also conducted research on how other Canadian provinces including Alberta, British Columbia, Manitoba and Saskatchewan regulate private career colleges in their respective jurisdictions and engaged with staff at these jurisdictions' departments/ministries to identify areas for improvement in Ontario.

We conducted our work and reported on the results of our examination in accordance with the applicable Canadian Standards on Assurance Engagements—Direct Engagements issued by the Auditing and Assurance Standards Board of the Chartered Professional Accountants of Canada. This included obtaining a reasonable level of assurance.

The Office of the Auditor General of Ontario applies the Canadian Standard on Quality Control and, as a result, maintains a comprehensive quality-control system that includes documented policies and procedures with respect to compliance with rules of professional conduct, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Professional Conduct of the Chartered Professional Accountants of Ontario, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

## 4.0 Detailed Audit Observations

### 4.1 Registration and Program Approval

#### 4.1.1 Almost 1,400 Outdated Programs Still Delivered by Private Career Colleges and Ministry's System Did Not Alert Ministry Staff that These Programs are Due for Re-Approval

To validate that relevant and up-to-date training is delivered to students, according to the *Private Career Colleges Act, 2005* (Act), all vocational programs are approved for up to five years and must be re-approved thereafter. However, we found that 1,395 or 25% of the approved programs in 2021 that had students enrolled in 2019 (the most current data available) and were approved prior to January 1, 2015, making them at least five years old, were still pending approval renewal.

The Ministry has not developed an internal process to flag programs that are up for renewal. It also confirmed that no private career colleges have voluntarily informed it about the expiry of any program approval. When private career colleges deliver programs that may be outdated, students may not receive appropriate training to help them find employment in their chosen field and perform effectively in the job market.

We were unable to find any evidence to support that the Ministry was conducting re-approvals for most programs other than those under additional legislative authority such as Mandatory Entry Level Training designated by the Ministry of Transportation and personal support worker programs as directed by the *Long-Term Care Homes Act, 2007* and its regulations.

Ensuring that private career colleges offer programs that are re-approved as required is especially critical in employment sectors where standards continually evolve and education based on current standards is critical to ensure information security and personal safety. For example:

- In the information technology sector, where multiple programs are offered, we found that out of 766 programs, 472 or 62% of them were approved over five years ago. As of December 31, 2019, two-thirds of these programs did not have student enrolment and are potentially no longer offered, but students were still enrolled in 158 of these potentially outdated programs. For example, in 2019, 12 of the 22 Network Administrator programs were delivering outdated content as compared to standards outlined in standard-setting bodies such as the Computing Technology Industry Association; about 140 or 48% of the students enrolled in these programs were being educated with outdated content.
- For the ever-demanding paramedicine program, six out of all seven programs in Ontario had expired program approvals of materials that may not provide the most current knowledge to prospective paramedics.

The Ministry informed us that its current program information system—which it has used since February 2019 and cost a total of \$17.7 million between 2012/13 and 2020/21 to plan, build, operate and maintain—does not alert Ministry staff when certain programs have surpassed their approval period. Currently, in order to detect programs that require Ministry review, Ministry staff would need to download all the system data to examine individual approval dates. However, when we asked when this exercise last took place, the Ministry could not produce any evidence to provide a date or substantiate that such an exercise took place.

### Ministry Allows Third-Party Expert Suitability and Qualifications to Expire

For a private career college to operate a vocational program, the college must provide the Ministry with an assessment of the program from a third-party subject matter expert and a third-party adult education expert. We reviewed a sample of programs and noted that the Ministry followed assessment protocols to ensure that the third-party experts are qualified and appropriate. However, if a private career

college submits a program that it purchased from another private career college and the Ministry had already approved that program, Ministry staff will not reassess the third-party experts as they believe those experts are still valid from the original approval process regardless of timelines. From March 2019 to July 2021, we found 54 programs that did not have a current assessment performed by third-party experts; these programs were purchased from another school but have not been re-approved in the last five years, which meant that students were still being instructed under expired programs. This further indicates that the Ministry was approving programs that have already expired when it should not have done so.

## RECOMMENDATION 1

To validate that programs delivered by private career colleges are updated before the five-year program approval period expires, we recommend that the Ministry of Colleges and Universities:

- update its information system to allow for proper tracking and flagging of programs that are approaching their expiration period;
- initiate the re-approval process with all private career colleges to address the backlog of already expired programs, including assessing the third-party experts' qualifications, prioritizing those programs with actively enrolled students; and
- determine an approach to more efficiently re-approve programs going forward, such as placing a condition on colleges' registration to submit program renewal documents at the end of each approval period or face possible enforcement actions.

## MINISTRY RESPONSE

The Ministry agrees with the Auditor General that vocational programs should stay current and relevant for today's job seekers. The Ministry has begun developing options to renew programs in accordance with the five-year term of approval under the *Private Career Colleges Act, 2005* and

will work to update its information systems and procedures to permit easier identification of lapsed programs and to enable a prioritization methodology for renewing the 5,000 and more currently approved programs in the private career college sector.

The Ministry will initiate a process to renew the approval of older vocational programs, which will include new evaluations of those programs by third-party experts and reassessments, as necessary, of the qualifications of the third parties evaluating the programs, and prioritizing programs with actively enrolled students. The Ministry will also consider using formal enforcement measures, such as conditions on registration, to ensure that private career colleges submit applications to renew program approval when required to do so.

#### 4.1.2 Some Private Career Colleges Did Not Disclose Their Programs Are Not Approved, Contravening Regulatory Requirements

We reviewed the websites of a sample of private career colleges to determine whether colleges that state on their website that they are registered with the Ministry are also advising the public when some of their programs do not require Ministry approval, as mandated by the Act. Even if a college is registered, all its programs may not require approval; only vocational programs need to be approved, while non-vocational programs (e.g., single-skill training such as first aid certificates and keyboard skills courses) do not.

The failure to make this distinction to the public may cause students to enrol in an unapproved program believing it is approved by the Ministry, since students might inadvertently think that because the college is registered with the Ministry, all its programs must also have Ministry approval. We found that one in six private career colleges in our sample contravened this regulatory requirement. Together, these four colleges stated that they are registered, but did not advise to the public that 20 of their

non-vocational programs did not require Ministry approval. As a result of our audit, the Ministry took action and contacted these colleges to make the relevant changes to their advertising. However, as of August 2021, only seven out of 20 of these contraventions had been corrected by the specific private career colleges.

Ministry inspectors informed us they verify that colleges comply with these requirements at the time of their annual registration renewals. However, the Ministry was unaware of these contraventions until we brought them to their attention and reasoned that all the identified colleges might have changed their websites after inspectors had verified that the colleges had complied with the advertising requirements.

We also found that the legislation does not require private career colleges to specify that they are registered as a private career college on their website. This could potentially incentivize private career colleges to not specify that they are registered as a private career college, limiting the Act's ability to sufficiently protect students' interests.

Similarly, a private career college that does not meet the circumstances discussed in **Appendix 11** cannot mislead international students into assuming that they will receive a post-graduation work permit after completing studies at the college. We reviewed the websites of a sample of private career colleges with high enrolment of international students and those colleges that are part of the Public College-Private Partnership initiative, as well as various immigration forums and other online sources, and did not find any potentially misleading statements about the post-graduation work permit on any of these private career college websites.

### RECOMMENDATION 2

To better validate that the public has sufficient information to help make an informed decision when choosing a program in a private career college, we recommend that the Ministry of Colleges and Universities update its process and verify at more frequent intervals whether

private career colleges' advertising complies with requirements under the *Private Career Colleges Act, 2005*, in addition to the annual registration renewal process.

### MINISTRY RESPONSE

The Ministry agrees with the recommendation of the Auditor General concerning the importance of compliant advertising to ensure members of the public have accurate information about private career college programs. The Ministry will strengthen its current processes for reviewing advertising beyond the annual registration renewal process, including more robust checks during routine inspections, and in response to complaints or tips of misleading advertising.

#### 4.1.3 Ministry Staff Have Limited Guidance to Determine Whether New Applicants Will Operate in Accordance with the Law and with Integrity and Honesty

According to the Act, an applicant must satisfy six registration criteria before the Superintendent approves their application to operate a private career college and/or renew their registration. One of these criteria is that the applicant's past conduct must provide evidence that the applicant will operate the private career college in accordance with the law and with integrity and honesty.

Ministry staff are provided with written guidance on the type of information they should review when assessing a registration application; however, this guidance does not define in which circumstances a new applicant might not be operating in accordance with the law and with integrity and honesty, and therefore when Ministry staff should not approve a registration application. Without clear guidance, the Ministry cannot consistently, efficiently and effectively ensure it is registering colleges that will act in the students' best interests.

In one case, this led to the Ministry approving an applicant's registration application despite having

identified red flags through its investigation process that the college director (i.e., senior management) had questionable integrity and honesty. In July 2019, a Ministry program staff reviewed a new registration application for a private career college requesting to provide truck driving and forklift programs. Through Internet searches of the college and the name of the college's director listed in the application, the staff identified several media articles dated in 2012 that found the director had been arrested for importing cocaine in 2009. Ministry staff also found that the director pleaded not guilty to possession and unlawfully importing cocaine into Canada, and was subsequently acquitted. As well, the director declared bankruptcy in 2010; yet in their application, the director responded "No" as to declaring bankruptcy in the past. The Ministry also informed us that this applicant took around two years from the initial application submission date to submit all required documents, and that the Ministry has concerns that the applicant may cause problems in the future. Despite all these red flags, the Ministry still approved this college's registration in April 2021.

### RECOMMENDATION 3

To better ensure it is registering private career colleges that will act in the students' best interests and strengthen its ability to verify that the applicant has met all registration criteria as outlined in the *Private Career Colleges Act, 2005*, we recommend that the Ministry of Colleges and Universities develop and implement internal procedures outlining expected application file review steps and the circumstances where a new applicant may not be operating in accordance with the law and with integrity and honesty.

### MINISTRY RESPONSE

The Ministry agrees with the recommendation of the Auditor General, as the Ministry is committed to ensuring that private career colleges are operated in a lawful and honest manner. The Ministry will work to formalize and document



its application file review steps, which currently include background and reference checks, within its information systems to increase transparency and consistency.

The Ministry will develop internal guidelines of potential indicators that an applicant may not have the confidence of the Superintendent that they will operate a college in accordance with the law and with integrity and honesty, while ensuring some flexibility to consider the unique circumstances of each specific applicant for registration.

#### 4.1.4 Registration Processes Took on Average Over 10 Months to Complete

Based on our review of a sample of registration files from February 2019 to March 2021, we found that the Ministry followed its internal procedures to register prospective colleges. However, it took an average of 304 days or over 10 months to approve the colleges' registration requests. The shortest registration turnaround time was 40 days, with one taking over two years to complete. These delays in the registration process could prevent a private career college from offering their programs in a timely manner, which could then result in a loss of income for the operator or a shortage of programs available to prospective students.

While the Ministry stated that its normal turnaround time to register a college is six to eight months, other jurisdictions reported a quicker turnaround time to us despite having similar document requirements as Ontario. For example, Saskatchewan informed us that its normal turnaround time is two to three months but up to six months for applications that do not include all required information, and Manitoba informed us that its normal turnaround time is four to six weeks for a new program and two to three months for the registration of a new institution.

The Ministry asserted that delays can result from missing or incomplete information that must be obtained before a registration can progress further, and that such delays can occur in all stages of the registration process. Meanwhile, the Ministry has not

monitored the number of days each application stays in each unit involved so as to improve the consistency and timelines of the registration process. Based on our analysis of a sample of applications, the median processing time for each of the Ministry's three units involved in processing applications was between 51 and 95 days. Based on the sample of registrations, 50% of the applications took longer than eight months to process.

We also noted that the Ministry does not maintain performance indicators or set key targets, such as turnaround times, to determine where the delays may be taking place during the registration process or when to flag and address a registration that may be long overdue. In addition, we noted that its information system also does not flag registration files that remain incomplete for long periods.

### RECOMMENDATION 4

To improve processing times for registering private career colleges, we recommend that the Ministry of Colleges and Universities:

- keep track of the duration of registration timelines to determine areas where time delays are present and regularly address those delays;
- update its information system to flag registration files that remain incomplete for long periods; and
- establish performance indicators, including turnaround time targets, for registration processing time.

### MINISTRY RESPONSE

The Ministry agrees with the Auditor General on the importance of addressing delays when registering private career colleges so as to enable potential new operators to open to students as soon as possible, while also maintaining the Ministry's robust application review process to ensure high quality of instruction and student protection. The Ministry can leverage its information system, PARIS, launched in 2019, to better track registration timelines, identify and address delays, and

flag lapsed applications for registration. The Ministry will leverage these PARIS features to support developing and implementing an operating policy to address incomplete and aging files.

The Ministry will review possible approaches to defining performance indicators and turnaround time targets for registration processing, taking into account the need to maintain rigour and due diligence in its review of applications and the responsibility of applicants to provide accurate and complete information in a timely manner.

## 4.2 Compliance Inspections

### 4.2.1 Ministry Does Not Inspect Program Delivery to Confirm Programs are Delivered as Approved

In its compliance inspections, inspectors examine student and program documentation but typically spend at most one day at each college and do not examine the content delivered to students so as to verify that it is the same program as approved by the Superintendent. As a result, the Ministry cannot confirm that students are receiving adequate education for employment from private career college programs.

Confirming that programs are delivered as approved is especially important for certain vocational programs that relate to public safety, such as personal support worker programs or truck driving programs, as inadequately trained graduates can negatively affect other people's lives. For example, in 2018, the Ministry began an investigation when it received an inquiry from the Ministry of Long-Term Care. The Ministry of Long-Term Care was concerned about the deficiencies in the skills, knowledge and understanding of the personal support workers who had graduated from a registered private career college. The Ministry placed a condition on the college's registration to require the college to hire a person to monitor compliance. The college eventually violated that condition, which resulted in the Ministry revoking the college's registration and its program

approval. Subsequently, the impacted personal support workers completed their education through another private career college. However, despite this significant issue, the Ministry still does not routinely or intermittently conduct such reviews of program delivery as part of its compliance inspection process. The *Private Career Colleges Act, 2005* states that the Ministry has the power to observe the instruction given in a program and the activities of students as part of the program.

Confirming that programs are delivered as approved is also important where programs are delivered by private career colleges affiliated with employers in the same field. We identified some private career colleges in the health services field, where programs such as those for personal support services and massage therapy are delivered by schools affiliated with employers in the same field. This process allows the organization to train prospective students to become future employees in their own organization. Although employees for these vocations may be required to adhere to entrance examination and regulatory requirements, it is still important to confirm that programs are taught as approved. This will mitigate the risk of the organization accelerating graduation timelines to fulfil their own staffing needs.

The Ministry noted that its program renewal process, if implemented, could detect program delivery issues, but this process would occur only every five years and the Ministry would not specifically inspect or audit program delivery during the process. As a result, the Ministry still would not be able to proactively ensure that programs delivered to students are adequate.

Further, although Ministry inspectors have regular informal meetings to discuss compliance inspections and emerging issues, such as those around instructor qualification for truck driving schools, the Branch neither reviews nor updates its compliance inspection checklist. The checklists are not amended unless there is a change to the legislation or its regulations; the most recent change being made in early 2019.

In comparison, the Private Training Institutions Branch in British Columbia assesses delivered

programs through its recurring full-compliance inspections at colleges. In addition to performing an annual desk audit to examine advertisement, complaints and record archiving, the BC program branch also conducts a full audit of all programs every one to seven years. Likewise, program staff in Manitoba assess course materials, interview or survey students and observe instructional sessions to assess program delivery.

As far back as 2011, when we last audited private career colleges, we found the Ministry does not perform any specific inspection on the degree to which a program curriculum is being delivered as approved except with regard to the duration of the program.

### RECOMMENDATION 5

To support graduate achievement of competencies from private career colleges for proficiency in the workforce, we recommend that the Ministry of Colleges and Universities update its compliance inspection checklist on a defined time frame (either annually or biennially) for inspections conducted in industries selected based on a risk assessment to include an assessment of program delivery and emerging issues.

### MINISTRY RESPONSE

The Ministry agrees with the Auditor General that graduates of private career colleges should be competent and well prepared for success in the workforce. Building upon its existing robust compliance inspection process, the Ministry will take a risk-based approach to updating sector-specific inspection protocols and/or checklists for higher-risk fields on a regular basis to respond to emerging issues and trends and to assess program delivery.

### 4.2.2 Ministry Cannot Effectively Confirm Instructor Qualifications in Private Career Colleges Providing Commercial Truck Driving Programs

Ministry inspectors and investigators cannot easily verify that instructors in the private career colleges providing commercial truck driving programs meet the standard of having a Class A licence for at least five years, partly due to a lack of clarity on the type of documents each college should have available to meet Ministry of Transportation (MTO) standards. This poses a risk that the private career colleges may be employing unqualified instructors who do not meet MTO standards.

The standard indicates that instructors are to obtain a driver abstract, which may be fulfilled by a wide range of documents inspectors may see during an inspection; however not all of these documents will indicate for how long an instructor has had a Class A licence. For example, during an inspection of a private career college in August 2019, the inspector concluded that an instructor met prescribed qualifications, having reviewed instructor qualification forms, a copy of credentials, reference letters and driver abstracts at the college. However, MTO, at a road-side inspection that was done just nine days prior, had determined that a driver instructor by the same name while in a truck registered under the college (and also occupied by a student) had not held a valid Class A licence for at least five years, contravening the training program requirement.

We also found that the Ministry inspectors do not verify whether the number of instructor files produced by the colleges is complete and current, and do not routinely follow up with colleges to validate that they have undertaken corrective actions. **Figure 19** explains these issues further.

We did not identify any significant non-compliance issues related to qualifications of instructors in other programs.

## Figure 19: Weaknesses in the Ministry of Colleges and Universities' Inspections of Private Career Colleges That Provide Commercial Truck Driving Programs

Prepared by the Office of the Auditor General of Ontario

| Concerns   | Details  |
|--|--|
| <b>Ministry inspectors do not verify whether the number of instructor files produced by the college is complete and current.</b>   | The Ministry relies on the college to produce all instructor files to prove that instructors are qualified, but this process does not provide any assurance that the Ministry is presented with information on all the instructors; for instance, the Ministry does not compare these files with the number of instructors on the college's payroll. For example, in an inspection on a truck driving school that the Ministry conducted in August 2019, the college informed the Ministry it had eight instructors, but in October 2019 when the Ministry followed up on the inspection, the college told the Ministry inspector it had 12 instructors. Later on in October 2019, as a result of an investigation, the college informed the Ministry that an unqualified instructor no longer worked there and that it now had 11 instructors. At no time did the Ministry verify the accuracy of the number of instructors at the college against college records. |
| <b>Ministry inspectors do not routinely follow up with colleges to validate that the college has undertaken corrective actions but instead rely on the college's written assertions.</b> | For example, we noted that during one inspection of a private career college in August 2019, the inspector identified that one instructor was not qualified and informed the college to cease employing that unqualified instructor. The college later stated in writing that the unqualified instructor was no longer teaching at the college and that the college would ensure compliance with the requirement going forward. However, the Ministry did not follow up to confirm this ongoing compliance was being met.  |

### RECOMMENDATION 6

To confirm that all private career colleges' instructors teaching the mandatory entry-level training course for commercial Class A truck drivers meet qualification requirements in accordance with the *Private Career Colleges Act, 2005* and Ministry of Transportation standards, we recommend that the Ministry of Colleges and Universities:

- work with the Ministry of Transportation to clarify the documents each private career college should obtain to substantiate instructor qualifications;
- incorporate into its processes a check to verify the completeness of the records that colleges maintain on instructors' qualifications, for example, by matching records with the college's payroll; and
- establish formal procedures to follow up with colleges to confirm they do not continue to employ unqualified instructors.

### MINISTRY RESPONSE

The Ministry agrees with the recommendation of the Auditor General and recognizes the Auditor General's concerns about the qualification of instructors in commercial Class A trucking programs, given the potential risks to public safety if instructors are not qualified. The Ministry of Colleges and Universities (Ministry) and the Ministry of Transportation share a strong commitment to ensuring the safety of Ontario's roads.

During 2019, the Ministry clarified with the Ministry of Transportation the documents necessary to substantiate the qualifications of instructors in truck driver training programs and provided instructions and sample abstracts to all inspection and investigations staff. The Ministry will continue to work with the Ministry of Transportation to clearly communicate these requirements to the sector, for example, as part of the Entry Level Training standard.

In addition to its review of instructor documentation at each inspection of a private career

college, the Ministry will develop processes to ensure that private career colleges employ qualified instructors to deliver approved vocational programs and validate that their records are complete. The Ministry will follow up with colleges that have been found to employ unqualified instructors to ensure this does not continue in the periods between inspections.

#### 4.2.3 Ministry Lacks Processes to Detect Colleges that Overcharge Students

Under the Act, private career colleges are not permitted to charge tuition, materials and other fees that exceed the tuition fees established with the Ministry at the time of program approval. However, we found that some colleges are charging prospective students fees that exceed the amounts on the fee lists held by the Ministry. As well, the Ministry does not proactively confirm current pricing with private career colleges at the time of their annual registration renewal and instead relies on the college to inform it of any changes to program prices. This is a missed opportunity to obtain and publish a more current fee schedule from the college if they have changed their fees since their initial registration and program approval.

Tuition fees are posted publicly on the Service Ontario website in accordance with a regulatory requirement. Meanwhile, there are no requirements for private career colleges to post current fees on their websites.

Further, the Ministry does not regulate tuition fees. It indicates that private career colleges are private businesses and can charge any fees they choose. It also does not compare tuition fees against other jurisdictions or confirm that the fees chosen by colleges are appropriate.

We posed as a prospective student and contacted a sample of 11 private career colleges offering two of the most-enrolled-in programs—personal support worker and hairstyling—to inquire about program enrolment and the associated tuition and other fees. For two of the colleges we contacted, we were unable

to reach the college representative by phone—either because their listed phone numbers were not in service or they were not available to talk to us. For the remaining colleges, we found that in one-third of the cases, college representatives quoted fees higher than those recorded on the Ministry’s fee list. In some cases, the colleges did not inform the Ministry of their fee increases. For example, one college offering a 44-week hairstyling program provided us with a breakdown of its fees, which totalled \$12,525, compared with the \$12,025 fee recorded on the Ministry’s fee list. We found that where colleges quoted the higher fees, the excess tuition fees averaged \$485 above the fees held on record by the Ministry.

We reviewed the Ministry’s oversight processes related to the fees that colleges charge students and found that the Ministry only addresses this concern when it follows up on fee-related complaints and conducts periodic inspections of colleges, which include reviewing a sample of student contracts at the college. However, it does not systematically verify that colleges do not overcharge students, as inspectors are not required to verify that the fees in students’ contracts are equivalent to or less than the fees on record at the Ministry. As a result, the Ministry is not aware that some private career colleges are charging fees higher than the price approved, and is not taking enforcement action against such colleges to protect students from being overcharged.

We also examined the reasonableness of fees charged by private career colleges in the 10 most-enrolled-in programs and found some unusual trends, as shown in **Figure 20**:

- Excluding the salesperson registration education program, which charges a standard fee, of the other nine most-enrolled-in programs, 4% of the programs had hourly tuition fees that were more than 150% of the average for that program category, with some programs charging 345% more. For instance, one college charged \$64.86 an hour for an esthetics program when the average tuition fee for such a program is only \$14.58 an hour.
- For some programs such as medical office administration, massage therapy and information



**Figure 20: Tuition Fees and Duration for Most-Enrolled-in Programs at Private Career Colleges and Public Colleges, 2019**

Prepared by the Office of the Auditor General of Ontario

| Program Category                                | Private Career Colleges |             |                        |  |                           | Public Colleges |                    |
|---|-------------------------|-------------|------------------------|--|---------------------------|-----------------|--------------------|
|   | Fees (\$)¹              | Hours²      | Avg Fees per Hour (\$) | % of Programs with Fees Significantly Above Avg³ | Highest Fee per Hour (\$) | Fees (\$)⁴      | Duration (months)⁵ |
| The Salesperson Registration Education Program⁶ | 3,630                   | 295         | 12.31                  | 0  | 12.31                     | n/a             | n/a                |
| AZ Class Truck Driver⁶                          | 5,700-16,095            | 116-280     | 53.53                  | 4  | 98.71                     | n/a             | n/a                |
| Personal Support Worker/Personal Attendant      | 2,045-15,615            | 205-1,350   | 9.48                   | 2  | 22.31                     | 2,625-2,722     | 8                  |
| A Class Truck Driver⁶                           | 3,999-15,000            | 104-200     | 73.48                  | 1  | 144.93                    | n/a             | n/a                |
| Medical Office Administration/Management        | 3,144-23,899            | 300-2,080   | 13.22                  | 2  | 31.25                     | 2,696           | 12-16              |
| Esthetics/Medical Esthetics                     | 570-23,901              | 64-1,350    | 14.58                  | 10   | 64.86                     | 2,581-10,500    | 9-24               |
| Gas Technician                                  | 3,675-17,900            | 140-480     | 21.99                  | 7  | 42.62                     | 2,240-4,337     | 9                  |
| Massage Therapist                               | 14,200-26,492           | 2,000-2,766 | 10.53                  | 0  | 12.13                     | 2,703-4,553     | 24                 |
| Information Technology                          | 1,138-38,969            | 75-2,460    | 16.13                  | 4  | 37.50                     | 2,553-7,809     | 8-24               |
| Immigration Consultant⁶                         | 7,575-8,800             | 500-710     | 13.66                  | 0  | 16.31                     | n/a             | n/a                |

1. Based on annual data reported by private career colleges to the Ministry of Colleges and Universities (Ministry) in 2019, the most recent year where complete data is available. Fees charged to domestic students. International students may be charged more, for instance, one private career college charged \$10,008 to international students compared with \$8,284 for domestic students in the personal support worker program. Included tuition fee and other compulsory fees; excluded optional fees (such as for books, uniforms and examinations).
2. Based on data reported in Ministry online program database for public search, accessed in mid-July 2021.
3. For the purpose of this analysis, we considered tuition fees that exceed 50% of the program category average to be significantly above average. For the 10 sampled program categories, excluding the salesperson registration education program, which charges a standard fee, 4% of programs charged hourly fees significantly above the program category average.
4. Based on 2019/20 tuition fees reported in the College Statistical Enrolment Report.
5. Based on data reported by Ontario's 24 public colleges on their websites. Where program duration is presented in semesters, the data are converted to four months per semester. Excludes winter and summer breaks. Public colleges generally do not provide the number of instructional hours on their websites.
6. Program only offered in private career colleges.

technology, private career colleges charged much higher tuition fees—up to eight times—than public colleges.

## RECOMMENDATION 7

To better protect students from being overcharged for tuition and materials when enrolling in vocational training and to confirm that private career colleges comply with the *Private Career Colleges Act, 2005* and its regulations, we recommend that the Ministry of Colleges and Universities:

- review and update its processes for verifying that colleges charge fees within the amounts approved by the Ministry, including implementing mechanisms to detect and remedy overcharging;
- request colleges to submit a current fee schedule at every registration renewal and post updated fee information on the government website; and
- require private career colleges to post current fee schedules on their website or premises for public access that match the fees schedule posted on the government website.

## MINISTRY RESPONSE

The Ministry agrees with the Auditor General that students must be protected from overcharging for tuition and program materials. As noted by the Auditor General, the Ministry does not regulate private career colleges' fees, but recognizes the opportunity to better ensure that students are not charged beyond the approved amount, and that students can access current fee information on the government website and colleges' websites or premises, to make informed choices about their education.

The Ministry will continue to address overcharging promptly when brought to its attention and will examine and update its current processes to verify that private career colleges only charge fees previously disclosed to the Superintendent

of Private Career Colleges and published on the website of Service Ontario.

As a further measure of protection for students, the Ministry will, at each renewal of registration, request private career colleges to confirm that the fees they charge match the existing fees approved by the Superintendent of Private Career Colleges. Discrepancies will be addressed as appropriate.

The Ministry will also consider amending the regulations under the *Private Career Colleges Act, 2005* to require private career colleges to publish current fee schedules on their websites or to post current schedules at their premises. The Ministry notes that many private career colleges currently do this as a best practice.

### 4.2.4 Ministry Halted All Proactive Routine Compliance Inspections Between March 2020 and August 2021

Due to the COVID-19 pandemic, the Ministry has not conducted any compliance inspections since March 16, 2020 so as to confirm that Ontario private career colleges are compliant with the conditions of their registration and requirements of the Act and its regulations. Since that date, it has also not conducted any inspections of private institutions under the International Student Program to confirm that these institutions were compliant with the requirements of the program. The Ministry informed us that it increased stakeholder communications to assist colleges with shifting to virtual learning and adhering to COVID-19 restrictions, and has continued its other oversight functions such as following up on complaints and conducting investigations. However, it did not take any other steps to substitute for its compliance inspections.

Since the onset of the pandemic, the Ministry has allowed private career colleges to submit photographs in substitution for a facility inspection to demonstrate their compliance with the approval process' capacity requirement. However, the Ministry did not extend this practice to compliance inspections or inspections under the International Student Program.

The Ministry resumed in-person inspections in late October 2021. In comparison, while BC also paused in-person compliance inspections at the onset of COVID-19, it resumed some compliance inspections in April 2021 and implemented virtual compliance inspections in September 2021.

#### 4.2.5 Ministry Does Not Inspect all Colleges on a Timely and Recurring Basis

We found that as of March 2020, when inspections stopped due to the COVID-19 pandemic, the Ministry did not inspect 93 or 13% of private career college campuses within the Ministry's internal target of inspecting all colleges every two to three years. By June 2021, 214 or 30% of the college campuses had not undergone a compliance inspection within the last three years, including 23 campuses that had not undergone a compliance inspection in over five years. When private career colleges are not regularly re-inspected for compliance with legislative and regulatory requirements, the Ministry cannot ensure that these colleges are operating in a manner that serves to protect students' interests.

Program inspectors are responsible for scheduling their unannounced compliance inspections, and the manager of the registration unit is responsible for approving all compliance inspections and post-inspection reports. The Ministry informed us that it does not have performance indicators for inspectors regarding compliance inspections, nor does it have processes at a department level to assess whether the Ministry is achieving its target of inspecting all colleges every two to three years or whether the number of non-compliances decreased over time, which could demonstrate that colleges are increasingly achieving compliance.

During our audit, the Ministry developed a risk-based inspection selection process, prioritizing campuses deemed as high risk for compliance inspections. The approach will consider factors such as compliance history, size and age of the colleges. The Ministry expects that high-risk colleges will be inspected twice annually and low-risk colleges will

be inspected every three to four years. The Ministry had not fully implemented this process at the end of our audit.

#### 4.2.6 Compliance Inspectors Are Not Rotated for Compliance Inspections

Ministry inspectors are responsible for inspecting colleges solely within their set portfolio, which is updated only when personnel changes occur. This practice has led to certain private career colleges being inspected by the same inspector for up to eight years. The Ministry indicated that any associated risk is offset by inspectors taking ethics training. Nonetheless, when an inspector has formed a long-standing relationship with a college, the inspector is at risk of becoming biased in a way that may impair their ability to effectively identify non-compliances. This is also against the spirit of the 2020 Regulators' Code of Practice, which sets out the standards of professionalism and best regulatory practices expected from the Ontario Public Service's regulatory, compliance and enforcement staff. Specifically, the Code requires front-line compliance staff to remain objective in their work.

The Ministry expects its inspectors to develop a relationship with the private career colleges within their portfolio to educate the college on the program branch's progressive enforcement model, explained in **Section 2.2.4**, and assist them with the process. On average, each inspector oversees 87 campuses and caseloads vary between 81 and 95 campuses per inspector.

The inspectors work with the colleges on non-compliances identified in compliance inspections to achieve adherence to the Act and its regulations. The Ministry informed us that it recognizes there is value in rotating inspectors for compliance inspections.

We found that the number of non-compliances varied across the province depending on the inspectors assigned. We reviewed 354 compliance inspections from February 2019 to March 2020 when all compliance inspections were halted due to the COVID-19 pandemic and found that the average

number of non-compliances identified per inspection ranged from two to 19. While the number of non-compliances could relate to the size of the college, the Ministry has mostly assigned colleges randomly to inspectors. Therefore we would expect a comparable average number of non-compliances per inspection among inspectors.

The Ministry conducts initial training and ongoing informal discussions with its inspectors as well as maintains a resource guide for inspectors, so as to align varied inspection approaches. As well, the manager reviews all compliance inspections. However, we found that the Ministry does not monitor or analyze non-compliance variations between inspectors to ensure that compliance inspections are being conducted using a uniform approach. In addition, we found that the Ministry does not evaluate inspector or department performance on compliance inspections and does not provide regular refresher training on how to conduct compliance inspections on private career colleges after the initial training that inspectors receive when hired.

In comparison, the Private Training Institutions Branch in BC currently rotates inspectors for all their recurring inspections. Program staff in BC informed us that they previously had a portfolio system similar to Ontario but found that the familiarity inspectors developed with facilities did not lead to effective inspections.

## RECOMMENDATION 8

To improve the effectiveness of inspections and promote a uniform and objective approach to conducting compliance inspections for all private career colleges in Ontario, we recommend that the Ministry of Colleges and Universities:

- develop alternative ways to conduct compliance inspections should in-person inspections not be possible due to public health concerns or other extraordinary circumstances, and update internal processes and training as needed;

- complete the implementation of a risk-based plan to prioritize inspections as appropriate;
- incorporate a rotation schedule into its inspection process, assign inspections to inspectors and monitor compliance with this schedule;
- monitor and review the performance of inspectors, including the number and quality of inspections conducted; and
- review and update guidelines and training on a regular basis, such as every two years, to better assist inspectors to incorporate learnings from recent inspections into future inspections.

## MINISTRY RESPONSE

The Ministry agrees with the recommendation of the Auditor General and shares the Auditor General's view that inspections must be comprehensive, consistent, and high quality. The Ministry will review its risk-based approach to scheduling inspections, update the risk criteria as necessary, and ensure that the plan is fully implemented in its operating procedure. The updated inspection plan will also include an inspector rotation process to be implemented and monitored to further reinforce the professionalism and objectivity of its inspectors. Building on lessons learned during COVID-19, the Ministry will develop adapted inspection protocols for alternatives to in-person inspections when public health concerns or other extraordinary circumstances disrupt normal business.

The Ministry agrees with the Auditor General that it is important to evaluate inspector performance. The Ministry will develop appropriate measures to assess the quality and quantity of inspections carried out by its staff to improve their individual performances and its general oversight of the private career college sector.

In May 2020, the Ministry created the first draft of a comprehensive resource guide for all inspectors to support a uniform approach to carrying out their roles and responsibilities; the

guide was finalized in January 2021. The Ministry will continue to update the guide regularly and will deliver regular training to incorporate new issues and developments in the private career college sector and high-risk fields in particular.

## 4.3 Complaints

### 4.3.1 Ministry Does Not Analyze Complaints Trends or Publish Repeated Complaints

We found that the Ministry has appropriately addressed complaints in accordance with the Act, but senior management in the Ministry does not formally analyze the nature of complaints it receives. As such, it cannot readily identify common issues raised by students and the public regarding private career colleges that require greater attention by Ministry inspectors, and prospective or existing students cannot identify which colleges have repeated complaints.

Between February 2019 (when the current program information system was implemented) and July 2021, the Ministry reviewed and resolved 146 complaints against private career colleges, averaging about five complaints a month. As explained in **Section 2.2.3**, students normally file a complaint with their private career college before escalating the complaint to the Ministry via the Ministry's website. We also analyzed the complaints the Ministry received during this period and found that the most common complaints were about course delivery/

instruction and fees/refunds, as shown in **Figure 21**. Among these complaints, we found that 28 colleges had repeated complaints from students. One college had up to nine complaints related to course content delivery, administration and health and safety from March 2019 to July 2021; six of the complaints were still under review as the Ministry was still waiting for replies from the complainants when in September 2021. The Ministry does not publish the quantity or the nature of complaints on specific private career colleges. The *Private Career Colleges Act, 2005* does not preclude the Ministry from reporting such information.

### 4.3.2 Ministry Has Not Established Turnaround Time Targets for Handling Complaints

The Ministry does not have any service standards to ensure it resolves complaints on a timely basis. It informed us that it currently does not have a process to analyze how long complaint processes take and explained that there are a wide range of timelines for different types of complaints, where some can be resolved quickly while others take a longer time to resolve, such as when the student does not provide supporting evidence for their complaint in a timely manner. However, without established timelines for the complaint process, complaints can go unresolved for long periods of time.

We reviewed all complaints the Ministry received between February 2019 and July 2021; these are stored in its central information system. We found

**Figure 21: Common Complaints Received by the Ministry of Colleges and Universities, February 2019–July 2021**

Prepared by the Office of the Auditor General of Ontario

|                                    | 2019  | 2020  | 2021   |
|------------------------------------|---|---|--|
| <b># of complaints<sup>1</sup></b> | 53  | 56  | 37   |
| <b>Top 3 complaint themes</b>      | 1. Fees/refunds<br>2. Course delivery/instruction<br>3. School administration | 1. Course delivery/instruction<br>2. Fees/refunds<br>3. Health/safety | 1. School administration <sup>2</sup><br>2. Course delivery/instruction<br>3. Fees/refunds |

1. Excludes complaints that were subsequently withdrawn by the complainant.

2. Examples include concerns with how the school dealt with administrative matters such as course withdrawal, expulsion/suspension and attendance.



that the Ministry took on average 62 days to resolve these complaints, and one complaint took over a year to resolve. In comparison, the Nova Scotia Department of Advanced Education is bound by its legislation to dismiss certain complaints, such as those that are frivolous or not within the program's jurisdiction, within 21 days of receiving them. If not dismissed, the department must resolve the complaint or take actions specified in its legislation within 35 days of receiving the complaint or within 14 days of its decision not to dismiss the complaint.

## RECOMMENDATION 9

To enhance the public's knowledge about the quality of private career colleges and to provide more timely responses to students and other persons who may have concerns about these colleges, we recommend that the Ministry of Colleges and Universities:

- publish the quantity and nature of substantiated complaints on specific private career colleges;
- develop a process for ongoing analysis of substantiated complaints to identify trends and significant areas of focus in compliance inspections and lessons learned and provide training for its inspectors based on the most frequent and significant substantiated complaints raised; and
- establish and publish expected service standards for its complaint response times and monitor compliance against these standards.

## MINISTRY RESPONSE

The Ministry agrees with the recommendation of the Auditor General and acknowledges that access to information about the nature of substantiated complaints is beneficial to the public. The Ministry will publish information on its website detailing common themes in substantiated student complaints and their frequency in the private career college sector.

To identify specific areas of focus in compliance inspections, the Ministry will develop a process to analyze substantiated complaints on an ongoing basis and will build lessons learned into its inspection protocols and training.

The Ministry will also publish service standards for responding to complaints as the first step in its complaint resolution process and monitor compliance against these standards, and will continue to work to fully resolve complaints in as timely a manner as possible, while acknowledging that resolutions may be dependent upon the prompt responses of complainants and colleges.

## 4.4 Enforcement of Non-Compliances

### 4.4.1 Ministry Does Not Obtain Information from the National Association of Career Colleges Helpful for Enforcement in a Regular and Timely Manner

The Ministry does not obtain information from the National Association of Career Colleges (NACC) that has information useful for the Ministry's regulatory and enforcement activities. Incorporating general themes of the NACC's audit findings on private career colleges can help the Ministry efficiently obtain a more complete picture of a college's non-compliances, effectively conduct investigations and issue appropriate enforcement actions.

The Ministry has a Memorandum of Understanding with NACC to exchange information, which came into effect in October 2018; however, NACC informed us that it has not been a standard practice for it to share the results of its audits with the Ministry: in the past five years, NACC only shared results of one audit with the Ministry. The NACC provides programs for private career colleges to purchase and conducts audits on those colleges to ensure they meet the NACC's requirements. To support its monitoring and enforcement efforts, the Ministry should be aware of the results of these audits on private career colleges.

## RECOMMENDATION 10

To better incorporate relevant and comprehensive information obtained by the National Association of Career Colleges into the inspections and investigations of private career colleges, we recommend that the Ministry of Colleges and Universities:

- develop a mechanism to obtain general themes of findings from the National Association of Career Colleges' audits on a regular and timely basis; and
- update training for inspectors and investigators on this material as needed.

## MINISTRY RESPONSE

The Ministry agrees with the recommendation of the Auditor General and will engage with the National Association of Career Colleges (NACC) to research and assess parameters with respect to sharing general themes emerging from its audits of member organizations on a regular and timely basis. The Ministry will update training for compliance analysts/inspectors and investigators with consideration for the general themes it receives from the NACC.

### 4.4.2 Ministry Does Not Have Complete and Accurate Information on Investigations and Does Not Analyze Investigation Data Collected

#### Investigation Database is Separate from Main Program Information System

The Ministry maintains its records of investigation in a database and stores investigation documents on the server. The records of investigation contain information such as the name of the legal entity, institution name, investigator name, whether the college is registered or not and when the case was opened and closed. Because these records and documents are stored separately and not linked, Ministry staff cannot readily identify whether the director of a previously registered private career college that ceased to operate due to contravening the Act becomes

a shareholder, officer, director or an instructor at another college.

Although the Ministry implemented a new information system in February 2019 to manage various functions, including inspections, student complaints and financial securities, the system still does not contain investigation data. However, we noted that the 2014 project charter for this system planned to include in the system a function for managing investigation and enforcement issues between the private career colleges and the Ministry, which includes closures, revocation, suspensions, notices, orders, penalties and ongoing compliance activities. The Ministry informed us that it plans to add investigation data to the system, but it has still not determined when.

#### Investigation Data Not Regularly Monitored for Accuracy and Reasonableness

According to the Ministry, it does not run regular reports from its investigations database nor does it perform regular analyses on investigation data, although it can run ad hoc reports and generate certain statistics. For example, in March 2021, Ministry staff ran a report of all investigation files and manually went through the records of trucking schools to determine what proportion of investigations from January 1, 2020 to March 12, 2021 were on registered private career colleges providing the mandatory entry-level training program. This was not a regular report that could be easily produced, and the Ministry did so to confirm its suspicion that more time was being spent investigating trucking schools than other program sectors.

We also noted that the reports generated from the database do not always provide accurate information. Specifically, a summary report run on enforcement actions double counts the number of enforcement actions. As well, the report does not fully represent the number of investigations that have been conducted and the number of investigations that resulted in no enforcement actions. Furthermore, we reviewed a sample of records of the investigation database in the 10-year period ending 2020/21 and

**Figure 22: Examples of Errors We Identified in the Ministry of Colleges and Universities' Investigation Database**

Prepared by the Office of the Auditor General of Ontario

| Concerns  | Details  |
|---|--|
| <b>Inaccurate data</b>  | The Ministry entered an investigation file as opened on September 9, 2016 and closed on February 17, 2015, which is not possible.  |
| <b>Closed investigation files missing closed dates</b>  | The Ministry did not enter the dates of when it closed investigation files for several files that resulted in enforcement actions.   |
| <b>Inaccurate recording of registration status and enforcement action levied on a college</b> | In one investigation, the Ministry incorrectly entered a private career college as not registered and the enforcement actions as "Restraining Order and Notice of Contravention", when the college was in fact registered and the enforcement action was "Immediate Suspension of Registration and Revocation of Registration, Compliance Order, Restraining Order and Financial Penalty". |

identified a few errors within it; **Figure 22** provides some examples.

### Investigation Work Undertaken by Ministry Not Fully Documented

The Ministry does not maintain comprehensive records of its investigations, thus it cannot ensure its investigation work is complete. As well, if subsequent investigations related to the same private career college take place, the investigators on those subsequent investigations may not have access to the necessary documents to review and familiarize themselves with the past investigations.

We reviewed a sample of investigation files and found that:

- investigators did not always document their searches to ensure colleges with revoked registrations are not inappropriately advertising that they are registered private career colleges and that their programs are approved;
- the manager approves the closure of investigation files without ensuring all relevant documents are in the server;
- investigators do not document their search for unregistered colleges if their search did not result in finding a college in contravention of the Act; and
- some investigations were entered into the database but there were no physical or digital files to confirm the investigation took place.

These gaps are contrary to the Ministry's internal guidance document, which came into effect in November 2017 for its enforcement staff. The internal guidance requires investigators to record in a memo the most recent action taken, a confirmation of compliance by the investigated private career college and the investigator's follow-up. In addition, the manager's review of this documentation could identify common issues to be addressed in subsequent training for the investigators.

These observations are also consistent with what we noted in our audit 10 years ago, in 2011: we found that the Ministry tracked its enforcement actions on unregistered institutions and periodically analyzed the impact of these actions on encouraging compliance, but the spreadsheets revealed errors and omissions that reduced the usefulness of the analysis undertaken.

### RECOMMENDATION 11

To improve the efficiency and effectiveness of investigation activities, we recommend that the Ministry of Colleges and Universities:

- incorporate investigation data into the program information system;
- require all investigators to maintain and record their investigation activities fully;
- monitor that investigation files, including all supplemental investigation evidence maintained

on the server, are thoroughly documented and reviewed prior to closing the file; and

- track common issues identified that may help improve investigator performance going forward, and provide investigator training using this information at least on an annual basis.

## MINISTRY RESPONSE

The Ministry agrees with the recommendation of the Auditor General and is planning to add functionality to its Program Approval and Registration Information System (PARIS) to include investigative and enforcement-related data to the profiles of private career colleges to document their compliance histories more clearly and efficiently. The Ministry anticipates that this new functionality will further aid in documenting common issues relating to compliance and enforcement that will be integrated into investigator training on at least an annual basis to improve the performance of investigators.

In the interim, the Ministry will continue to discuss and identify issues in team meetings on a weekly basis and will examine ways of documenting such issues as they are identified.

Building upon investigators' current practice of documenting their investigation activities upon opening a new investigation file, the Ministry will require investigators to record all investigation activities fully and in a standardized manner to ensure the thorough documentation of investigations, and will review its practices with an aim to ensuring all investigations are thoroughly documented and reviewed prior to closing files so that all relevant evidence has been included in the file.

### 4.4.3 Turnaround Time for Ministry's Review of Financial Penalties Not Timely

Private career colleges appealed a total of 94 cases of administrative monetary penalties (financial penalties) to the Minister from 2011/12 to 2020/21. Upon

reviewing these appeals, the Minister may determine that the financial penalty should be upheld, reduced or dropped. On average, it took over one year for a review decision to be made, not including the time to draft and approve the letter sent to the college after a review decision was made. This turnaround time can limit prospective students' ability to make an informed decision about whether colleges and programs meet Ministry standards. As well, the appealing colleges remain uncertain about their appeals' results for a significant period. There is also a risk that the time lapsed in concluding a review decision could reduce the prospect of collecting the penalties.

Financial penalties could be levied on colleges that contravene the Act, such as colleges that advertise or charge fees for programs that have not been approved by the Superintendent. As noted in **Section 2.2.4**, a person who receives a financial penalty has the right, under the Act, to apply for a review of the penalty. In addition, the Act requires the Superintendent to publish particulars of all financial penalties as shown in **Appendix 7**.

The review process of financial penalties involves multiple parties, as shown in **Figure 23**, whose priorities influence the turnaround time of reviews, according to the program branch. For example, the Legal Services Branch not only participates in the review process but also provides legal services to both the Ministry of Colleges and Universities and the Ministry of Education.

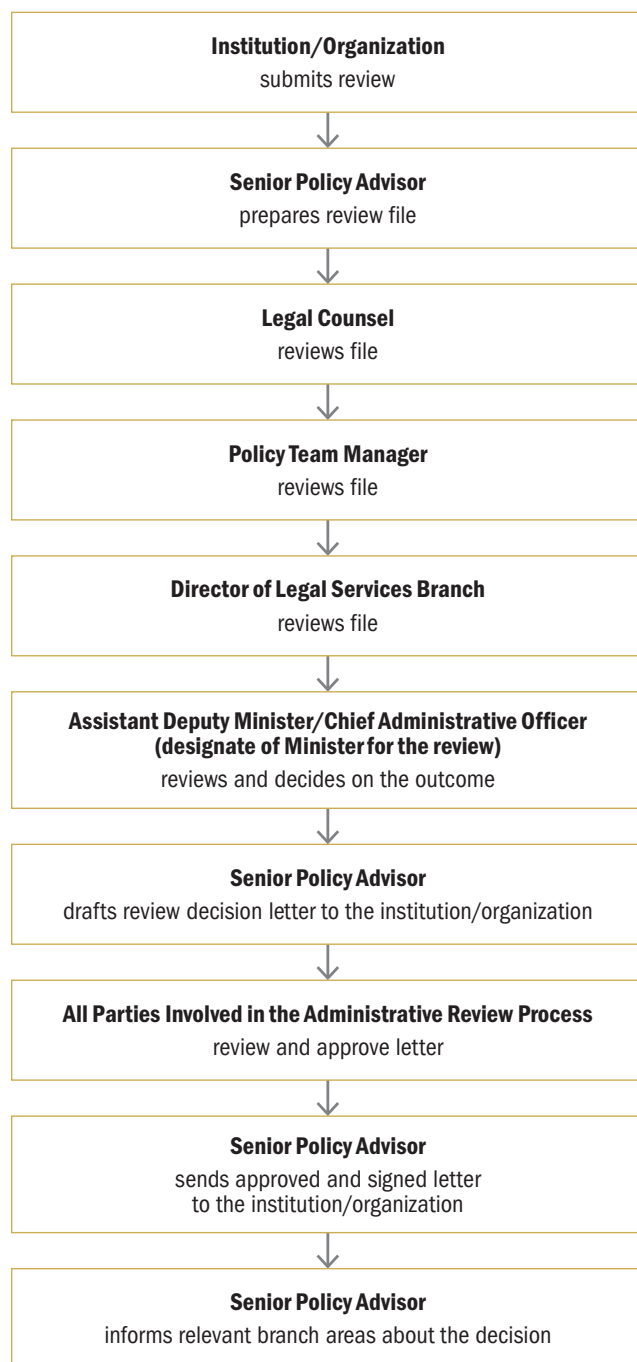
We noted that the Ministry has not established written guidance on when each party should complete their part of the review process, when a final decision should be made and when the Ministry should notify the appealing college of the review decision. The Ministry tracks when each party receives the review package, but it does not monitor how long it takes the package to move from one party to the next and staff only send reminders to the five parties involved in the review process on an ad hoc basis.

The following examples illustrate that reviews of financial penalties took a significant amount of time:

- The Ministry took over two years to review the appeal of a college that provides a massage therapy

**Figure 23: Administrative Monetary Penalty Review Process**

Prepared by the Office of the Auditor General of Ontario



program. This college had 54 students enrolled as of 2019 and was issued two financial penalties in August 2017, consisting of a one-time fee of \$1,500 and a \$1,500 per-day penalty related to the college's contravention with the Act, including

charging fees that were not approved by the Ministry and having student files that did not include evidence of the students meeting the vocational program's admission requirements. This college submitted a review application in December 2018 related to the penalty of \$1,500 per day, totalling \$30,000. Over two years later, in February 2021, the Ministry made the decision to reduce the penalty from a total of \$30,000 to \$11,250. The Ministry informed the school about its decision in June 2021, another four months later.

- The Ministry issued a financial penalty to an unregistered college in August 2016. The penalty was for \$1,000 per day related to a non-compliance of the Act, totalling \$85,000. The unregistered college submitted a review application in June 2017, and the Ministry made its review decision in September 2020, over three years later. The penalty was reduced from a total of \$85,000 to \$31,000. As of August 2021, the penalty was still outstanding.

We also found that of the 94 penalties that colleges submitted to the Ministry for review between 2011/12 and 2020/21, the Ministry upheld a total of 74 cases, either at the original amount or a reduced amount. Of these, the Ministry subsequently wrote off 12 or 16% of the penalties totalling about \$734,700 as it was unable to locate the debtor. For example, the Ministry issued a financial penalty in December 2012 to an unregistered private career college that provides truck and forklift programs, and the college submitted a review application in January 2013. The Ministry completed its review in November 2014, almost two years later. The Ministry had to write off the penalty of about \$267,000 in June 2018 as it was then unable to locate the debtor.

## RECOMMENDATION 12

To improve the credibility of deterrence and the timeliness of the Minister's review of financial penalties imposed on private career colleges and increase the probability of collecting these



penalties, we recommend that the Ministry of Colleges and Universities:

- establish and implement written guidance with expected timelines for each stage of the administrative monetary penalty review process, including the publishing requirement; and
- monitor compliance with the guidance and follow up when these timelines are not met.

## MINISTRY RESPONSE

The Ministry agrees with the recommendation of the Auditor General and recognizes there are opportunities to strengthen the review and collection of financial penalties, so as to maintain the integrity of these penalties and their intended deterrent effect. The Ministry will establish formal guidance for each stage of the administrative monetary penalty review process, including publishing. The guidance will also include procedures to remediate delays in the reviews of administrative monetary penalties.

### 4.4.4 Ministry's Poor Public Reporting of Enforcement Actions Hinders the Public's Ability to Make Informed Decisions

#### Publicly Reported Enforcement Actions Not Clear

On its website, the Ministry posts the notices, orders and financial penalties that were issued to private career colleges from 2006 to 2020. However, enforcement actions were inconsistently published across those years, and the information posted contained errors and was not always published in an easy-to-understand manner for prospective students. We identified several examples of the Ministry's poor reporting of enforcement actions, as shown in **Figure 24**.

We found that the published enforcement action notices are not reviewed or approved by a relevant Ministry manager. We also noted that the information on compliance and enforcement appears on a different web page than the college's general information, so students have to access different web pages

to obtain information on a college. In comparison, British Columbia provides details on its enforcement actions, including the date and type of enforcement action issued, along with other information on the institution, such as location and programs, on the same web page.

#### Ministry Does Not Publish All Enforcement Actions Where Required by the Act

The Ministry does not publish all enforcement actions imposed on private career colleges where the Act requires such publication, contravening the Act and posing a risk that prospective students do not have access to information comprehensive enough to help them make an informed decision on which private career college to attend.

The Act requires that the Superintendent publish enforcement actions related to a refusal to renew a registration, a suspension or revocation of a registration, financial penalties, and the Superintendent's decisions on financial penalty reviews as discussed in **Section 2.2.4**. In comparison, the Act gives the Superintendent discretions to publish orders; we noted that the Ministry has been publishing compliance and restraining orders.

The Ministry uses a database to track investigations by institution name and enforcement actions, but it does not ensure that the enforcement actions requiring publication, as noted in the database, are in fact published online.

We selected a sample of enforcement actions from 2011/12 to 2020/21 that the Ministry was required by the Act to publish and found that the Ministry did not do so in 30% of the cases, the majority of which related to unregistered colleges.

For example, the Ministry did not publish enforcement actions in the following cases:

- The Ministry issued a notice of contravention in July 2019 to an unregistered college that offers aviation training. This college has contravened the Act including operating illegally, offering or providing vocational programs, advertising and soliciting, and obstructing inquiries and examinations.

**Figure 24: Examples of the Ministry of Colleges and Universities' Poor Reporting of Enforcement Actions on Private Career Colleges**

Prepared by the Office of the Auditor General of Ontario

| Concerns  | Details   |
|---|---|
| <b>Ministry posted different types of information online for two colleges that had similar circumstances</b>              | In 2016, the Ministry posted on its website two financial penalties related to an unregistered college that provided composites manufacturing and repair training. One post indicated "Continuing to accumulate at \$2,000 per day" and the other post indicated "Notice of Contravention and Review Decision"; both were related to the same financial penalty. In comparison, in 2014, the Ministry posted one financial penalty related to an unregistered institution providing esthetics courses. The post indicated "Total \$4,000" and a complied-on date. In both cases, the Ministry issued the same enforcement action, and both colleges submitted a review request and were unregistered, but the Ministry posted different types of information online for each. |
| <b>Ministry did not include all entities involved in a restraining order in an easy-to-access location on its website</b> | The Ministry posted a restraining order in 2018, listing only the name of the director/owner of the unregistered college under "Name of Private Career College", but the order was in fact on this director/owner and five entities the person was associated with, as evidenced in the particulars document. Prospective students may not be able to identify all the entities they should be aware of unless they open the particulars document on the website.   |
| <b>Ministry used incorrect enforcement action type in detailed enforcement documents online</b>                           | The Ministry posted a "Notice of Immediate Suspension of Registration and Revocation of Registration" for a private career college registered in 2019; however, the heading of the particulars document incorrectly indicated "an immediate suspension and refusal to renew registration".  |

- The Ministry issued a notice of contravention in October 2015 to an unregistered college that offers truck driving training. This entity submitted a request for a review, but the decision, finalized in December 2016, was upheld.

At our request, the Ministry compiled a list of all financial penalties it has imposed. From that list, we found that the Ministry did not publish another seven cases related to unregistered colleges.

### Publication of Enforcement Actions Not Timely

Our audit found that the Ministry did not always publish enforcement actions on a timely basis, sometimes up to a year after the enforcement action was applied on the college. When the Ministry does not publish all the enforcement actions as required by the Act in a timely manner, prospective students cannot become aware of problematic colleges at the earliest opportunity, which may lead to them to pursue their training with these colleges when they otherwise would not.

The Act does not indicate the time frame for when the enforcement actions should be posted online. The Ministry informed us that it strives to post them as soon as possible, taking into account factors such as statutory requirements that allow for an appeal and potential reviews of decisions based on appeal, although it does not have a policy that outlines a standard time frame for publishing an enforcement action. **Appendix 14** shows the process leading up to the Ministry's publication of enforcement actions imposed on private career colleges.

**Figure 25** shows two examples in which the Ministry took a significant amount of time to publish enforcement actions.

## RECOMMENDATION 13

To support the public's ability to make informed decisions when choosing a private career college that might have been affected by the Ministry's enforcement activities, we recommend that the Ministry of Colleges and Universities:

## Figure 25: Examples of the Ministry of Colleges and Universities Taking a Significant Amount of Time to Publish Enforcement Actions

Prepared by the Office of the Auditor General of Ontario

### Example 1:

In August 2017, the Ministry issued a financial penalty to a registered private career college that provided massage therapist programs but published this information on its website 223 days later. The college did not request a review. The Ministry created the document to be posted 173 days after issuing this enforcement and took another 45 days to provide the Communications Branch with the English and French versions of this document and the preview of publication of the enforcement action, and another five days to post the information on its website.

### Example 2:

The Ministry issued a “Notice of Immediate Suspension of Registration and Revocation of Registration” in November 2018 to a registered private career college that provided business, health care and technology programs. The registered college appealed the decision before the License Appeal Tribunal, but the decision was upheld in July 2019. The enforcement action was published online in May 2020, 317 days after the Tribunal decision. We noted that the Ministry created the document to be posted 188 days after the Tribunal decision and provided the document to the Communications Branch 105 days later; the Communications Branch posted the enforcement action 24 days after receiving it. The Ministry informed us that it took 188 days to prepare the document for posting because it did not receive the details it needed from the Tribunal on a timely basis.

- develop and implement procedures to publish all enforcement actions, especially those that are required to be published under the *Private Career Colleges Act, 2005*, completely, accurately and consistently; and
- establish targets with expected timelines for publishing enforcement actions and take corrective action when these targets are not met.

## MINISTRY RESPONSE

The Ministry agrees with the Auditor General on the importance of publishing accurate, complete and timely enforcement information to support students in making informed choices and to promote greater compliance across the sector. The Ministry recognizes the opportunity to improve its current procedures for publishing enforcement actions, and will implement changes to streamline processes and realize greater efficiency, accuracy and consistency. The Ministry will define targets for publishing enforcement actions and will take measures to remediate delays in publishing particulars of enforcement actions.

## 4.5 College Closures and Training Completion Assurance Fund

### 4.5.1 Ministry Did Not Collect Annual Premiums to the Training Completion Assurance Fund from Colleges on a Timely Basis and Did Not Enforce Timely Payment

We identified 79 private career colleges that had not paid their premiums to the Training Completion Assurance Fund (Fund) as of June 2021, totalling over \$145,000. These colleges had outstanding payments for an average of eight months, the oldest receivable being from February 2015. The majority of these colleges were still operating when we completed the audit. According to the Ministry, premiums should be paid within 30 days of the invoice date.

Compared to the Fund balance of \$14.2 million (Appendix 9), the outstanding payment balance is not as significant. However, premiums are the largest source of revenue for the Fund. Thus, if certain private career colleges are not paying their premiums, it may ultimately bring the Fund below its target balance. In the long term, this may result in premiums

being increased for all private career colleges, which would be an additional financial burden for the sector.

According to a Memorandum of Understanding established in 2014 between the Ministry and Ontario Shared Services, Ontario Shared Services is responsible for sending reminder letters to the debtor but the Ministry retains ownership and accountability for all debts from inception to final resolution. We found that the Ministry has not regularly monitored the outstanding receivable amounts; it explained it has not done so due to its current workload demands. As a result, these private career colleges with amounts owing have received no consequences for their failure to pay.

#### RECOMMENDATION 14

To deter late payments to the Training Completion Assurance Fund and avoid potentially placing an additional burden on other private career colleges should the fund balance be insufficient, we recommend that the Ministry of Colleges and Universities

- monitor and follow up with colleges that fail to submit payments after 30 days of billing; and
- take appropriate enforcement actions on colleges that continue to fail to respond or submit payment.

#### MINISTRY RESPONSE

The Ministry agrees with the recommendation of the Auditor General and is steadfastly committed to ensuring the sufficiency of the Training Completion Assurance Fund so as to financially protect students in cases of school closure. Building upon the current procedure in place with the Ministry of Finance to address delinquent accounts past 30 days, the Ministry will develop additional monitoring, follow-up, and enforcement procedures for private career colleges that repeatedly fail to submit overdue payments.

#### 4.5.2 Capacity Assessment Tool Criteria Not Reviewed Regularly and Did Not Always Identify Closed Colleges as High Risk

We found that the Ministry uses the Capacity Assessment Tool (explained in **Appendix 8**) to determine the financial security payments that private career colleges need to submit, but has not regularly reviewed the tool's criteria and their weighting using the most current closure data to help improve the tool's usefulness in determining a fair financial security amount that reflects risks for each college.

The Ministry last updated the tool substantially in 2016 and made minor adjustments to the tool in June 2021. Re-evaluating the tool more frequently can help the Ministry better assess the risk levels of private career colleges and better identify which colleges are at higher risk and therefore require higher financial security payments to the Training Completion Assurance Fund (Fund).

Our work has shown that some private career colleges had closed due to financial viability issues or compliance investigations. Although these criteria are considered in the tool, they are considered in aggregate. In other words, individual criteria such as financial viability and investigation history cannot result in an immediate rise to viability risks of the college, as they can be offset by other criteria when the overall risk score is determined. This in turn affects the usefulness of the assessment tool in establishing a fair financial security amount.

We examined the relationship between colleges that closed between January 2014 to April 2021 and the colleges' risk levels as assessed by the assessment tool. We found that the tool did not always identify closed colleges as high risk. Of the 20 colleges (excluding four colleges that closed but were not assessed by the tool because they did not submit their renewal applications on time) that closed in that period and had students who were enrolled and could therefore apply for reimbursement from the Fund, nine were assessed as high risk and 11 were assessed as either low or moderate risk in the period before closure.

## RECOMMENDATION 15

So that the financial security amount required of a private career college is commensurate with the appropriate risk score to alleviate the resulting pressure on the Training Completion Assurance Fund when the financial securities are insufficient to cover the cost of a college closure, we recommend that the Ministry of Colleges and Universities establish weighting on the criteria, and regularly review the criteria and their weighting, in the Private Career College Capacity Assessment Tool at least every two to three years based on more current closure data.

## MINISTRY RESPONSE

The Ministry agrees with the recommendation of the Auditor General and will formalize a regular review process of the Private Career Colleges Capacity Assessment Tool to adjust its criteria and their weighting.

The Ministry already updates its benchmarks for various financial indicators in the Tool, and updated the criteria and their weighting based on an analysis of closed private career colleges in June 2021. The Ministry will continue to review the criteria and their weighting in the Tool every two to three years based on the most current closure data.

### 4.5.3 Financial Securities Do Not Reflect the Most Current Financial Status of the College

Private career colleges are required to provide the Ministry with audited financial statements and schedules in their annual registration renewal application; these statements and schedules are used to calculate the required financial security. In the event of a private career college closure, the financial security provided by the college is forfeited to cover the cost of training completion and refunds to students actively enrolled and affected by the closure. We reviewed the Ministry's process for calculating financial securities as part of the registration renewal process, as well as

a sample of financial securities that colleges provided to the Ministry. Overall, we found that the financial securities held by the Ministry do not reflect the most current financial status of the colleges.

Specifically, we found that in 13% of the cases we sampled from the Ministry's processed registration renewals from the 2018 and 2019 reporting cycles, the Ministry chose to maintain the original level of financial security provided by the colleges instead of adjusting to the more current and audited financial information submitted, even if the more current information demonstrated the need for a higher financial security. In their explanation, the Ministry cited processing delays during the COVID-19 pandemic and the impact of the pandemic on private career colleges. Accepting lower-than-calculated financial securities can result in a larger burden on the Training Completion Assurance Fund (Fund) in the event of a private career college closure.

For example, one college's financial security amount would have been \$1,063,000 based on its August 31, 2019 fiscal year-end renewal application, but the Ministry still chose to maintain the college's original level of financial security at the amount of \$469,000 resulting in a potential exposure of \$560,000 to the Fund. The Ministry explained that it had difficulty clearing a backlog of registration renewal packages that needed to be reviewed due to staffing pressures and therefore accepted the outdated financial security amount.

### 4.5.4 Ministry Did Not Know Some Private Career Colleges Were Operating with No Protection from Financial Securities

A private career college must provide the Ministry with its required financial security amount to be registered or have their registration renewed. The security can be posted as one of the following: a letter of credit, personal bond with collateral or surety bond. A surety bond is an agreement where an insurance company guarantees to the Ministry that in the event of the college's closure, it will pay the amount of the financial security to the Ministry. The college would then owe the insurance company the financial



security amount. Surety bonds expire annually, thus the college must provide a continuation certificate to the Ministry annually to ensure the financial security is still valid.

We examined a sample of financial securities to verify their validity and inquired into how surety bond expiration dates work. We found that some colleges that provided surety bonds as financial security did not have a valid continuation certificate where the original surety bond had expired. The Ministry explained that its previous interpretation of the legislation led it to believe that there was a condition on the surety bond which outlined that it would remain in force after expiry until it was voided or cancelled; it only clarified internally after our inquiries that the surety bonds we identified were indeed no longer valid. Our work identified the following cases:

- Two colleges were operating without valid financial securities, totalling \$77,000, as required by law. Their continuation certificates expired in June 2021. If these colleges were to close with actively enrolled students, then the closure costs would not be covered by the financial security but instead by only the Training Completion Assurance Fund, putting an unnecessary burden on the Fund. Following our inquiry, the Ministry in August 2021 obtained another form of security from one of these colleges to replace the expired surety bond and was still following up with the other college.
- The financial security valued at \$69,000 posted by one college, which closed in February 2021, had already expired in July 2020. Because no students were actively enrolled at the time of closure, the expired bond did not necessitate the Ministry to use the Fund unnecessarily.

## RECOMMENDATION 16

To better protect the Training Completion Assurance Fund from unnecessary withdrawal due to insufficient financial securities as a result of college closures, we recommend that the Ministry of Colleges and Universities:

- update its processes for calculating financial securities to incorporate more current and audited financial information;
- establish a process to monitor that financial securities are current or have proper continuance provisions; and
- identify financial securities that are nearing expiry or have expired and send reminders to these colleges to provide continuation certificates by deadlines.

## MINISTRY RESPONSE

The Ministry agrees with the recommendation of the Auditor General, and shares the view that the financial protection of students in instances of college closures is of the utmost importance. While the Ministry temporarily modified its approach to adjusting financial securities in light of COVID-19, the Ministry expects to resume its regular annual adjustments to financial securities using a risk-based approach so that the securities better reflect each private career college's financial status.

The Ministry also agrees with the Auditor General on the importance of current and reliable financial information to calculate the financial security requirements of private career colleges. While it is the Ministry's assessment that this information is best gathered from audited financial statements and schedules of each private career college, the Ministry will update the process to include adjusting financial security amounts based on the most current and audited financial information.

The Ministry will also update its processes to enable the timely identification of financial securities that are nearing expiry and send reminders to these colleges to provide continuation certificates by deadlines to ensure that financial securities stay current and have proper continuance provisions in place. Subject to engagement with the insurance sector, the Ministry is intending to research and assess options to eliminate continuation certificates entirely by including a provision in surety

bonds for their automatic extension, as is the case with letters of credit.

## 4.6 International Students

### 4.6.1 Ministry Did Not Act on Unusual Enrolment Trends of International Students in Private Career Colleges

The Ministry is responsible for designating private career colleges as institutions that can accept international students so that the attending students can obtain study permits to come to Canada. In examining private career college enrolment figures provided for 2018 and 2019, we found four private career colleges that were not designated as learning institutions but had 10 international students in 2018, and seven in 2019, enrolled in programs of over six months in duration, the threshold required for designation. The Ministry does not have the names of these individuals or know how they entered Canada. As well, we noted that the number of international students enrolled in private career colleges has increased by 420%, from 1,994 in 2015 to 10,368 in 2019. Such an increase is unusual given that, as discussed in **Section 2.5**, students of private career colleges, unlike their counterparts in the public college system, cannot apply to stay in Canada on a federal post-graduation work permit. The Ministry indicated that it is the responsibility of the federal government to issue the appropriate entry documents—whether student permits or visitor visas—to these students, and that the Ministry would not have information on whether the international students studying in private career colleges also study elsewhere, such as in public colleges, where the students may qualify to stay in Canada after graduation.

As the custodian of both domestic and international student enrolment information, the Ministry did not inform Immigration, Refugees and Citizenship Canada with whom it had established a Memorandum

of Understanding (MOU) in 2014 of these anomalies. The MOU between the Ministry and the federal government on the International Student Program focuses on exchanging information on the designated learning institutions but not on usual patterns in international student enrolment data.

## RECOMMENDATION 17

To uphold the integrity of the International Student Program in private institutions and to deter international students from staying in Canada without proper legal ground, we recommend that the Ministry of Colleges and Universities:

- work with the federal government to clarify the roles and responsibilities of sharing information on unusual trends and establish a protocol to share such information; and
- review program information on at least an annual basis to identify unusual trends of international student enrolment, including colleges that are not designated as learning institutions but offer vocational programs of over six months in duration to international students, and refer these cases to Immigration, Refugees and Citizenship Canada.

## MINISTRY RESPONSE

The Ministry agrees with the Auditor General that it is important to uphold the integrity of the International Student Program. To that end, the Ministry will engage with the federal government to clarify the responsibilities of each party for sharing information concerning any unusual trends in private institutions that enrol international students. The Ministry will review program information at least annually and share relevant findings with the federal government, subject to the terms of the memorandum of understanding and any relevant legal considerations.

#### 4.6.2 Private Career Colleges that Offer the International Student Program are Subject to Duplicative Registration Processes

A large amount of overlap exists between the registration process of private career colleges under the Act and the registration process of designated learning institutions under the International Student Program (explained in **Section 2.5**), causing additional administrative burden for private career colleges that are also designated learning institutions. These colleges are subject to two sets of processes—one under the Act, the other under the International Student Program Policy—which include financial record submissions and other assurances at both the private career college and international student program levels. These processes do not benefit international students and place an unnecessary administrative burden on private career colleges as they are subject to duplicative data-submission requirements when applying to the Ministry as a private career college and as a designated learning institution.

In 2019, the Ministry began looking into streamlining the process for private career colleges that also participate in the International Student Program but has made no changes to the registration processes as of June 2021.

#### RECOMMENDATION 18

To reduce the administrative burden on private career colleges that offer the International Student Program (program), we recommend that the Ministry of Colleges and Universities expedite its review of its regulatory requirements for private career colleges under program policy and remove duplicate registration requirements and processes.

#### MINISTRY RESPONSE

The Ministry agrees with the recommendation of the Auditor General and is bringing forward changes to its procedure for designating learning institutions under the International Student Program as part of the government's fall 2021

red tape reduction initiative announced on October 7, 2021. The Ministry's planned changes would streamline the designation process for registered private career colleges by eliminating designation requirements that duplicate similar measures in the *Private Career Colleges Act, 2005*.

### 4.7 Performance Monitoring of Private Career Colleges

#### 4.7.1 Published Performance Indicators of Limited Use to Students

The Ministry publishes on its website the performance indicators of private career colleges, such as graduation rate and employer satisfaction rate; by August 2021, the Ministry had collected and published annual performance results of private career colleges for 2013 to 2018, as shown in **Figure 26**. However, this information is of limited use to students given that it is published at least two years after the time of reporting, performance indicators are not available for up to 83% of programs, and the Ministry's website does not allow the public to easily compare performance indicators among colleges and over time. **Appendix 15** further explains these issues.

In addition, the Ministry informed us that it verifies published information before its inspectors conduct on-site inspections but does not always document this work.

We also found that the Ministry does not establish performance indicator targets, such as a benchmark for each type of vocational program, that private career colleges should strive to meet. In contrast, Alberta has set a 70% target for both graduation rate and employment rate and indicated to us that private career colleges that report results lower than this target in consecutive reporting periods will face compliance action.

Without complete, current and accurate performance results, students do not have up-to-date information to make an informed decision on which program and private career college to select.

**Figure 26: Private Career Colleges' and Public Colleges' Performance Results, 2013–2019**

Source of data: Ministry of Colleges and Universities

| Year Student Graduated                                   | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|------|------|------|------|------|------|------|
| <b>Private Career College Performance Indicators (%)</b> |      |      |      |      |      |      |      |
| Graduation rate  | 77.2 | 70.9 | 76.8 | 77.1 | 79.0 | 79.5 | 72.6 |
| Graduate employment rate                                 | 71.2 | 73.1 | 79.0 | 77.7 | 83.9 | 84.4 | 80.2 |
| Graduate employment rate in the field of study           | 48.0 | 50.3 | 57.0 | 56.2 | 62.5 | 63.4 | 58.0 |
| Graduate satisfaction                                    | n/a* | 72.9 | 78.5 | 79.4 | 78.0 | 78.5 | 77.5 |
| Employer satisfaction                                    | n/a* | 91   | 92.1 | 91.9 | 90.3 | 91.1 | 91.4 |
| <b>Public College Performance Indicators (%)</b>         |      |      |      |      |      |      |      |
| Graduation rate  | 65.5 | 66.1 | 66.7 | 66.6 | 66.8 | 67.2 | 66.4 |
| Graduate employment rate                                 | 83.4 | 84.1 | 83.6 | 83.0 | 85.7 | 86.2 | 85.5 |
| Graduate satisfaction                                    | 80.1 | 80.0 | 80.3 | 78.8 | 79.5 | 79.9 | 78.9 |
| Employer satisfaction                                    | 92.2 | 88.1 | 91.5 | 91.2 | 92.5 | 89.6 | 91.1 |
| Student satisfaction                                     | 76.3 | 76.2 | 76.8 | 76.5 | 73.4 | 75.7 | n/a* |

\* Information not collected that year.

**RECOMMENDATION 19**

To improve prospective and existing students' ability to make informed decisions using the most up-to-date and accurate information when choosing a private career college, we recommend that the Ministry of Colleges and Universities:

- establish timeline targets for publishing performance indicators and adhere to these targets;
- update the government website to allow students to more easily access performance indicators for selected programs;
- update the government website to allow students to more easily compare performance indicators across similar programs and over time;
- update its review process to verify a greater sample of published performance indicator results and document this work; and
- establish targets of performance indicators, such as benchmarks for each type of vocational program, to help promote better performance of private career colleges.

**MINISTRY RESPONSE**

The Ministry agrees with the recommendation of the Auditor General and places the highest importance on the accuracy and timeliness of its key performance indicator (KPI) data. The Ministry currently sets targets for performance indicator reports to be finalized in its service provider agreement, and also has set targets for the Ministry to publish KPIs. Although quality control issues arising soon after the introduction of the KPI program led to delays in publishing the data, the Ministry and its service provider have successfully addressed those issues and the Ministry expects to meet its publishing targets going forward.

To improve the way it publishes KPI data in future survey years and make it easier for students to access and compare performance data, the Ministry will simplify the method for searching for online data about vocational programs and comparing data across similar programs and over time.

In addition, to ensure that the KPIs published are accurate, the Ministry will update its review process to ensure a greater sample of published

performance indicator results are verified and document this new measure going forward.

To help promote better performance of private career colleges, the Ministry will research and assess options for establishing benchmarks across different vocational programs.

#### 4.7.2 Insufficient Oversight on External Research Company's Deliverables

The Ministry signed a contractual agreement valued at \$5.56 million in 2017 with the current external third-party research company hired to conduct surveys, consolidate data and report on performance indicators from 2017/18 to 2020/21. We found that the Ministry did not sufficiently manage the contractual agreement and did not monitor the research company's performance to confirm that it provides quality and timely performance indicator collection and consolidation services on its behalf, as explained in **Figure 27**. For example, the Ministry did not work with the research company to annually assess the "mixed mode" approach as outlined in the agreement to increase response rates, even though the research company has not met its response rate targets in previous years. In addition, the Ministry cannot verify whether the research company has met the target for a specific month, such as surveying a specific number of colleges, because the Ministry did not set monthly deliverables in the agreement.

### RECOMMENDATION 20

To enhance its ability to oversee the work conducted by the external third-party research company related to private career colleges' performance indicators so that deliverables are delivered on time and in accordance with the planned scope, we recommend that the Ministry of Colleges and Universities:

- update existing and future contractual agreements to include provisions allowing for penalties or other corrective actions and periodic deliverables such as monthly or quarterly targets; and
- in consultation with the research company, assess the mixed-mode approach to improve the response rates for the graduate and employer surveys.

### MINISTRY RESPONSE

The Ministry agrees with the recommendation of the Auditor General and agrees there are opportunities to strengthen oversight of its contractual agreement to deliver performance indicator-related work. The Ministry will seek approvals for a new contractual agreement for performance indicator services for future years. As part of this work, the Ministry will assess the development of additional provisions beyond the current clause that allows for termination of the agreement if the provider fails to rectify compliance issues or for substantial performance failure, in order to encourage acceptable performance by the successful proponent, and specify periodic deliverable targets. The Ministry will also assess making the mixed-mode survey approach part of its next agreement with its service provider.



**Figure 27: Weaknesses in the Ministry of Colleges and Universities' Oversight of Third-Party Research Company Responsible for Compiling Performance Information on Private Career Colleges**

Prepared by the Office of the Auditor General of Ontario

| Concerns   | Details   |
|--|---|
| <b>The Ministry verifies the results on only a limited sample of data the research company submits.</b>  | Specifically, for each performance indicator cycle, the Ministry recalculates the graduation rate for six to eight programs of the sampled private career colleges, compares the graduation rate to the research company's calculation of the rate and addresses discrepancies. The Ministry does not recalculate other performance indicator results and instead relies on the surveys conducted by the research company. The Ministry has not identified any errors concerning graduation rates in these exercises in the 2017 and 2018 reporting cycles.   |
| <b>The Ministry did not work with the research company to annually assess the "mixed mode" approach as outlined in the agreement to increase response rates.</b>   | The mixed mode approach involves using telephone and online surveying methods. The research company achieved response rates of between 37% and 71% for the 2017, 2018 and 2019 performance indicator cycles using only the telephone method, which are lower than the 75% overall response rate it is required to achieve based on its agreement with the Ministry. For example, the response rate for the employer surveys was 37.24% in 2019 (71.12% in 2018 and 70.69% in 2017), and the response rate for the graduate surveys was 44.33% in 2019 (52.31% in 2018 and 53.18% in 2017). The Ministry informed us that using the mixed mode approach could potentially increase the response rates. When we asked the Ministry the reason for not assessing the mixed mode approach, the Ministry informed us that this provision in the contract was an error and the research company was not expected to assess whether a mixed mode approach would improve overall response rates. However, the Ministry neither communicated this error to the research company nor amended the agreement. |
| <b>The agreement does not require the research company to provide the response rates to the Ministry and the respective deadline.</b>  | The Ministry usually contacts the research company to request the response rates prior to publishing the performance indicators online and issuing invoices to the respective private career colleges. By then it is too late to influence the response rates.  |
| <b>The Ministry cannot verify whether the research company has met the target for a specific month, such as surveying a specific number of colleges, because the Ministry did not set monthly deliverables in the agreement.</b> | For example, if the research company provided a monthly invoice for 190 services that were carried out, the Ministry would not be able to determine whether the research company's coverage that month was appropriate, on track with completing its annual deliverables and in compliance with the agreement. The Ministry informed us that it would be ideal for the agreement to have monthly targets to monitor whether the research company is on track with its deliverables.   |
| <b>The Ministry informed us that it made an error in the procurement stage with the agreement end date.</b>  | The Ministry had set the contract to expire in December 2021 when it should expire in December 2022 to allow for the 2020 reporting cycle to complete.  |

## 4.8 Meeting Regulatory Mandate

### 4.8.1 Ministry Lacks Financial Capacity to Fully Meet its Regulatory Mandate

The Ministry does not fully recover its costs to regulate the private career college sector. Over the past five years, it collected on average about \$2 million from private career colleges each year, while

incurring about \$6 million a year to regulate the sector, as discussed in **Section 2.2**.

In our 2009 audit on Government User Fees, we recommended that the Ministry of Finance consider establishing target cost-recovery ratios for services for which full costs are not being recovered.

The Ministry is still charging private career colleges regulatory fees it established in 2018/19. The

Ministry had previously adjusted these fees for inflation from 1994/95 up to 2018/19. Since then, no adjustments have been made.

In 2020, the Ministry assessed the feasibility of fee increases such that it could recover sufficient revenue to cover 55% of its costs for regulatory services related to private career colleges and designated learning institutions under the International Student Program. The costs associated with these activities totalled about \$4.3 million per year. The fees were still unchanged at the time we completed our audit.

## RECOMMENDATION 21

To support the Ministry's regulatory activities in private career colleges and designated learning institutions, we recommend that the Ministry of Colleges and Universities:

- annually reassess the appropriateness of its fees; and
- request and obtain approval for increased fees.

## MINISTRY RESPONSE

The Ministry agrees with the Auditor General that the financial sustainability of the Private Career Colleges Branch is essential to carrying out the Ministry's mandate to protect Ontario's vocational students. The Ministry reviews all the service fees it charges to private career colleges annually as part of the Multi-Year Planning process but has not proceeded with increases since the 2018/19 fiscal year. Although service fees are not directly tied to student protection, and could jeopardize student protection if raised too suddenly by precipitating private career college closures, the Ministry will reassess the appropriateness of its fees annually and seek approval for any increased fees, balancing the aim of increased cost recovery against any deleterious financial effects of increased fees on the private career college sector, designated learning institutions, and their students.

## 4.8.2 Ministry Does Not Have Strategies to Balance the Supply of Post-secondary Education Programs to Meet the Job Market Demands of Local Communities

The Ministry does not have a formally documented post-secondary education strategy that can potentially strengthen the link between Ontario's labour market needs and the programs offered by both public and private career colleges.

One of the purposes of private career colleges providing training and education is for students to obtain the skills and knowledge required to obtain employment. The Ministry has access to aggregate labour market information published by the Ministry of Labour, Training and Skills Development and requires colleges to submit labour market research and recent local job advertisements when submitting vocational programs for approval. However, our audit found that it does not gather more robust data on regional labour market needs on an ongoing basis to determine whether there is saturation or shortages in any geographic area for training of a certain vocational program. This assessment could help in balancing the supply of career college and other post-secondary education with the demands of local communities.

In early 2021, the Ministry worked with other ministries such as the Ministry of Health and the Ministry of Long-Term Care to increase enrolment of students in personal support worker (PSW) programs to help enhance the PSW supply in Ontario as part of the government's overall staffing plan on health human resources. The Ministry has not broadened this initiative to other vocational programs.

## RECOMMENDATION 22

To identify and deliver college programs in response to Ontario's employment needs, which are unique from one community to the next, we recommend that the Ministry of Colleges and Universities develop a post-secondary education strategy to strengthen the link between Ontario's

labour market needs and the programs offered by both public and private career colleges, considering availability of similar vocational programs offered by the post-secondary education institutions in the local region.

## MINISTRY RESPONSE

The Ministry agrees with the Auditor General that the province's public and private post-secondary institutions should be responsive to Ontario's employment needs. With respect to publicly assisted universities and colleges, the Ministry has established Strategic Mandate Agreements with all 45 publicly assisted colleges and universities, which incentivize public colleges and universities to redirect resources and invest in initiatives that result in positive economic outcomes for graduates and the province. Through 2020-25 Strategic Mandate Agreements, an increasing proportion of operating funding is planned to be tied to performance targets on key metrics. With respect to private career colleges, these institutions must submit local labour market information as part of the program approval process.

Building on this foundation, the Ministry will research and assess opportunities to strengthen the link between the province's labour market needs and the post-secondary education sector's inventory of programs, and consider the regional availability of programs as part of its approach.

## Appendix 1: Programs Offered at Both Private Career Colleges and Public Colleges

Prepared by the Office of the Auditor General of Ontario

|  |
|--|
| Accounting (Accounting Techniques)   |
| Accounting and Payroll Administration (Accounting and Payroll)               |
| Animal Care/Dog Grooming   |
| Animations (Animation)   |
| Bartending   |
| Business Administration  |
| Business Management  |
| Chef (Culinary Skills, Executive Chef)                                       |
| Commercial Pilot (Airline Pilot Flight Operations)                           |
| Community Services Worker (Community Worker)                                 |
| Computer Security and Project Management (Information Security Technology)   |
| Computer Support Specialist (Computer Technical Support)                     |
| Construction (Construction Techniques)                                       |
| Cosmetology/Make-up Application (Cosmetic Science)                           |
| Dental Chairsides Assistant (Dental Assisting [levels I and II])             |
| Dental Hygienist (Dental Hygiene)  |
| Dental Office Administration   |
| Draftsperson (Drafting Techniques)   |
| Early Childhood Assistant  |
| Electronic Service Technician (Electronics Engineering Technician)           |
| Esthetics/Medical Esthetics (Esthetics and Spa Therapies)                    |
| Fashion Merchandising  |
| Fashion/Apparel Design (Fashion Technique and Design)                        |
| Floriculture/Floristry Operations (Retail Florist)                           |
| Gas Technician   |
| Hairstylist (Hairstyling)  |
| Heavy Equipment Operator   |
| Hospitality Administration/Management (Hospitality and Tourism Management)   |
| Information Technology (Information Technology Infrastructure and Solutions) |
| Interior Design/Interior Decorating (Interior Design)                        |
| Intra-Oral Dental Assistant (Dental Assisting [levels I and II])             |
| Law Clerk  |
| Law Enforcement/Police Foundations (Police Foundations)                      |
| Legal Office Administration (Office Administration - Legal)                  |
| Long-Term Care Administration (Long-Term Care Management)                    |
| Marketing/Advertising (Advertising and Marketing Communications)             |

|  |
|--|
| Massage Therapist (Massage Therapy)  |
| Medical Laboratory Technician (Medical Laboratory Technology)  |
| Medical Office Administration/Management (Health Office Administration)                                  |
| Medical Sonography/Ultrasound Technology (Medical Diagnostic - Ultrasonography)                          |
| Network Administration (Computer Networking and Technical Support)                                       |
| Network Cabling Specialist (Computer Networking and Technical Support)                                   |
| Office Administration  |
| Office/Clerical/Administration - Dental/Medical (Dental Office Administration)                           |
| Other - Applied Arts and Sciences <sup>1</sup> (Web Development)   |
| Other - Business (Business - Supply Chain and Operations)  |
| Other - Community Services <sup>2</sup> (Addictions and Mental Health)                                   |
| Other - Construction Trade (Building Renovation Technology)  |
| Other - Health Services <sup>3</sup> (Developmental Services Worker)                                     |
| Other - Human Services (Human Services Management)   |
| Other - Information Technology (Computer Networking and Technical Support)                               |
| Other - Service Trade <sup>4</sup> (Plumbing Technician)   |
| Paramedic  |
| Personal Support Worker/Personal Attendant (Personal Support Worker)                                     |
| Pharmaceutical Technology (Pharmaceutical Science)   |
| Pharmacy Assistant (Community Pharmacy Assistant)  |
| Pharmacy Technician  |
| Pre-service Firefighter (Pre-service Firefighter Education and Training)                                 |
| Project Administration/Management (Project Management)   |
| Software Quality Assurance and Testing (Software and Information Systems Testing)                        |
| Supply Chain Management and Logistics (Business Administration - Supply Chain and Operations Management) |
| Teacher of English as a Second Language (TESL) (Teachers of English as a Second/Foreign Language)        |
| Travel and Tourism (Travel Counsellor)   |
| Welder (Welding and Fabrication Technician)  |

Note: The public colleges' program name is presented in parentheses if different from private career colleges' program name.

1. The majority of programs offered by private career colleges under this category are for web development.
2. The majority of programs offered by private career colleges under this category are for addictions and mental health.
3. The majority of programs offered by private career colleges under this category are for developmental services.
4. The majority of programs offered by private career colleges under this category are for plumbing.



## Appendix 2: Key Sections of Legislation/Regulations in Ontario and Select Provinces Related to the Oversight of Private Career Colleges

Sources of data: Ministry of Colleges and Universities and other provinces' advanced education ministries

|                                | ON  | BC   | AB   | SK  | MB   | NS  |
|--------------------------------|---|--|--|---|--|---|
| <b>Legislation/Regulations</b> | <i>Private Career Colleges Act, 2005; General, O. Reg. 415/06</i>   | <i>Private Training Act, 2005; Private Training Regulation, 2016</i>   | <i>Private Vocational Training Act, 2000; Private Vocational Training Regulation, 2003</i>   | <i>Private Vocational Schools Regulation Act, 1995; Private Vocational Schools Regulations, 2014</i>  | <i>Private Vocational Institutions Act, 2002; Private Vocational Institutions Regulation, 2002</i>   | <i>Private Career Colleges Act, 1998; Private Career Colleges Operational Regulations, 2016; Private Career Colleges General Regulations, 2016</i>            |
| <b>Oversight Body</b>          | Ministry of Colleges and Universities—Private Career Colleges Branch  | Ministry of Advanced Education and Skills Training—Private Training Institutions Branch  | Ministry of Advanced Education—Program Implementation and Co-ordination Branch   | Department of Advanced Education—Sector Management and Relations Branch   | Department of Advanced Education, Skills and Immigration—Private Vocational Institutions Branch  | Department of Advanced Education—Private Career Colleges Division   |
| <b>Oversight Body Mandate</b>  | The Act establishes the role of the Superintendent of Private Career Colleges to be an independent decision-maker. The Superintendent is designated by the Minister and is accountable for consumer protection and quality assurance. | The Act establishes the Registrar who issues registration and designation certificates to new institutions, approves new programs, appoints inspectors, and has the power to issue compliance orders and administrative penalties to institutions. The Act also establishes the role of the Commissioner, who is appointed by the Lieutenant Governor in Council. Decisions made by the Registrar can be appealed to the Commissioner. | The Director of Private Vocational Training appoints inspectors responsible for administering the Act. All applications to offer training must be approved by the Director. The Director also has the power to suspend or cancel a licence, if they are of the opinion that the licensee is in contravention with the legislation. | The Minister of Advanced Education receives all applications for registration and renewal. The Minister is also able to refuse, suspend or revoke a certificate. The Minister oversees the Training Completions Fund and may designate employees of the Department as inspectors. | The Act states that the Minister must appoint a person as the Director of Private Vocational Institutions. The Director must maintain a register of registrants and registered private vocational institutions, and perform duties such as registration, renewal, suspension and cancellation of licences. | The Act states that the Minister must appoint a Director of Private Career Colleges, who is in charge of registration, approvals inspections and enforcement. |

|  | ON   | BC  | AB   | SK   | MB   | NS   |
|--|--|---|--|--|--|--|
| <b>Registration and Renewal of Registration</b>        | An application to be registered as a private career college or to renew a registration must be approved by the Superintendent. To receive an approval, the institution must be financially viable and compliant with legislation. As well, it must be in the public interest to grant or renew the registration. | To issue or renew its registration or designation certificate, an institution must have paid all administrative fees, have general liability insurance and valid British Columbia electronic identification, and have completed financial statements and student data reports.  | Institutions must complete a licensing application in the form prescribed by the Director. The Director may issue a licence with or without conditions and may, at any time, cancel a condition or add a condition restricting the number of students that may be enrolled. Renewal is not explicitly mentioned in the Act or its regulations, but if the institution aims to make changes to the types of programs offered, the premises, instructor qualification requirements, etc., the institution needs Director approval. | Institutions must apply to the Minister to obtain or renew a certificate of registration. The application must include fees; financial statements; and evidence of staffing, facilities, equipment and materials. Renewal of registration includes the submission of an application and confirmation of program details. If substantive changes are made to a program, a separate assessment will occur. | All vocational schools must be licensed to operate. The Director will issue or renew a licence if they are satisfied with the institution's financial position, staff qualifications, establishment of policies such as a sexual violence policy, and payment of all necessary fees. Registration expires annually.  | Institutions must apply to the Director for a Certificate of Registration to operate. The institution must complete an application and allow for an inspection of their premises. Registration of the college continues in effect unless surrendered by the college operator or revoked by the Director. |
| <b>Approval and Re-approval of Vocational Programs</b> | An application for approval or re-approval to provide a vocational program must contain information that the Superintendent requires, as outlined in the regulations, such as total enrolment of domestic and international students.  | All programs must be approved by the Registrar before they are offered to students. The regulations outline the information that needs to be submitted to the Registrar for approval before a program can operate. Renewal is not explicitly mentioned in the Act or its regulations. Programs are reviewed by subject matter experts every one to seven years as part of the "Designated Review" inspection. | Institutions must be licensed to provide programs of instruction. The regulations outline the information that needs to be submitted to the Director for approval before the program can operate. Renewal is not explicitly mentioned in the Act or its regulations.   | Operators must identify all programs they aim to offer in their certificate of registration, and cannot offer a program of study unless it has been approved. The Act and its regulations require each program to be renewed every year.   | The Director may approve a program of instruction if they are satisfied it will provide the skills and knowledge required for employment in a related field. If an institution wishes to submit programs for approval or re-approval, the program must meet labour market demand in the province and legislative and regulatory requirements. Significant changes to a program would require a new program submission. | The Director must approve all programs offered, through an application submitted by the institution. Institutions need to apply to the Director to renew their programs every five years. Amendment of programs must also be approved by the Director.   |

|                           | ON  | BC  | AB   | SK   | MB  | NS   |
|---------------------------|---|---|--|--|---|--|
| <b>Student Protection</b> | The Act establishes the Training Completion Assurance Fund. If a college ceases to provide a vocational program, the fund enables students to either complete the program at another institution or receive a refund. | The Act outlines the Student Tuition Protection Fund. Students can claim against the fund if the institution ceased to hold its certificate or misled the students regarding a significant aspect of a program. | The Act outlines the circumstances in which a student is entitled to a tuition refund (e.g., if an institution's licence is canceled by the Ministry). | The Act establishes the Training Completions Fund to pay for any mediation between an institution and a student, or to compensate students who have entered into a contract with an institution that has become insolvent. | The Act establishes the Training Completion Fund to make payments to students when an institution becomes insolvent or when registration is cancelled or not renewed. | The Act establishes the Training Completion Fund to make payments to students who signed student contracts with institutions that have ceased their operations or failed to deliver a training program. The Fund can also be used to fund completion of the training through another provider. |

| ON                 | BC  | AB  | SK   | MB   | NS  |
|--------------------|---|---|--|--|---|
| <b>Enforcement</b> | <p><b>Restraining and compliance order:</b> If the Superintendent believes that the Act or its regulations have been contravened, the Superintendent may order the person to restrain from contravening the Act or its regulations.</p> <p><b>Administrative penalties:</b> If the Superintendent or their designate determines there has been a contravention of the Act or its regulations, they can issue a notice of contravention and impose fees. Individual fees range between \$250 and \$1,000 each; a maximum total of \$50,000 in fees can be issued to an individual and a maximum of \$250,000 to a corporation.</p> | <p><b>Compliance order:</b> The Ministry identifies any contraventions of the legislation and gives the institution a specified time frame to resolve the issue.</p> <p><b>Administrative penalty:</b> Penalties can be levied if, for example, an institution offers to provide a program without holding a certificate; grants a credential for a program that was not approved by the Ministry's Registrar; provides false, deceiving or misleading advertising; and/or fails to comply with a compliance order.</p> <p><b>Certificate suspension:</b> The institution is not able to advertise, contract or enroll new students; current students may continue their studies.</p> <p><b>Certificate cancellation:</b> The institution must stop providing programs and may not apply for a new certificate for at least one year.</p> | <p><b>Tuition return:</b> May occur if a student entered the institution based on false or misleading information.</p> <p><b>Suspension or cancellation of licence:</b> May occur if training is not being provided in a competent manner; the premises are unsuitable; the financial resources of the licensees are inadequate for the effective provision of the program; and/or if the Director believes the legislation, regulations, a licence and/or a student contract are not being complied with.</p> <p><b>Stop order:</b> The licensee must cease the activity specified in the order (e.g., offering current programs, applying for new programs, etc.).</p> <p><b>Financial penalty:</b> Fines up to \$2,000, and \$500 per day after the fine has been issued and the issue has not been addressed, can be levied.</p> | <p><b>Financial penalty:</b> Up to \$5,000 for an individual and \$25,000 for a corporation.</p> <p>The Director can <b>refuse to renew, suspend or cancel a licence</b> or a program if the institution contravenes the Act or its regulations.</p> <p><b>Financial penalty:</b> The maximum penalty that can be issued for a contravention of the Act is \$50,000.</p> | <p>The Director may immediately <b>revoke</b> or <b>suspend</b> a certificate of approval to protect students or the public interest.</p> <p><b>Financial penalty:</b> The maximum penalty that can be issued for a contravention of the Act is \$50,000.</p> |

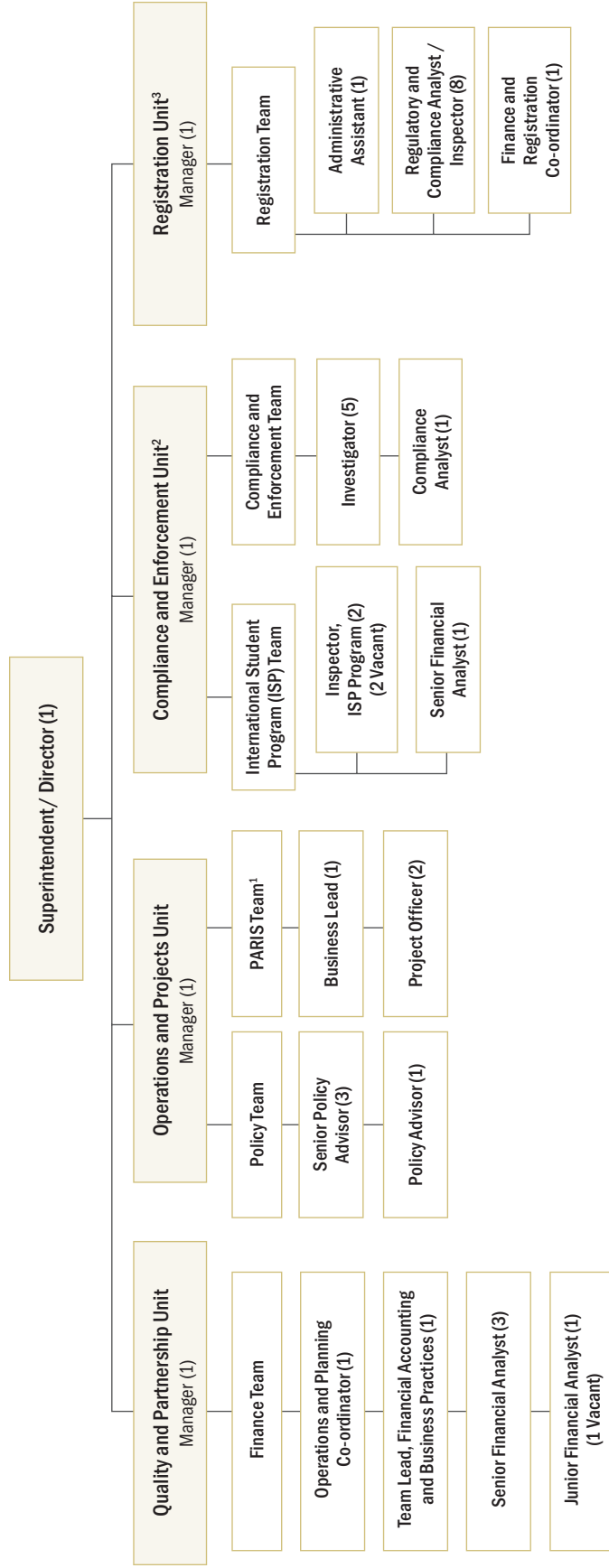
| ON                 | BC   | AB   | SK   | MB  | NS  |
|--------------------|--|--|--|---|---|
| <b>Inspections</b> | <p>The Superintendent or their designate may make inquiries and conduct examinations of the affairs of a registrant to ensure that the registrant is complying with the conditions of the registrant's registration and the requirements of the Act and its regulations.</p> | <p>Inspections can be carried out to:</p> <ul style="list-style-type: none"> <li>• assess an applicant for a registration certificate or designation certificate;</li> <li>• determine an institution's compliance with the Act, its regulations or other policy/ program requirements; or</li> <li>• determine whether it is appropriate to suspend or cancel a certificate.</li> </ul> | <p>At any time, the Minister or any inspector may make any inspection, investigation or inquiry that the Minister or the inspector considers necessary. In special circumstances, a justice of the peace or judge of the Provincial Court of Saskatchewan may issue a warrant authorizing the Minister or an inspector to enter and search any place or premises if they believe there to be an offence against the Act.</p> | <p>The Director or someone authorized by them can:</p> <ul style="list-style-type: none"> <li>• enter any premises used by a registrant to provide a program of instruction or store records/ documents;</li> <li>• require a registrant to produce any records/ documents relating to the operation of the institution;</li> <li>• inspect equipment, facilities, teaching materials and other aspects of the learning environment; and</li> <li>• inspect the institution's certificate of registration and proof of liability insurance document.</li> </ul> | <p>The Minister appoints inspectors and the Director appoints specialized subject-area inspectors to supplement the inspectors. They are able to enter the premises of a college, review any documents, speak to any staff or students, conduct student surveys, and inspect equipment.</p> |
| <b>Complaints</b>  | <p>Every college must establish a procedure to resolve student complaints.</p>   | <p>A certified institution must establish a dispute resolution process for student complaints related to the institution or its operations.</p>  | <p>In the event of a dispute between a student and an operator, the Minister may appoint and pay for a mediator.</p>   | <p>Each institution must have a sexual violence policy that contains a subsection on complaints and review this policy every four years. As well, students can file complaints about an institution with the Department using an online form if they feel the institution contravenes the Act, regulations or policies and they cannot resolve their concerns internally.</p>   | <p>A person may file a complaint alleging a contravention of the Act or its regulations with the Director.</p>  |



| ON                                | BC   | AB   | SK   | MB  | NS   |
|-----------------------------------|--|--|--|---|--|
| <b>Key Performance Indicators</b> | The Act states that the Superintendent shall publish information related to performance indicators and performance objectives for every college. | Not specified in the Act or its regulations. | The regulations reference employment and graduation rates but do not specify a minimum requirement. Number and substance of student complaints are also used as an indicator of program performance. | The Act states that the Director may establish performance measures for the program and standards and performance objectives that a program of instruction must meet. | Not specified in the Act. Performance standards are identified in the Private Career Colleges Operational Regulations and must be met to the satisfaction of the Director. Program intakes may be suspended or approval suspended or revoked if the Director determines performance standards are not met. |

## Appendix 3: Private Career Colleges Branch's Organizational Structure, September 2021

Source of data: Ministry of Colleges and Universities



Note: Numbers in parentheses represent number of staff in the positions. This chart represents an internal operating chart and differs from the approved organizational chart.

1. PARIS, or Program Approval and Registration Information System, is the main information system used by the Ministry to facilitate its regulatory activities on the private career college sector.

2. According to the Ministry, staff in the Compliance and Enforcement Unit allocate their time as follows:

- 45%-50%: conduct investigations;
- 25%-30%: prepare investigation and enforcement documents;
- 15%-20%: review new applicants; and
- 5%-10%: review colleges' organizational changes (such as share purchases).

3. According to the Ministry, staff in the Registration Unit allocate their time as follows:

- 25%-40%: apply a progressive compliance model based on evidence collected through online research; on-site inspections; and continual contact with private career colleges, students and other relevant agencies and bodies to ensure compliance with the *Private Career Colleges Act, 2005* (Act);
- 25%-35%: review and recommend approval of applications (such as new private career college registrations, programs and ownership changes) to ensure compliance under the Act;
- 10%-20%: manage stakeholder relations, including liaising with private career college owners and staff, clarifying findings in relation to student complaints, and responding to correspondence;
- 10%-20%: respond to student complaints; and
- 5%-10%: participate in ongoing projects to strengthen compliance in the private career college sector, such as delivering training and developing educational and operational materials.

## Appendix 4: Definition of a Vocational Program

Prepared by the Office of the Auditor General of Ontario

A vocational program is defined as a program providing instruction on the skills and knowledge required to obtain employment in applicable occupations as outlined in the 2016 National Occupational Classification, a system used by the federal government to classify jobs. Jobs are grouped based on the type of work a person does and the types of job duties involved. Each occupation included in this system is considered a vocation under the *Private Career Colleges Act, 2005* (Act).

There are some exemptions where programs do not need approval from the Superintendent, a position appointed by the Minister of Colleges and Universities who makes decisions under the Act; these programs are those that:

- are less than 40 hours in duration;
- charge a fee of less than \$2,000;
- are offered exclusively to persons under the age of 18;
- are contracted exclusively for corporate and third-party training;
- prepare students specifically and only to write qualifying examinations;
- provide instruction for work in a religious vocation, whether or not the program is provided by a religious organization;
- are protected by other legislation where the protections provided are similar to those in the Act; or
- are vocations associated with occupations such as midwives and program leaders in sports, where the National Occupational Classification codes are excluded from the definition of vocational program as per a regulation under the Act.

## Appendix 5: Steps Involved in Registering a Private Career College

Prepared by the Office of the Auditor General of Ontario

### Step 1: Pre-Screening

Institutions complete the Ministry of Colleges and Universities (Ministry)'s pre-screening application process online. The Ministry checks whether a program is vocational or non-vocational, and whether the institution is required to submit an application for registration and program approval.

Pre-screening is not required if the institution has purchased its program from another school.

### Step 2: Application for Registration and Program Approval

If the Ministry determines through the pre-screening process that an institution requires registration, the institution then completes and submits a formal application to the Ministry using the Program Approval and Registration Information System (information system). Institutions are required to submit, through the information system, a number of documents, for instance:

- business plans and forecasted financial statements;
- character references of the school management;
- program evaluations from a third party—a subject matter expert and an adult education specialist, and in some cases, a distance education assessor;
- registration payment to support registration of the institution;
- job advertisements showing market demand for the vocational programs;
- a list of school resources (e.g., classrooms, trucks, tables) to deliver the program content; and
- names and locations of similar programs at other schools for program continuity in the event of school closure to support program approval.

The Ministry reviews the application and supporting documents to determine whether the applicant is suitable to be registered, based on six key requirements for registration outlined in the *Private Career Colleges Act, 2005* (Act):

- it is in the public interest to grant the registration or to renew the registration;
- the applicant will operate the private career college in compliance with the Act and its regulations;
- the vocational programs that are provided, or are proposed to be provided, by the private career college meet, or are likely to meet, the requirements of the Act and its regulations;
- having regard to the applicant's financial position, the applicant can be expected to be financially responsible in the operation of the private career college;
- the past conduct of the applicant or, if the applicant is a corporation, of its officers and directors, provides grounds for the belief that the private career college will be operated in accordance with the law and with integrity and honesty; and
- the applicant is not carrying on activities that are, or will be, if the applicant is registered, in contravention of the Act or its regulations.

Using information submitted by the colleges, the Ministry also determines the premiums and the financial security that the college will need to pay and deposit to protect students in the event of an unexpected closure.

### Step 3: Review of Program Information

In addition to providing information and supporting documentation related to several aspects of the vocational program, including admission requirements, tuition fees, an employment profile, and an outline of each subject with learning objectives and outcomes, the institution is also required to submit a program evaluation report.

The Ministry requires that qualified evaluators, such as a subject matter expert and an adult education specialist, prepare such an evaluation. A subject matter expert must have recent professional experience in the field of study they are assessing, but an adult education specialist does not have to be specialized in the program but must have expertise in educational content delivery. Evaluators assess the program's adequacy and recommend whether or not the program should be approved. Some programs are evaluated by the regulatory body that oversees the profession (for example, the Law Society of Upper Canada and the Commission on Dental Accreditation of Canada). In the absence of a regulatory body, a program evaluator must meet the requirements set by the Superintendent for their evaluation reports to be acceptable.

If the private career college would like to choose its own program evaluator who has not previously been approved by the Ministry, the evaluator must demonstrate that he/she satisfies the requirements to be an approved evaluator by providing an up-to-date resume; a copy of the relevant credentials; and a copy of the relevant membership certificate or other document confirming their affiliation with an accrediting/certifying body. The program evaluators must also be free of any conflict of interest.

Ministry staff recommend approval of the program if they are satisfied that it will provide the skills and knowledge for students to obtain employment in the chosen vocation.

### Step 4: Site Visit/Facility Inspection

Prior to approving the registration of a private career college, Ministry inspectors schedule a visit to the prospective college to inspect its facilities. The purpose of the visit is to review the facility space and set-up with respect to the programs to be delivered and the applicable program equipment. The purpose of the visit is also to meet the owners of the college and the campus administrator to educate them about their responsibilities under the Act. At the end of the visit, the inspector completes an inspection report to confirm that:

- the facility matches the floor plan submitted with the application;
- there is appropriate space for the delivery of the programs being offered;
- the amount of equipment is appropriate for the maximum class size; and
- there is a secure location for the student files.

During this time, the inspector will review the discussions that took place during the inspection and provide training covering a general overview of requirements to operate a private career college.

Applicants must correct any concerns that Ministry inspectors identify before the application can be approved.

### Step 5: Renewing Registration

Each private career college must submit an application to renew their registration six months after their fiscal year-end, or pay a 50% late penalty if submitting the renewal between six and eight months after its fiscal year-end. Each college can choose its own fiscal year-end.



The private career college must submit their renewal application through the program branch's information system. In its application, a private career college must include audited consolidated financial statements of its entire legal entity and audited schedules of monthly prepaid unearned vocational revenue, revenue by funding source and international and domestic student enrolment.

Under the Act, the Superintendent must be satisfied that a private career college will be financially responsible in its operations. Program staff review the audited financial information and decide whether to renew the registration and if the amount of financial security the college is required to post (explained further in **Appendix 8**) needs to be changed. If no serious concerns are identified, the Superintendent advises the college in writing of the financial security amount required and approves the registration renewal, and the college receives a new certificate of registration. The financial securities and supporting documentation are kept in a fire-proof cabinet at the Ministry office.

To mitigate risks of closure or non-compliance, the Ministry may also request that the college meet certain measures, such as conditions on registration and more frequent reporting.

## Appendix 6: Processes Involved in Conducting Compliance Inspections at Private Career Colleges

Prepared by the Office of the Auditor General of Ontario

Compliance inspections typically take one day and are unannounced. The inspector will usually arrive at the college shortly after classes commence and ask to meet with the campus administrator. The inspection consists of a facility tour and review of:

- a sample of student files;
- instructor qualifications;
- the college's advertising;
- the college's procedure for handling student complaints;
- the colleges' student expulsion policy; and
- other key documents such as the college's insurance coverage and status.

Inspectors complete an inspection report, which includes a checklist outlining the legislative requirements in each of these areas. They note areas of non-compliance in the checklist along with the corrective action required. During the visit, the college's campus administrator signs the inspection report signifying an inspection took place. After an inspection, the inspector is required to follow up to confirm that the private career college addressed the corrective action required, including requesting documentation if applicable.

## Appendix 7: Compliance and Enforcement Actions

Prepared by the Office of the Auditor General of Ontario

| Action   | Description   | Publication of Enforcement Action under <i>Private Career Colleges Act, 2005</i> (Act)   |
|--|---|--|
| <b>Pre-notice letter</b>                                       | <ul style="list-style-type: none"> <li>Indication that the Superintendent (a position appointed by the Minister of Colleges and Universities who makes decisions under the Act) is contemplating an enforcement action but no enforcement action was used.</li> <li>Used when a new allegation is made known to the Superintendent and it is so egregious that it will likely result in a revocation of registration or a similar enforcement action.</li> <li>The Ministry stopped using this enforcement action in 2015/16 when it developed the progressive model (see <b>Figure 13</b>).</li> </ul>   | No requirement to publish  |
| <b>Education/caution/manager/warning letter</b>                | <ul style="list-style-type: none"> <li><b>Education letter:</b> advises owners of the school that they may be or are contravening the Act; provides information on pre-screening applications, Act requirements and other information related to the noted contraventions; used in circumstances where contraventions are minor and there is little concern that they will continue once brought to the attention of the individual.</li> <li><b>Caution letter:</b> notifies individuals that they have been found in contravention of the Act; purpose is to encourage compliance by requesting the individuals to achieve the required compliance and provide written confirmation within a set timeline, usually 10 to 14 days; lays out the additional enforcement options available to the Superintendent if an individual chooses to continue to contravene the Act; used in circumstances that are more egregious than those that would result in an education letter. Continued non-compliance will result in an enforcement action, the types of which are described in the letter.</li> <li>The Ministry stopped using manager letters and warning letters in 2015/16 when it developed the progressive model (see <b>Figure 13</b>).</li> </ul> | No requirement to publish  |
| <b>Conditions on registration or renewal of a registration</b> | <ul style="list-style-type: none"> <li>May be placed on a registration or a renewal to address chronic non-compliance not severe enough to merit a more punitive response, such as an administrative monetary penalty (financial penalty).</li> <li>Used to deter individuals from engaging in the same problematic behaviour and to ensure future compliance.</li> </ul>   | No requirement to publish  |
| <b>Administrative monetary penalty (financial penalty)</b>     | <ul style="list-style-type: none"> <li>Issued through a Notice of Contravention.</li> <li>Purpose is to encourage compliance with the Act or a restraining or compliance order; and to prevent a person from deriving, directly or indirectly, any economic benefit as a result of the Act or its regulations.</li> <li>Could accumulate on a daily basis (as listed in the Act) or be a one-time penalty.</li> <li>Can increase if an institution has repeated contraventions (e.g., if the repeated contravention occurred within three years after the first contravention for the second time, the financial penalty would be twice the amount).</li> <li>Can be issued when education/caution letters are not successful and there is continued non-compliance or a disregard for the Superintendent's direction.</li> </ul>   | Requirement to publish the financial penalty once the period to apply for a review of the Notice of Contravention has expired (15 days) or if the review has been required, once the Minister has made his/her decision. |

| Action                                   | Description  | Publication of Enforcement Action under <i>Private Career Colleges Act, 2005</i> (Act)   |
|--|--|--|
| <b>Restraining and compliance orders</b> | <ul style="list-style-type: none"> <li>• A compliance order may only be issued against a registered private career college.</li> <li>• A restraining order may be issued against any person, registered or unregistered institution.</li> <li>• Would indicate when and what the entity needs to do in order to comply with the order.</li> <li>• Can be issued independently or in tandem with a financial penalty or other action.</li> <li>• Failure to comply with an order can result in <i>Provincial Offences Act</i> charges.</li> </ul>   | <p>No requirement to publish but Superintendent may publish.</p> <p>According to the Ministry, Restraining and Compliance Orders are posted online immediately and not done subsequent to the 15-day time frame to appeal or the day the decision of the appeal is made (if applicable).</p> |
| <b>Restraining orders by court</b>       | <ul style="list-style-type: none"> <li>• The Superintendent may apply to the Superior Court of Justice for a Judicial Restraining Order (issued by the Courts) to prevent further non-compliance by a person.</li> <li>• Similar to a Compliance Order but not commonly used; involves more labour and time.</li> <li>• Generally used when all the options have been exhausted and demonstrated as not effective.</li> <li>• Can be used in similar ways to a Restraining Order issued by the Superintendent.</li> <li>• Failure to comply with the order can result in criminal charges.</li> </ul>  | <p>No requirement to publish but Superintendent may publish</p>  |
| <b>Refusal to register an applicant</b>  | <ul style="list-style-type: none"> <li>• Applied to new schools not yet registered.</li> <li>• Could occur when an applicant has been unable to satisfy the Superintendent that they can meet the registration requirements defined in the Act.</li> </ul>   | <p>No requirement to publish</p>   |
| <b>Revocation of a program</b>           | <ul style="list-style-type: none"> <li>• A program could be revoked if the school is not delivering the program as approved, has lost the support of an entry-to-practice body (such as the Law Society of Ontario for the paralegal program) or is committing other contraventions of the Act, which are connected to the delivery of the program.</li> <li>• Could be used if the Superintendent believes that any registration requirement described in the Act is no longer met; the registrant has breached a condition of the registration; the registrant has failed to comply with a provision of the Act or its regulations; no students have enrolled in any vocational programs at the private career college for at least two successive periods of the college's registration under the Act; or the registrant has failed to pay a penalty imposed by notice of contravention.</li> </ul> | <p>No requirement to publish</p>   |
| <b>Refusal to renew</b>                  | <ul style="list-style-type: none"> <li>• Could be served on a school prior to the renewal date.</li> <li>• Private career colleges are required to renew their registration with the Ministry on an annual basis based on their fiscal year-end date.</li> <li>• Could be used if the Superintendent believes that any registration requirement described in the Act is no longer met; the registrant has breached a condition of the registration; the registrant has failed to comply with a provision of the Act or its regulations; no students have enrolled in any vocational programs at the private career college for at least two successive periods of the college's registration under the Act; or the registrant has failed to pay a penalty imposed by notice of contravention.</li> </ul>   | <p>Requirement to publish once the period (15 days) to submit an appeal to the Licence Appeal Tribunal (Tribunal) has expired, or if the hearing is required, once the Tribunal has made its order.</p>  |

| Action   | Description  | Publication of Enforcement Action under <i>Private Career Colleges Act, 2005</i> (Act)   |
|--|--|--|
| <b>Suspension of registration</b>                            | <ul style="list-style-type: none"> <li>Used to prevent the school from operating for a certain time until the circumstances leading to the suspension have been corrected or the school ceases to be registered.</li> <li>Could be used if the Superintendent is of the opinion that it is necessary to issue this for the immediate protection of the interests of the students or prospective students of the private career college; or to prevent a contravention of an Act of the Legislature or of Canada.</li> </ul>  | Requirement to publish once the period (15 days) to submit an appeal to the Tribunal has expired, or if the hearing is required, once the Tribunal has made its order. |
| <b>Immediate suspension</b>                                  | <ul style="list-style-type: none"> <li>Would occur when circumstances are so severe that it would pose a risk to students to not intervene immediately. The college would need to stop operating.</li> <li>Commonly used in conjunction with a Revocation of Registration or other enforcement options, or where there is a concern about student consumer protection or safety.</li> <li>Could be used if the Superintendent is of the opinion that it is necessary to issue this for the immediate protection of the interests of the students or prospective students of the private career college, or to prevent a contravention of an Act of the Legislature or of Canada.</li> </ul>  | No requirement to publish  |
| <b>Revocation of registration</b>                            | <ul style="list-style-type: none"> <li>A private career college's registration could be revoked and the school would no longer be allowed to operate.</li> <li>The most severe enforcement action available short of <i>Provincial Offences Act</i> charges.</li> <li>Would occur when the college has successive egregious contraventions, poses an acute risk to student consumer protection, or has caused the Superintendent to lose confidence in the registrant to satisfy the registration requirements in the <i>Private Career Colleges Act, 2005</i> (Act).</li> <li>Could be used if the Superintendent believes that any registration requirement described in the Act is no longer met; the registrant has breached a condition of the registration; the registrant has failed to comply with a provision of the Act or its regulations; no students have enrolled in any vocational programs at the private career college for at least two successive periods of the college's registration under the Act; or the registrant has failed to pay a penalty imposed by notice of contravention.</li> </ul> | Requirement to publish once the period (15 days) to submit an appeal to the Tribunal has expired, or if the hearing is required, once the Tribunal has made its order. |
| <b>Prosecutions under the <i>Provincial Offences Act</i></b> | <ul style="list-style-type: none"> <li>Considered the highest level of enforcement under the progressive enforcement model.</li> <li>Can be done if a person makes a false statement to the Ministry, fails to comply with a Compliance or Restraining Order, or fails to comply with any section of the Act.</li> <li>The following penalties may apply: <ul style="list-style-type: none"> <li>for a corporation, a fine of up to \$250,000;</li> <li>for an individual, a fine of up to \$50,000, a prison term of up to one year, or both; or</li> <li>for an officer or a director of a corporation who concurs in the commission of the offence, a fine of up to \$25,000, a prison term of up to one year, or both.</li> </ul> </li> </ul>  | No requirement to publish  |



## Appendix 8: Details of Financial Security

Prepared by the Office of the Auditor General of Ontario

The *Private Career Colleges Act, 2005* (Act) requires all registered private career colleges (except 29 registered charities) with approved vocational programs to deposit with the Ministry a prescribed amount of financial security. When a college suddenly closes, and if any students are actively enrolled at the time of closure and those students submit their claims to the Training Completion Assurance Fund (Fund) (explained in **Appendix 9**), the closure will result in the forfeiture of the private career college's financial security.

Based on the assessed risk of a private career college, the Ministry calculates the required amount of financial security both at the time of the college's initial registration and at the time of annual renewal. As per a regulation under the Act, financial securities can be in the form of a surety bond, a letter of credit or a personal bond. The total financial security deposited with the Ministry as of June 2021 was approximately \$36 million, comprising \$15 million in letters of credit, \$15 million in personal bonds and \$6 million in surety bonds.

If the financial security is insufficient to cover the costs of the closure, the Fund will be triggered. Between 2016 and 2020, in 68% to 83% of private career college closures, no students were actively enrolled at the time of closure and therefore the financial security was not forfeited. In these cases, the financial security amount was returned to the private career college operator after 12 months from the closure date. In the remaining 14% to 17% of the cases, financial securities were forfeited.

### Capacity Assessment Tool

The Ministry assesses each private career college's level of risk and required financial security amount using the Private Career College Capacity Assessment Tool (assessment tool).

The Ministry developed the assessment tool in 2012 and last updated it in 2016. The tool assigns a risk score to each college, based on factors such as financial and business risks and the college's compliance history. Private career colleges with higher risk scores are required to provide higher amounts of financial securities at the time of renewing their registration.

Among colleges whose fiscal year ended in 2019, the Ministry assessed 52% as high risk (down from 54% in 2016), 37% as moderate risk (down from 41% in 2016) and 11% as low risk (up from 5% in 2016).

## Appendix 9: Details of the Training Completion Assurance Fund

Prepared by the Office of the Auditor General of Ontario

The *Private Career Colleges Act, 2005* (Act) requires that private career colleges make payments to a special purpose fund called the Training Completion Assurance Fund (Fund). The Fund is only used in cases where a college's financial security is insufficient to cover the cost of its closure. The Fund balance, as reported in the province's consolidated financial statements, as of March 31, 2021 was \$14.2 million, down from \$15.3 million on March 31, 2020.

The Ministry commissions an actuarial review of the Fund every three to four years. The latest review, conducted in January 2021 by an external consulting firm, concluded that the fund balance was adequate and that the current structure can withstand a "one in 100-year event", which included the COVID-19 pandemic.

### Student Options

When a private career college closes, students actively enrolled in a vocational program are provided with the option through the Fund to:

- complete their training at a different college at no additional cost—each private career college needs to identify, at the time of initial registration, alternative training completion providers suitable for providing training programs to its students should it close; at the time of closure, the Ministry approves training completion options for students using comparable programs available in the area;
- receive a partial refund of the college's unearned tuition fees; or
- receive a full refund if no training completion option is available or if the Superintendent has reasonable grounds to believe that participation in the training completion would cause a former student undue hardship.

Between January 2013 and March 2021, a total of 3,324 students who were actively enrolled in private career colleges at the time of closure received training completion or a refund; 81% or 2,685 of these students were from one college that closed in 2015. According to the Act, to be eligible for protection, students must submit their claim forms within six months from the day the Superintendent declares an institution's financial security forfeit.

### Fund Premiums

Colleges pay premiums both at the time of initial registration with the Ministry and annually; each are calculated differently. The Fund premiums are based on factors such as the college's revenue and credit risk. A private career college has 30 days to pay the premium from the invoice date; if it fails to do so, the premium accumulates interest.

As well, if a private career college does not provide the premium amount within 90 days of the invoice date, its capacity assessment score is lowered as determined by the Capacity Assessment Tool. This tool, as explained in **Appendix 8**, is used to calculate the college's financial security requirement; thus, a lower score may lead to an increase in assessed risk and, in turn, an increase in the financial security required.

## Appendix 10: Administrative Fees Charged to Private Career Colleges Effective in 2021 for Select Provinces (\$)

Sources of data: Ministry of Colleges and Universities and other provinces' advanced education ministries

|  | ON   | BC <sup>1</sup>  | AB   | SK   | MB  | NS               |
|--|--|--|--|--|---|------------------|
| <b>Registration—<br/>application fee</b>                                       | 1,955 – includes one campus and one program + 490 <sup>3</sup> – facility inspection fee | 3,300 – for registered college and for designated college  | 800 – annual licensing fees for one program<br>50 – annual licensing fee for each additional program | 400 – one school and one program at a Category I school <sup>2</sup><br>150 – one school and one program at a Category II school | 275 – institutions plus one program of instruction<br>275 – new program | 3,000            |
| <b>Registration—<br/>facility inspection<br/>fee</b>                           | 490 <sup>3</sup>   | 100-300/hour, depending on who performs inspections (ministry employee, non-ministry employee)<br>1,500 per inspection + 1,750 per inspector for the first day + 750 per inspector for any subsequent days for inspections of designated college one year after approval and subsequently within 7 years | n/a  | n/a  | n/a   | n/a              |
| <b>Application for<br/>registration of<br/>a new campus</b>                    | 1,221 – includes one program + 490 <sup>3</sup> – facility inspection fee                | 500  | 300 – initial program<br>100 – additional program  | 400 – one school and one program at a Category I school <sup>2</sup><br>150 – one school and one program at a Category II school | n/a   | 250              |
| <b>Notification of a<br/>location change –<br/>facility inspection<br/>fee</b> | 490 <sup>3</sup>   | 500  | n/a  | n/a  | n/a   | n/a              |
| <b>Approval of a<br/>new program</b>   | 733  | 900 – career training programs<br>500 – language program requiring approval<br>500 – career-related programs   | 300 – initial program<br>100 – additional program  | 400  | 275   | 750 <sup>4</sup> |

| ON  | BC <sup>1</sup>                             | AB   | SK   | MB   | NS   |
|---|---|--|--|--|--|
| <b>Approval of a program offered at an existing campus</b>                                    | 75  | n/a  | 400  | n/a  | n/a  |
| <b>Application for renewal of registration (annual)</b>                                       | 1,221 – includes one campus and one program | n/a  | 300 – annual licensing fees for one program<br>50 – annual licensing fee for each additional program | 275 – annual licensing fee for one program<br>150 – annual licensing fee for each additional program | n/a  |
| <b>Penalty fee for late application for renewal of registration</b>                           | 610.50                                      | n/a  | n/a  | 50   | n/a  |
| <b>Application for renewal of program, per additional program</b>                             | 75  | n/a  | 75 – Category I school only  | n/a  | 750 <sup>4</sup>   |
| <b>Penalty fee for late application for renewal of programs</b>                               | 37.50                                       | n/a  | n/a  | n/a  | n/a  |
| <b>Changes to programs – hours of instruction; method of delivery; admission requirements</b> | n/a   | 100 – registered college<br>200 – designated college<br>100 – deleting/removing program<br>150 – adding a program that does not require approval<br>200 – change in location from which an institution only provides programs not requiring approval | n/a  | 100 or 400 if changes are substantive and therefore require a new program application                | 50<br>40 – register an instructor or instructor assistant (approval to instruct specified modules/courses of programs)<br>20 – amend the registration of an instructor or instructor assistant |
| <b>Changes to program outline (e.g., learning objectives, number of hours, etc.)</b>          | n/a   | 200  | n/a  | 100 or 400 if changes are substantive and therefore require a new program application                | 50   |

1. In British Columbia, there are three types of private training institutions (terminology used in that province instead of private career colleges): registered and interim-designated colleges are permitted to provide career-related programs; designated colleges provide career-related programs that can be offered to international students and can provide students with access to student aid.
2. In Saskatchewan, Category I schools offer vocational training to fee-paying students and in some cases, training that is contracted and paid for by a sponsor agency (e.g., Workers' Compensation Board, First Nations band, provincial or federal government); while Category II schools *only* offer vocational training that is contracted and paid for by a sponsor agency.
3. \$533.70 after HST, which is required on this fee.
4. Any program approval granted is valid for a five-year period.

## Appendix 11: Situations Where International Students Attending Private Career Colleges Can Obtain Post-Graduation Work Permits

Prepared by the Office of the Auditor General of Ontario

While international students are free to attend both private career colleges and public institutions, they can only apply to stay in Canada on a federal post-graduation work permit (work permit) if they attend a public institution, unless they attend:

- an aviation school designated as a learning institution for international students—as of September 2021, there were 11 such flight schools in Ontario that are designated and offer work-permit-eligible programs; or
- a private career college affiliated with a public college under contract as part of the Public College-Private Partnership initiative. Students enrolled in these programs are considered students of the public college programs—as of July 2021, 13 private career colleges were affiliated with 11 public colleges under this initiative.



## Appendix 12: Audit Criteria

Prepared by the Office of the Auditor General of Ontario

1. Registration applications are processed and reviewed on a timely basis, and decisions to approve each application are based on appropriate and supportable evidence that the private career college can be expected to comply with the *Private Career Colleges Act, 2005* and its regulations.
2. Vocational programs are reviewed on a timely basis, and decisions to approve programs are based on appropriate and supportable evidence that the program will provide the skills and knowledge required to obtain employment, and meet applicable performance objectives and standards set out in the Ministry of Colleges and Universities' (Ministry's) policies and procedures.
3. Effective processes are in place to ensure private career colleges and entities that could be subject to the Act are complying with legislative and policy requirements, as well as any conditions placed on their registration. Effective and timely enforcement action is taken when issues are identified.
4. Effective processes are in place to ensure consumer and financial protection to students, including that private career colleges' performance information is accurate, timely and publicly available, and that student concerns are reviewed and addressed appropriately, promptly and effectively.
5. Appropriate performance measures are in place to monitor and publicly report on the effectiveness of the Ministry's activities in regulating private career colleges.
6. Information and knowledge of the private career college sector is exchanged with other appropriate and relevant Ministries and partners to facilitate strategic planning and decision-making on skills development and training in Ontario.

## Appendix 13: Organizations We Interviewed Related to Information Exchange with the Private Career Colleges Branch in the Ministry of Colleges and Universities

Prepared by the Office of the Auditor General of Ontario

- 
- The Ministry of Labour, Training and Skills Development to discuss how labour market information is collected and used in Ontario and learn about the Second Career program and its applicability to private career college students.
- 
- The Workplace Safety and Insurance Board to learn about the Return to Work program and its applicability to private career college students.
- 
- Other branches within the Ministry of Colleges and Universities, including the Student Financial Assistance Branch, Communications Branch and Strategic Human Resources Branch, to gain an understanding of how their work affects the private career college sector and students.
- 
- Employment and Social Development Canada to understand the data it collects and how that data impacts the private career college sector.
- 
- The Ministry of Long-Term Care and the Ministry of Transportation to gain an understanding of how standards relevant to these sectors and results from their inspections impact the private career college sector.

## Appendix 14: Steps Leading Up to Publishing Enforcement Actions<sup>1</sup>

Prepared by the Office of the Auditor General of Ontario

|    |  |
|----|--|
| 1  | Investigators provide particulars <sup>2</sup> document to Compliance Analyst  |
| 2  | Compliance Analyst conducts accessibility check and prepares cost estimate <sup>3</sup> for review and approval by Unit Manager                                  |
| 3  | Unit Manager reviews cost estimate and provides approved cost estimate to Compliance Analyst   |
| 4  | Compliance Analyst provides estimate to Branch Co-ordinator  |
| 5  | Branch Co-ordinator provides cost estimate to Assistant Deputy Minister (ADM) for approval   |
| 6  | ADM approves cost estimate and provides approved cost estimate to Branch Co-ordinator; Branch Co-ordinator provides approved cost estimate to Compliance Analyst |
| 7  | Compliance Analyst provides ADM-approved cost estimate to Administrative Assistant to the Director   |
| 8  | Administrative Assistant to the Director <sup>4</sup> submits translation; once translation is received, Administrative Assistant forwards to Compliance Analyst |
| 9  | Compliance Analyst prepares preview of each particular and e-mails Communications Branch with English and French versions of the particulars                     |
| 10 | Communications Branch reviews the information and sends final preview to Compliance Analyst for approval   |
| 11 | Communications Branch posts details online once Compliance Analyst approves preview  |

1. For enforcement actions that are appealed before the Licence Appeal Tribunal, the Tribunal would draft the decision and forward it to the Ministry of Colleges and Universities' Legal Services Branch for review and to the Superintendent. The decision would then be forwarded to the program area for translating and publishing.
2. Particulars document outlines the date and details of the enforcement action taken on the private career college/individual, contraventions and required actions by the private career college/individual.
3. A cost estimate is prepared for the translation of the enforcement action (e.g., estimate cost per word).
4. No translation since November 2020 when this role became vacant. The Ministry was training a staff member to perform this function during our audit.

## Appendix 15: Factors Limiting Performance Indicators' Usefulness to Students

Prepared by the Office of the Auditor General of Ontario

| Factors  | Details   |
|--|---|
| <b>Private career colleges' 2018 performance indicators reported in February 2021, over two years later</b>              | <ul style="list-style-type: none"> <li>The Ministry publishes the performance indicators of private career colleges, such as graduation rate and employer satisfaction rate, on its website; however, the information is two to three years old. For example, the Ministry had aimed to complete its review of the data for the 2018 reporting year, collected by the external third-party research company it contracts, by November 2020, but it did not publish the performance indicators until February 2021, three months later. Similarly, the Ministry had aimed to complete its review of the data collected for the 2019 reporting year by July 2021, but it still had not published this data at the completion of our audit in August 2021. With this delay in publishing performance indicators, prospective students would not have had up-to-date information to make an informed decision on which program and private career college to select.</li> <li>The current methodology of collecting and analyzing the performance indicators contributes to the delay in publishing them. Private career colleges submit enrolment and graduate data three times in a survey cycle. Graduates are then surveyed about six months after their graduation. The third-party research company is given an additional seven weeks to contact the graduates and complete the surveys. It then surveys employers three weeks after the accompanying graduate survey window is completed and is given a total of four weeks to contact employers and complete the surveys. Subsequent to each college submitting all the data files for a reporting cycle, the Ministry requires the auditors of the colleges to audit the respective files and submit the audited data files.</li> <li>While the Ministry and the research company have established, outside of the contractual agreement, a timeline of deliverables and milestones for both parties, there is no timeline of when the Ministry needs to publish the performance indicators subsequent to receiving information from the research company after its review of the information.</li> </ul> |
| <b>Performance indicators not available for up to 83% of programs</b>  | The Ministry posts on its website the performance indicators at two levels—the college's overall score and scores for each vocational program the college delivers. However, we found that in 2017 and 2018, depending on the performance indicator, 40% to 83% of programs had no results available because there were either no survey respondents or fewer than five respondents. For example, 81% of the programs in 2018 (83% in 2017) did not have employer satisfaction results published, and 59% of the programs in 2018 (61% in 2017) did not have graduate employment rate results published.  |
| <b>Ministry website does not easily allow for comparison of performance indicators among colleges and over time</b>      | The Ministry website provides two ways in which the public can view the performance indicators: the public can either download a list of all the performance indicators for a specific year, which contains the results for all the private career colleges and the respective programs, or search for the performance indicators based on the name of a private career college for a specific year. However, the public cannot easily compare a program's results for an indicator, such as graduate employment rate, over the past few years to determine year-over-year trends of whether the results have changed, or compare the results across private career colleges. The public would need to download the results for each year and do their own analysis in a spreadsheet to make those comparisons. Meanwhile, for public colleges, the public can compare performance indicator results across either programs or years directly on the Ministry's website for results up to 2017/18.  |
| <b>Thirty percent of sampled private career colleges published outdated, incomplete or incorrect performance results</b> | Since the issuance of a policy directive in 2013, the Ministry requires all private career colleges to make their performance indicator results available on their public websites. We selected a sample of dental hygiene and paralegal programs and reviewed the respective private career colleges' websites to identify whether their performance indicator results were published. For example, one private career college providing the dental hygiene program overstated its graduation and employment rates in 2018. This college also did not publish their results for other performance indicators, such as graduate and employment satisfaction rates, or examination pass rates. Another private career college providing the paralegal program posted on its website that 87% of the program graduates were employed in a related field in 2018, but according to Ministry data the program had a 69.2% graduate employment rate.   |





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