



Office of the Auditor General of Ontario

Value-for-Money Audit:  
Public Colleges  
Oversight



*December 2021*



# Public Colleges Oversight

## 1.0 Summary

Twenty-four publicly assisted colleges in Ontario annually offer over 3,000 certificate, diploma, degree and apprenticeship programs to almost 350,000 students in fields such as applied arts, technology and business. The objective of public colleges is to provide career-oriented education and training to help students gain employment, meet the needs of employers, and support the social and economic development of communities.

Public colleges are Crown agencies, established under the *Ontario Colleges of Applied Arts and Technology Act, 2002*. The Ministry of Colleges and Universities (Ministry) sets out binding policy directives, operating procedures and other requirements for public colleges to follow. Each college is governed by a board of governors, which is accountable to the government for their legislated mandate, successful achievement of goals consistent with government priorities, and for prudent financial management.

In 2020/21, the Ministry provided grant-based funding to public colleges totalling \$1.6 billion. Public colleges also received revenue from other sources such as tuition fees, federal and provincial grants (such as employment services grants), ancillary revenue and donations. In 2020/21, the total revenue of Ontario's public colleges was \$5.1 billion.

Our audit found that the public colleges' collective net assets (assets remaining after their liabilities) increased \$1.22 billion (62%) over the past four years prior to 2020/21. While this increase supports the sector's financial health, it has been primarily due to

a significant reliance on international student enrolment to subsidize the provincial costs of domestic students' education and colleges' administrative and capital expenditures. Direct provincial funding per full-time-equivalent domestic public college student in Ontario for 2018/19 was the lowest in Canada.

Between 2012/13 and 2020/21, public colleges experienced a 15% decline in domestic student enrolments but a 342% growth in international student enrolments, with 62% (2020/21) of international students coming from India. The decrease in domestic students has mainly been due to a change in the demographics of Ontario's population, and high-school graduates pursuing university over college education. About 30% (104,937) of all (348,350) students enrolled in public colleges in Ontario in the fall of 2020 were international students.

The increase in international students was influenced by prospective students viewing Canada as an attractive destination to study in and enrolling in Canadian post-secondary institutions as a pathway for immigration. International students in the public college sector contribute to local economies through spending, increase the diversity of colleges and local communities, and can help regions meet future labour demands where the local demographics are unable to meet employer needs.

Despite these benefits, a high reliance on international student enrolment by public colleges poses risks outside of the Ministry's and the public college sector's control, such as the potential loss of a large number of students if individuals from one country were to suddenly not be able to obtain study visas or otherwise be restricted from entering Canada. We

found that domestic students continue to have access to public college programs along with international student growth; however, the Ministry has not assessed how the high reliance on international students may impact the entire public college sector over the long term.

Partnerships between public colleges and private providers for the delivery of public college programs (public-private college partnerships) have existed in Ontario since at least 2005 and are unique in Canada. However, these have significantly expanded in the last two years. As of June 2021, 11 public colleges had partnered with a total of 12 for-profit private career colleges. We found that the Ministry's oversight of these public-private college partnerships has not been effective. For example, the Ministry did not act when certain public colleges exceeded the Ministry's enrolment limits at their partnership campuses and has not put in place compliance mechanisms. Although not under the purview of the Ministry, we also found that the quality assurance processes were not reviewed in a timely manner after these partnerships formed.

New Strategic Mandate Agreements were signed between the Ministry and each public college. The purpose is, in part, to increase accountability and incentivize colleges to invest in initiatives that have positive labour market outcomes and encourage each college's specialization. Colleges are measured against their own targets, which is a calculation that includes an average of their historical performance. Based on the target-setting formula, we found instances where some targets were set lower than the previous year's targets, despite some colleges exceeding performance in the previous year. As well, COVID-19 funding was provided to public colleges based on projected revenue decreases due to the pandemic, but we found that two colleges that received funding actually saw an increase in revenue in the year that funding was received.

Two external organizations assess the quality of programs offered by Ontario colleges, in addition to other regulatory bodies that provide accreditation, such as the Colleges of Nurses of Ontario for

nursing programs. The Ontario College Quality Assurance Service and the Postsecondary Education Quality Assessment Board conduct independent quality reviews of non-degree and degree programs, respectively. The Ministry relies on these entities to ensure that public colleges offer quality programs. According to the most recent quality assurance audits of the 24 public colleges, all of them met or partially met the six quality assurance standards established by the Ontario College Quality Assurance Service. As well, since 2008 the Postsecondary Education Quality Assessment Board has not recommended that the Minister deny consent for any public college degree programs due to quality concerns.

At the public college level, we found that most programs offered by the public college sector are generally aligned with Ontario's projected job market needs. From 2016/17 to 2019/20, depending on the college attended, 59.2% to 88.5% of graduates from an Ontario public college found full-time employment in a related field six months after graduation. As well, from 2015 to 2019, 89.6% to 92.5% of employers surveyed by a firm contracted by the Ministry were satisfied or very satisfied with their employees' college preparation for their role. However, we found that significant delays in the Ministry's program approval process is hindering colleges' ability to respond quickly to market needs. Further, we found that board governance of public colleges could be strengthened in areas such as board member training, conflict of interest processes and board evaluations.

Some of our significant audit findings include:

### International Students

- Public colleges are increasingly reliant on tuition fees from international students to remain financially sustainable.** In 2020/21, public colleges received a total of \$1.7 billion in tuition fees from international students, enrolled at both their home and public-private college partnership campuses, which represented 68% of colleges' total tuition fee revenue. Meanwhile, international student enrolment represented 30% of the total student enrolment. We found that some colleges'

positive financial position was mainly due to international student enrolment.

In 2017/18, for the first time, international student tuition revenue exceeded domestic student tuition revenue. We found that the Ministry has not developed a strategic plan for the sector to help mitigate the risk of a sudden decline in international students and the impact it could have on the college sector, students and government. We noted that public colleges have relied on international student tuition fees not only for their operating financial sustainability but also for funding expenditures for capital improvements to their facilities.

- **Limited college oversight of international student recruitment agencies.** Public colleges use many recruitment agencies with offices located around the world to attract international students. Our in-depth review of four selected colleges found that none of them have established a formal policy to guide the selection and removal of recruitment agencies, and that they have limited oversight of their third-party agencies to confirm whether those agencies are providing services with honesty and integrity. For these four public colleges, we reviewed a sample of 100 of their contracted international recruitment agencies and reviewed those agencies' websites. We found that while the significant majority (93) of them presented accurate information, seven agencies made misleading claims. Examples of misleading claims were related to the visa approval process, such as ensuring "100% success," providing "visa assurance" and guaranteeing scores on the International English Language Testing. Such misleading advertisement can create a reputational risk for the public college sector as a whole.

### Public-Private College Partnerships

Under public-private college partnership agreements, public colleges provide their curriculum to their private career college partner. Public colleges retain a portion of the fees paid by each international student enrolled in programs delivered by the private partner. The private career college partner hires instructors

who deliver the public college curriculum, provides facilities for students, and manages the day-to-day operations at the partnership campus. Students who graduate from programs delivered by the private career partner colleges obtain a public college credential issued by the public college.

These partnerships are financially attractive to public colleges, particularly those in northern areas or smaller communities. For these public colleges, having a private career college partner with campuses in a large, urban centre such as the Greater Toronto Area, where most international students prefer to study, means gaining an additional source of revenue from increased international student enrolment. Under existing federal government immigration policy, international students who graduate from a public college are eligible for the Post-Graduation Work Permit Program. As such these partnerships are very beneficial for private career colleges since graduates from private career colleges are otherwise not eligible for the program. If this immigration policy were changed to allow graduates of private career colleges to obtain these permits, there would be little reason for them to maintain their partnerships with public colleges. Our significant findings related to public-private college partnerships include:

- **Five of the six public colleges with private college partners could have incurred operating deficits had they not received international student tuition partnership revenue in 2019/20.** Six public colleges with private career college partners entered into these partnerships prior to December 2019. We analyzed the financial information from these colleges and found that, in 2019/20 alone, five of them (Cambrian, Canadore, Lambton, Northern, and St. Lawrence) could have incurred an annual deficit had they not received partnership revenue, all other factors being equal.
- **The Ministry did not take timely action to ensure compliance with the Public College-Private Partnerships Minister's Binding Policy Directive (Partnerships Directive).** Issued in December 2019, the Partnerships Directive

stipulates that the maximum international student enrolment across all private career college partner campuses cannot exceed twice the amount of international student enrolment at the public college's home campus(es) (also known as the 2:1 enrolment ratio requirement). Contrary to the Partnerships Directive, the Ministry has not assessed the public colleges' compliance with the enrolment requirements. The Partnerships Directive also states that if the requirement is not met, the public college must submit an enrolment plan specifying how and when the ratio will be achieved; however, it does not impose a submission deadline for these plans. Our assessment found that in fall 2020, five of the six partnerships (Cambrian, Canadore, Lambton, Northern, and St. Lawrence) exceeded the required threshold, but only three of the five submitted an enrolment plan to the Ministry. As of August 2021, the Ministry had not followed up with the other two colleges that did not submit a plan (Cambrian and St. Lawrence).

- **Most public-private career college partnerships and their programs have not yet been subject to an independent quality assurance audit.** The Ontario College Quality Assurance Service conducts third-party quality assurance audits of public colleges, including their policies overseeing private partners, on a five-year cycle. The quality assurance audit standards for public colleges were updated in May 2019 to include an additional requirement to audit the quality assurance processes at public-private college partnerships. Prior to this update, there was no requirement to audit the quality assurance processes at public-private college partnerships, but one college (Cambrian) did have a partnership program included in its 2019 audit prior to the requirement. Eleven partnerships currently exist; six of them were established between 2005 and 2015. Only two of these (Lambton and St. Clair) have been subject to the quality assurance audit since the audit standards for public colleges were updated in 2019. Depending on the last date at which the

public colleges were audited, we found that the five-year cycle means that some public colleges with partnerships will not be audited against the new standards until 2026. In addition, we found that the Ontario College Quality Assurance Service does not obtain certain audit information directly from the private career college partners, and that it does not always select a program offered at the partnership campus for audit.

- **Two partnerships operating in British Columbia conflict with Ontario's objectives and avoid certain legislative requirements in British Columbia.** Two public colleges have partnerships with private career colleges in British Columbia. These public colleges are not certified under the British Columbia *Private Training Act*. This certification would normally be required for out-of-province public institutions to operate in the province. However, due to the partnership agreement in place, only the private partner is certified. Under British Columbia's legislative framework, when the private partner presents a new program that has been developed by the Ontario public college for approval, the BC Ministry of Advanced Education and Skills Training indicated that it does not have the authority to take the partnership arrangement into consideration to approve or deny the program, even if concerns exist.

#### Ministry's Funding Allocation

- **Ontario provides the lowest amount of funding for full-time domestic students of all Canadian provinces.** In 2018/19 (the most recent data available), Ontario provided public colleges with under \$10,000 per full-time equivalent student. This is the lowest amount compared with all other provinces.
- **Performance-based targets used to allocate Ministry funding can be set lower than previous year's targets, despite colleges exceeding performance in the previous year.** In the 2020–2025 Strategic Mandate Agreements, the Ministry set targets for each public college across

10 metrics based on an agreed-upon formula using the college's past performance results. Ministry funding will be based on the colleges' achievements toward these metrics starting 2022/23 (originally 2020/21, but implementation was postponed due to COVID-19). Our analysis found that the four colleges we reviewed in-depth achieved their targets for 2020/21 on eight metrics. However, three colleges (Loyalist, Sault and St. Clair) had 2021/22 targets for these metrics set lower than the 2020/21 targets due to the way the targets are calculated.

- **COVID-19 funding was provided to public colleges based on projected revenue decreases due to the pandemic, but two colleges that received funding actually saw an increase in revenue and annual surplus.** The Ministry provided \$62.4 million of funding to 12 of the 24 public colleges in March 2021 that it calculated to be most impacted by the COVID-19 pandemic. The purpose of the funding was to help these colleges manage the decline in their revenue and increased costs caused by the pandemic for eligible expenditures between July 1, 2020 to June 30, 2021. Five colleges (Canadore, Georgian, Niagara, Northern and St. Lawrence) deferred a total of \$14.7 million to use in the following fiscal year as they did not utilize the full amount allocated to them in 2020/21. Two of these colleges (Canadore and Northern) had an increase in their total revenue and their annual surplus in 2020/21 compared to their operations in 2019/20, despite the impact of COVID-19.
- **Ministry's allocation of capital funding to public colleges does not take into consideration the level of deferred maintenance and state of repair.** In 2013, the Ministry commissioned an assessment report on the condition of public college facilities. Over a subsequent five-year period, the Ministry funded 4% of one college's \$94.7 million of assessed deferred maintenance needs, compared to 56% of another college's \$5.7 million. The allocation of capital renewal funding is based on the public colleges' domestic

enrolment levels, but does not factor in deferred maintenance and state of repair needs.

### Public Colleges' Program Oversight

- **Ministry standards for public college non-degree programs are either outdated or non-existent.** The Ministry establishes program standards that outline minimum requirements for learning outcomes and employability skills for college graduates in each particular field of study. As of May 2021, 36 or 24% of the 147 program standards had not been updated within the Ministry's intended five- to 10-year time frame. Thirty-one of the 36 program standards were updated between 11 and 14 years ago. The remaining five programs were last updated over 18 years ago, and 3,456 students were enrolled in these programs in 2019/20 across all 24 public colleges.
- **Delay in program approvals by the Ministry hinders public colleges' ability to respond quickly to market needs.** If a public college is seeking Ministry funding for a program that is being offered, it must receive approval from the Ministry. Degree programs must receive ministerial consent. The Ministry has established internal timelines for this process: non-degree program approvals should be completed within three months and ministerial consent for degrees is to be granted within six months of the submission date to the Ministry. We found that, between April 2020 and March 2021, non-degree programs took on average six months to receive approval; of this time, the submission was delayed at the Minister's office for just over two months. For degree programs, since the six-month timeline was implemented in December 2019, the approvals have taken on average eight months from the submission date. The Ministry advised our Office that many factors have contributed to delayed program approvals, including additional follow-up required from colleges, staff turnover, as well as delays at the Minister's office.

## Governance at Public Colleges

- Governance oversight practices can be strengthened by improving training, conflict of interest processes and performance evaluations.** The Ministry's Protocol for Board Nominations and Appointments requires public college boards to ensure that new board members participate in Colleges Ontario's orientation sessions, and that they provide ongoing development activities to their members. However, at the four colleges we reviewed, we found that not all external (Lieutenant Governor in Council and board-appointed) board members had attended the orientation sessions. Further, we found that although all four colleges had conflict of interest policies, none required board members to complete an annual Conflict of Interest Declaration Form and it is not required by the Ministry. In addition, our review found that only two of the four colleges conducted board evaluations (in 2019/20 and 2020/21) in compliance with the Governance and Accountability Framework Minister's Binding Policy Directive.

This report contains 26 recommendations, with 53 action items, to address our audit findings. While some recommendations within our report are directed specifically to the public colleges we reviewed in-depth, we encourage all public colleges to implement the recommendations that may also be applicable to them.

## Overall Conclusion

Our audit concluded that graduates from the 24 public colleges are receiving an education that prepares them for the future, as the degree and non-degree programs offered by colleges are aligned with Ontario's projected job market needs. However, we found that while the Ministry is responsible for approving public college programs for funding and granting consent for degree programs, significant delays in the Ministry's program approval process is hindering the colleges' ability to launch programs in a timely manner for student enrolment. As well, we found that many of the Ministry standards

for non-degree programs are either outdated or non-existent.

Further, we found that Ontario public colleges have experienced a significant increase in international student enrolment over the past decade and that the sector relies on international students for its financial sustainability. The Ministry lacks a formal and comprehensive long-term strategy and action plan to sufficiently mitigate the risks this high reliance on international student enrolments poses to the public college sector. As well, the Ministry does not monitor student application data for oversubscribed programs to confirm domestic students continue to have access to public colleges.

The Ministry has established a comprehensive policy framework for the public college sector, and several Minister's Binding Policy Directives outline clear roles and responsibilities. However, we found that the Ministry does not have sufficient oversight to confirm public colleges' compliance with the enrolment requirements of the Partnerships Directive which governs the arrangements of public colleges who enter into a partnership with a private career college. At the time of our audit, the Ontario model of public-private college partnerships was unique in Canada. In addition, we found that most public-private college partnerships and their programs have not yet been subject to an independent quality assurance audit. These audits are conducted to confirm that the public colleges have processes in place to ensure programs offered by their partners are delivered in accordance with the curriculum and by qualified instructors.

The Ministry funds a portion of public colleges' operating funding based on the colleges' performance. However, we concluded that the Ministry's performance target-setting process and metrics used do not always encourage colleges to improve their performance every year. As well, some metrics encourage a continued reliance on international student enrolment and public-private college partnerships.

Further, based on our review of four selected public colleges, we found that these colleges had

limited oversight of the many international student recruitment agencies with which they contract. For example, we found instances of misleading advertisements by some recruitment agencies that could create a reputational risk for the public college system as a whole.

We concluded that governance practices of public college boards can be strengthened by better aligning with leading governance practices on board member training, conflict of interest processes and performance evaluations.

Finally, we generally found that public colleges' financial statements are prepared in accordance with Canadian public sector accounting standards. However, the timeliness of the reporting of these financial statements to the Ministry and the public, as well as the disclosure in the financial statements and annual reports, require improvements to comply with the Ministry's operating procedures and to better serve the needs of decision-makers and financial statement users by increasing disclosures about public-private college partnerships.

## OVERALL MINISTRY RESPONSE

Ontario's 24 colleges of applied arts and technology play a vital role in providing high-quality post-secondary education to students at campuses across the province, helping them prepare for jobs and supporting the economic and social development of communities.

College Boards of Governors have considerable autonomy in setting strategic direction and making decisions to ensure that colleges are effectively and appropriately managed to achieve their mandate. The Ministry of Colleges and Universities is responsible for post-secondary education outcomes as a whole and supports the post-secondary sector by issuing policy direction, distributing provincial funds to publicly-assisted institutions, providing student financial assistance and supporting research. The Ministry welcomes the opportunity to strengthen its policies and processes to support

the achievement of goals consistent with government priorities for colleges.

Ontario's post-secondary sector has undergone an unprecedented shift in response to the COVID-19 pandemic; colleges have had to adapt in order to continue meeting the needs of students, faculty, and Ontarians across the province. The pandemic has brought to light underlying issues, including colleges' focus on international student enrolment, while exacerbating others, such as lengthy timelines in program approvals.

The Ministry is aware of some of the key challenges and issues outlined in this report and is committed to supporting a more innovative, sustainable and responsive post-secondary education system to fuel Ontario's global competitiveness as we move forward during this challenging time.

The Ministry thanks the Auditor General and her team for the report. We look forward to next steps.

## OVERALL RESPONSE OF THE FOUR SELECTED PUBLIC COLLEGES

The Auditor General's report has shined a timely spotlight on the issue of the inadequate financial support of the college sector in Ontario. At the heart of the issue of the growth of international enrolment is chronic and historical underfunding by the provincial government, clearly demonstrated by the comparison of funding levels across Canada. As the Auditor General's figures show, Ontario's colleges are underfunded by thousands of dollars per student compared to other provinces.

Unfortunately, this is not new. But years of inadequate provincial funding and challenging demographics have been compounded by the government's 10% tuition fee reduction, followed by a tuition fee freeze. The result is that colleges cannot survive on domestic student enrolment alone and have increasingly turned to international enrolment as a source of revenue.

However, Ontarians should be proud that our publicly assisted colleges have become a leading global destination for international students. Many of those students are seeking not just a Canadian post-secondary education, but also an opportunity to start a new life and career in Canada. Colleges play a critical role in developing a highly skilled workforce, the critical underpinning to a strong recovery from the pandemic and beyond.

We agree with the Auditor General that diversification of international enrolment is an important strategy for colleges and efforts are already under way across the system.

As well, we welcome recommendations to streamline the Ministry's program approvals process, helping colleges respond quickly to the rapidly evolving needs of the workplace. For the same reason, we are seeking reforms to the credential framework that would give colleges more flexibility in the kinds of programs we offer to meet the needs of our students and employers.

## 2.0 Background

### 2.1 Public Colleges in Ontario

There are 24 publicly assisted colleges of applied arts and technology established under the *Ontario Colleges of Applied Arts and Technology Act, 2002* (Act). Twenty-one were founded in the mid- to late-60s; one was established in 1972 and two French-language colleges were established in the 1990s. See **Appendix 1** for a map of the public colleges' main campuses across Ontario. In 2020/21, the total full- and part-time student enrolment in Ontario public colleges was 348,350, or a 13% increase from 309,120 in 2012/13. Enrolment size ranges across public colleges, from 2,302 students at Boréal (located in Sudbury) to 36,940 at Seneca (located in North York). **Figure 1** lists the public colleges by location, enrolment and revenue in 2020/21. **Appendix 2** shows the enrolment trends

between 2016/17 and 2020/21 by public college. In the four years prior to the COVID-19 pandemic, total enrolment increased by 11%; Boréal had a decrease of 4% and Lambton increased by 48%.

Under the Act, the objective of public colleges is to offer a comprehensive program of career-oriented, post-secondary education and training that:

- assists individuals in finding and keeping employment;
- meets the needs of employers and the changing work environment; and
- supports the economic and social development of local and diverse communities.

Public colleges offer programs in six fields: applied arts, technology, business, health sciences, human services (for example, Early Childhood Education) and hospitality and tourism. Over 3,000 programs across these fields are eligible for funding from the Ministry of Colleges and Universities (Ministry). **Figure 2** provides the number of programs approved for Ministry funding and offered in each field between 2016 and 2020.

Students can obtain an Ontario College Certificate, Ontario College Diploma, Ontario College Advanced Diploma or Ontario College Graduate Certificate in these fields (see **Appendix 3** for a glossary of terms). The *Post-secondary Education Choice and Excellence Act, 2000* allows public colleges to offer baccalaureate degree programs once they have received ministerial consent. Public colleges are limited in the number of degree programs that they may offer depending on their designation as an Institute of Technology and Advanced Learning. Five colleges have this designation (Conestoga, George Brown, Humber, Seneca, and Sheridan) and so are permitted to offer up to 15% of their programming in bachelor degrees; the remaining public colleges are limited to 5%. **Figure 3** shows the enrolment in degree and non-degree programs across all colleges. Twenty colleges offer bachelor's degree programs in collaboration with universities, and 14 of these colleges offer honours bachelor's degree programs in areas such as nursing.

**Figure 1: Public Colleges – Location (Region in Ontario and City/Town),<sup>1</sup> Enrolment and Revenue, 2020/21**

Source of data: Ministry of Colleges and Universities

Public College and Year Founded	Location	# of Students Enrolled <sup>2</sup>		Revenue (\$ million)
		Domestic Students	International Students	
<b>Central Region (Greater Toronto Area)</b>				
Seneca <sup>3</sup> (1967)	North York	26,077	10,863	442.92
Humber (1967)	Toronto	24,837	5,606	466.51
George Brown (1967)	Toronto	22,536	6,328	358.77
Sheridan (1967)	Oakville	18,160	6,322	350.87
Centennial (1966)	Toronto	11,731	8,328	343.04
Durham (1967)	Oshawa	13,555	1,646	185.14
<b>Central Region (Non-Greater Toronto Area)</b>				
Conestoga (1967)	Kitchener	13,591	9,484	338.95
Mohawk (1966)	Hamilton	13,755	3,288	232.20
Georgian (1967)	Barrie	11,437	3,726	208.39
Niagara (1967)	Welland	7,448	2,697	167.27
<b>North Region</b>				
Cambrian (1967)	Sudbury	3,508	4,541	99.89
Canadore (1972)	North Bay	2,772	5,237	141.82
Northern (1967)	Timmins	1,143	4,692	69.68
Confederation (1967)	Thunder Bay	2,599	560	86.26
Sault <sup>3</sup> (1965)	Sault Ste. Marie	1,750	1,149	79.40
Boréal (1995)	Sudbury	2,151	151	78.53
<b>East Region</b>				
Algonquin (1967)	Nepean	21,699	3,384	339.85
St. Lawrence (1967)	Kingston	5,872	4,546	126.70
Fleming (1967)	Peterborough	5,349	1,351	127.96
La Cité (1990)	Ottawa	4,388	1,093	109.07
Loyalist <sup>3</sup> (1967)	Belleville	3,169	1,460	88.75
<b>South-West Region</b>				
Fanshawe (1967)	London	15,703	5,433	315.07
St. Clair <sup>3</sup> (1966)	Windsor	7,599	6,739	237.96
Lambton (1969)	Sarnia	2,584	6,313	104.42
<b>Total</b>		<b>243,413</b>	<b>104,937</b>	<b>5,099.42</b>

1. Most colleges have more than one campus. Across the public college sector, 188 campuses are located in 89 cities and towns.
2. The data represents fall 2020 full- and part-time enrolment. As a result of the global pandemic, the majority of domestic and international students studied remotely due to travel restrictions and limitations on the size of indoor gatherings affecting campuses. The detailed breakdown of the number of students that studied remotely is not readily available.
3. Public colleges that were selected for detailed review.

**Figure 2: Number of Public College Programs Approved for Ministry Funding by Program Field, 2016–2020**

Source of data: Ministry of Colleges and Universities

	2016	2017	2018	2019	2020
Applied Arts	835	887	922	939	982
Technology	725	748	784	816	874
Business	635	671	701	723	771
Health Sciences	322	332	340	349	376
Human Services (e.g., Early Childhood Education)	102	116	122	130	141
Hospitality and Tourism	105	111	114	118	122
<b>Total Approved for Funding*</b>	<b>2,724</b>	<b>2,865</b>	<b>2,983</b>	<b>3,075</b>	<b>3,266</b>

\* Each of the totals represents the total number of funded programs offered across all 24 public colleges. If several colleges offer the same program, this is counted multiple times. As well, public colleges may offer programs they fund fully from their tuition revenue, called “unfunded programs.” The Ministry does not provide funding for the enrolment of domestic students in these unfunded programs. These programs may be targeted towards international students, or in situations where the college expects a strong market demand and seeks to offer these programs promptly, without requesting Ministry funding. Colleges may decide to later apply for Ministry funding for these programs. Domestic students registered in these programs are not eligible for the Ontario Student Assistant Program. Between 2016 and 2020, the number of unfunded programs ranged between 23 and 78 each year. Global Business Management is an example of an unfunded program.

**Figure 3: Full-time Enrolment in Degree and Non-Degree Programs at Public Colleges, 2020/21**

Source of data: Ministry of Colleges and Universities

	Domestic Students		International Students		Total	
	#	%	#	%	#	%
Degree	20,891	12	2,863	3	<b>23,754</b>	<b>9</b>
Non-Degree	156,412	88	93,355	97	<b>249,767</b>	<b>91</b>

Depending on the credential being obtained by a student, a public college program typically takes one or two years to complete, and colleges generally offer programs of study that are career-focused. Comparatively, university undergraduate degrees typically take four years to complete and the education provided is typically more academic-focused.

Unlike private career colleges, which are privately operated businesses, public colleges are funded in part by the provincial government and must adhere to the Ministry’s policies (see our audit on Private Career Colleges Oversight in our Office’s *2021 Annual Report*).

### 2.1.1 Student Enrolment and Recruitment

Over the past decade, from 2012/13 (earliest data available) to 2020/21, the public college sector has seen a decrease in domestic student enrolment, while

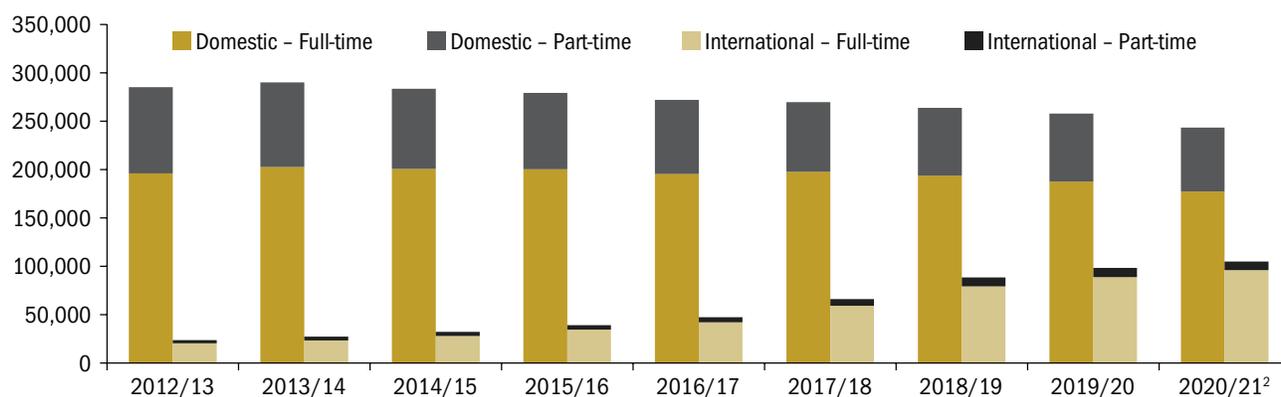
international student enrolment has substantially increased (**Figure 4**). Specifically, domestic student enrolment (full- and part-time) at public colleges decreased by 15% from 285,368 students in 2012/13 to 243,413 in 2020/21. Over that same period, international student enrolment increased 342% from 23,752 students to 104,937.

According to Statistics Canada, Ontario colleges admitted the largest number (65.3%) of international students of any province between 2015 and 2019, an increase from 34.7% between 2000 and 2004.

The decline in Ontario public colleges’ domestic student enrolments is partly due to a decline in the 18–24 age cohort of the province’s population and a shift in high-school graduates’ preferences toward university over college-level education. For full-time domestic student enrolments, public colleges saw a decrease of 23,224 students from 2015/16 to

**Figure 4: Enrolment at Public Colleges, Domestic and International Students, 2012/13<sup>1</sup>–2020/21**

Source of data: Ministry of Colleges and Universities



1. 2012/13 was the earliest data available with the level of detail required.

2. Starting in 2020/21, the Ministry improved enrolment data collection for unfunded programs. This resulted in additional enrolment reported for domestic students (59) and international students (14,869), with international students representing the majority of this increase as they are more commonly registered in unfunded programs. This means that for all years prior to 2020/21, the enrolment for international students shown are underreported.

2020/21, while over that same period, public universities saw an increase of 11,567 students.

In the Ministry of Finance's 2020 demographic trend analysis and future projections, the 18–29 age cohort of Ontario's population is expected to increase, but this will be largely driven by immigration, including through international students. (Section 4.1 discusses the growth of international student enrolment and its impact on the public college sector.)

Each public college is responsible for recruiting its own students. For domestic recruitment, public colleges typically have staff who attend career fairs, high school events, and create social media advertising. For international students, public colleges use a combination of recruitment agencies and direct recruitment to attract potential students to study in Ontario. Agencies, who recruit the majority of international students, work on a commission contract basis and are located both in Canada and in the target country. College staff decide whom to engage as an agent, oversee and provide advice or guidance to agents, and approve promotional materials created by agents.

## 2.2 Ministry Responsibility and Oversight

### 2.2.1 Setting the Policy Framework and Reporting Requirements

The Ministry is responsible for setting out the policy framework for Ontario public colleges. This includes mandatory requirements and guidance documents that outline the roles, responsibilities and performance expectations of the colleges. Eleven Minister's Binding Policy Directives set out minimum expectations for public colleges. Ten Operating Procedures outline specific procedures that colleges must follow to comply with the *Ontario Colleges of Applied Arts and Technology Act, 2002 (Act)*, its regulation and the Directives (Appendix 4 shows a list of the Directives and their related Operating Procedures).

### 2.2.2 Funding Support for Public Colleges

Ministry funding for the 24 public colleges consists of a core operating grant, a performance grant, special purpose grants and capital grants. In 2020/21, these grants amounted to \$1.6 billion, with the largest percentage from the core operating grant (51%), followed by special purpose grants (23%),

performance-based grants (21%) and capital grants (5%). Ministry funding supports college operations so domestic tuition fees remain within a range to allow students to access a college education.

Public colleges also receive revenue from other sources including other Ontario ministry grants, tuition fees from domestic and international students, other student fees, contractual fees and other fees for service, and ancillary and other revenue. In 2020/21, the total revenue for all public colleges was \$5.1 billion, an increase of 16% from \$4.4 billion in 2016/17.

The Ministry's core operating and performance-based grants in 2020/21 represented 22% of the colleges' total revenue. That same year, the largest source of revenue (33%) came from tuition fees paid by international students. In comparison, in 2011/12, the core operating and performance-based grants represented 29% of colleges' total revenue, while international student tuition fees represented 8%. **Appendix 5** shows the breakdown of public colleges' total revenue for 2011/12 to 2020/21 by revenue source.

Based on the most recent data available, in 2018/19 Ontario provided the lowest level of government funding—under \$10,000—on a per full-time-equivalent student basis for its colleges compared to all other Canadian provinces (**Figure 5**).

The Ministry also provided two rounds of support funding in 2020 and 2021, totalling \$75.6 million, to help public colleges manage additional, unforeseen costs associated with the COVID-19 pandemic (**Section 4.4.1**).

### 2.2.3 Ministry Oversight of Public Colleges' Financial Health

The Ministry conducts annual reviews of interim and final financial statements submitted by the public colleges. As part of its review, the Ministry assesses each public college against seven financial health indicators. If a college does not meet the Ministry target for several of the indicators, the Ministry is to follow up with the public college for the reason the targets were

not met and the college may be asked to submit financial information more frequently so that the Ministry can monitor the college's operations.

In our review of the Ministry's monitoring processes, we found only two instances since 2014 where the Ministry identified colleges with weak financial indicators. We noted that the Ministry took actions to increase its monitoring efforts and that both colleges' financial health has since improved.

### 2.2.4 Strategic Mandate Agreements

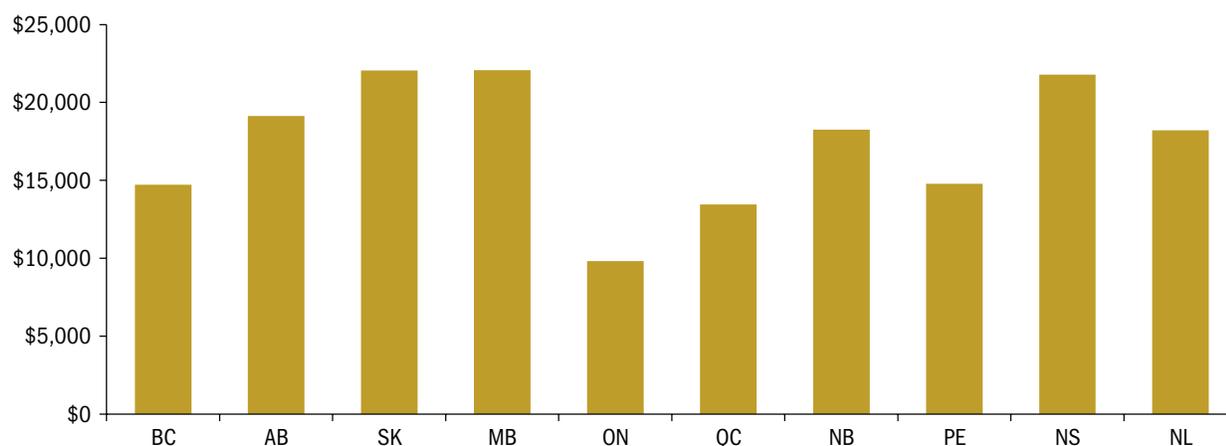
In September 2020, each public college signed a new Strategic Mandate Agreement with the Ministry. The Ministry changed its operational funding approach in the new agreements so that increases in the proportion of government funding are linked to colleges' achievement of performance-based outcomes. These bilateral agreements include the government's accountability and transparency objectives, as well as each college's priorities for the applicable period. The most recently signed agreements have a five-year term, from 2020 to 2025. **Appendix 6** provides details of the new agreements and lists the 10 performance metrics established under the agreements.

Since Ontario implemented this approach, Alberta has also begun to shift to a performance-based funding system for its post-secondary education system. Manitoba and New Brunswick have indicated an interest in adopting a similar system.

The Ministry initially planned to apply the new performance-based funding approach to up to 25% of colleges' operating funding in 2020/21 and increase this up to 60% by 2024/25. These percentages are significantly higher than the 1.2% prior to 2020/21. However, due to COVID-19, the Ministry postponed implementing the new funding approach for two years (planned to start in 2022/23) to provide the colleges greater financial stability and allow for the pandemic's effects on the sector to be better understood. The Ministry plans to consult with public colleges starting in November 2021 to discuss COVID-19 impacts on metric performance.

**Figure 5: Provincial Funding per Full-Time-Equivalent<sup>1</sup> Domestic Public College Student, 2018/19<sup>2</sup>**

Prepared by the Office of the Auditor General of Ontario



1. In this figure, “full-time equivalent” is a mathematical approximation equal to full-time students plus (part-time students/3.5). It does not mean actual full course load equivalents based on credits taken. The methodology that our Office followed was similar to that used by Higher Education Strategy Associates.
2. 2018/19 data is the most recent year available from Statistics Canada.

### 2.2.5 Tuition Fees

The Ministry, with Cabinet approval, regulates tuition fees for domestic students enrolling in public colleges. In 2020/21, annual tuition fees averaged \$3,228 per domestic student, or 10% less than the average fees charged in 2018/19. The Ministry announced the 10% domestic tuition fee reduction in January 2019 for the 2019/20 academic year. At the same time, it announced there would be no domestic tuition fee increases for the 2020/21 academic year. In April 2021, the Ministry extended the domestic tuition freeze to the 2021/22 academic year.

For international students, Ministry policy gives public college boards full discretion to set tuition fees for programs as long as the year-over-year increases do not exceed 20% during the time period the international students are reasonably expected to complete the programs. In 2020/21, tuition fees averaged \$14,306 per international student. This represented an 8% increase from the average fees charged to international students in 2018/19. **Appendix 7** lists the average public college tuition fees for domestic and international students from 2018/19 to 2020/21.

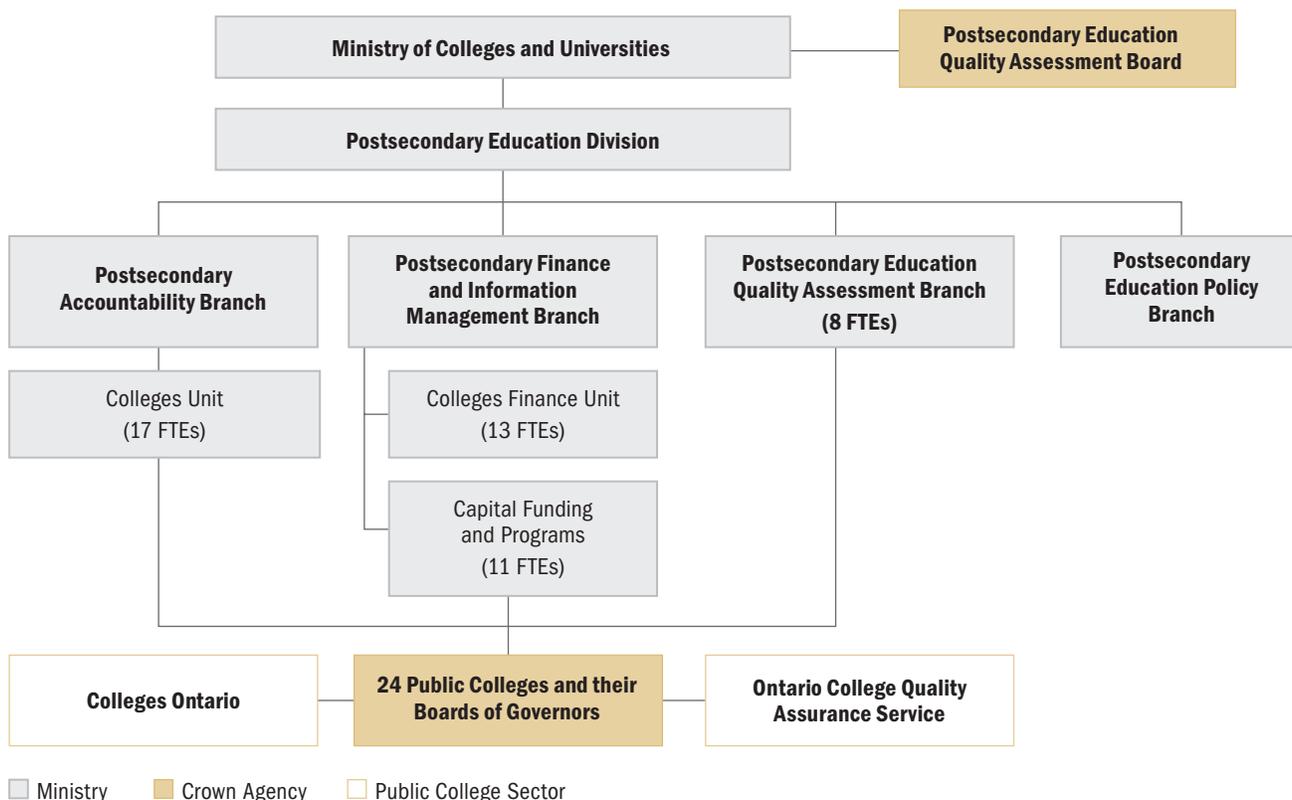
### 2.2.6 Establishing and Updating Standards for Public College Programs

The Ministry’s Postsecondary Education Quality Assessment Branch (Branch) (**Figures 6 and 7**) is responsible for creating and updating standards for non-degree programs offered at public colleges. The standard for a program is applied to all colleges offering the same, or similar, non-degree level program in the same field of study. The standard sets out the desired learning outcomes, which are the minimum skills and knowledge a student is expected to have upon completing a specific program.

Program standards were first developed in the 1990s to provide more consistency to programming across the sector, and to provide public accountability for the quality and relevance of college programs. The Branch’s goal is to review and update individual program standards every five to 10 years. **Appendix 8** describes the processes for establishing and updating these standards. Once a program standard has been updated, the Ministry communicates any changes to the public colleges, who are then required to modify their programs to comply with the revised standard and attest to compliance.

**Figure 6: Key Governance and Reporting Structure of Public Colleges**

Source of data: Ministry of Colleges and Universities



Note: FTE: Full-time-equivalent

As of May 2021, there were 147 program standards across the six fields in which public colleges offer programs (these are applied arts, technology, business, health sciences, human services, and hospitality and tourism). In health sciences, for example, there are 13 standards including those for dental hygiene, massage therapy, and personal support worker programs.

In contrast, degree standards are outlined in the Ontario Qualifications Framework, which sets out the broad learning outcomes expected for a degree program. These broad standards are then used by the Postsecondary Education Quality Assurance Board and public colleges to develop the specific degree curriculum.

### 2.2.7 Public College Program Development and Approval Processes

Public colleges have program approval processes that they follow before submitting a new program to the Ministry for approval. The Ministry relies on the colleges to identify job market needs and offer programs to match those needs. This information forms part of the application that colleges submit to the Ministry for funding approval. Offering a program without sufficient job market demand and enrolment interest would be costly to a college, both in terms of operating a program at a loss and its negative impact on performance metrics and indicators on which it is assessed.

## Figure 7: Key Entities Involved in Public College Governance and Reporting

Source of data: Ministry of Colleges and Universities

<b>Postsecondary Accountability Branch (Ministry)</b>	Provides oversight of postsecondary education institutions, including public colleges, in areas such as development and implementation of strategies, programs and operational policies
	<p><b>Colleges Unit (Ministry)</b></p> <p>Provides oversight of public colleges in areas such as:</p> <ul style="list-style-type: none"> <li>• the approval process for program funding;</li> <li>• governance and accountability mechanisms; and</li> <li>• key performance indicators</li> </ul>
<b>Postsecondary Finance and Information Management Branch (Ministry)</b>	Responsible for monitoring the financial performance of postsecondary education institutions, including public colleges
	<p><b>Colleges Finance Unit (Ministry)</b></p> <p>Responsible for:</p> <ul style="list-style-type: none"> <li>• monitoring financial performance and reporting; and</li> <li>• monitoring financial health indicators</li> </ul>
	<p><b>Capital Funding and Programs (Ministry)</b></p> <p>Responsible for:</p> <ul style="list-style-type: none"> <li>• allocating capital funding; and</li> <li>• reviewing spending in accordance with funding guidelines</li> </ul>
<b>Postsecondary Education Quality Assessment Branch (Ministry)</b>	Responsible for: <ul style="list-style-type: none"> <li>• reviewing new applications for, or renewals of, ministerial consent of degree programs;</li> <li>• developing or revising program standards;</li> <li>• drafting criteria, policies and procedures to determine the quality of programs;</li> <li>• researching higher education quality assurance standards; and</li> <li>• providing support to the Postsecondary Education Quality Assessment Board</li> </ul>
<b>Postsecondary Education Quality Assessment Board</b>	Established under the <i>Post-secondary Education Choice and Excellence Act, 2000</i> . Advises and makes recommendations to the Minister on applications requiring ministerial consent that are submitted by public colleges requesting to offer a degree program. The chair is appointed by the Lieutenant Governor in Council and other members are appointed by the Minister.
<b>Colleges Ontario</b>	An association funded by the 24 public colleges to make policy recommendations to the government. It provides supports to the governance and operations of public colleges and promotes public college programs to potential students. Public colleges share information and best practices through this association.
<b>24 Public Colleges and their Boards of Governors</b>	Boards of governors of public colleges oversee the operations of public colleges and are accountable to the Ministry.  College presidents are responsible for managing day-to-day college operations. They are accountable to both their board of governors and the Ministry under the <i>Ontario Colleges of Applied Arts and Technology Act, 2002</i> , and other Ministry policies.
<b>Ontario College Quality Assurance Service</b>	Established in 2005, this organization provides external quality assurance services such as validating program credentials and auditing public colleges against pre-established quality standards. Board membership consists of individuals who are both internal and external to the Ontario college system. While the existence of the organization is mandated by the provincial government under the Framework for Programs of Instruction Minister's Binding Policy Directive, it is not a government agency. It is funded by the 24 public colleges with no reporting or other relationship to the Ministry.

As part of the Framework for Programs of Instruction Minister’s Binding Policy Directive (**Appendix 4**), a public college must have board of governor and program advisory committee approval for each program it develops. Colleges are also responsible for monitoring existing programs for profitability and making decisions on whether to pause programs that do not have enough demand to support their costs. This includes communicating with various stakeholders that would be impacted by such decisions.

Between 2016 and 2020, Ontario public colleges submitted a total of 651 applications for new programs. Ten applications have been withdrawn by colleges due to the applications not meeting Ministry requirements.

All proposed non-degree college programs must be validated by an external organization, the Ontario College Quality Assurance Service (Quality Assurance Service). (**Appendix 9** outlines the Ministry’s program approval process; **Section 2.3.2** describes the Quality Assurance Service). Both degree and non-degree programs seeking Ministry funding support require Ministry approval. All degree programs, regardless of funding, are referred to the Postsecondary Education Quality Assessment Board for quality review. Once the Board completes its review, it provides a recommendation to the Minister as to whether consent should be given to the proposed program. In December 2019, in response to sector feedback and a desire for more timely approvals, the Ministry committed to a more streamlined funding approval and degree program consent process. The Ministry’s current goal is to refer degree program applications to the Postsecondary Education Quality Assessment Board for review within two to three days of receipt, and for the Ministry to conduct its funding approval review simultaneously. The goal is to issue degree program consents within six months of submission.

## 2.3 Public Colleges’ Oversight

### 2.3.1 Boards of Governors

The Act establishes public colleges as Crown agencies that are overseen by boards of governors (public college boards). It has one regulation, O. Reg. 34/03, which outlines several requirements for public college boards. These include the boards’ size and composition, term limits for board members, processes for selecting and removing governors, and reporting requirements to the Minister.

The regulation states that public college boards must consist of an even number between 12 and 20 external members, four internal members (staff and student representatives) and the college president. The Lieutenant Governor in Council (LGIC) appoints one-third of the external members; the remainder are appointed by the governors holding office at the time of the appointment. Within their by-laws, 22 colleges require 12 external members, and two colleges require 14 external members.

The Governance and Accountability Framework Minister’s Binding Policy Directive (Governance Directive) defines the minimum expectations for governance and accountability of colleges and identifies the critical elements of the role of a college board of governors. The Ministry’s Protocol for Board Nominations and Appointments (**Appendix 4**) supports the board of governors in meeting its obligations under the Act, and specifies that colleges are expected to observe the principles outlined in the protocol in appointing their non-LGIC-appointed external board members, and in submitting nominees for the LGIC appointments. The Conflict of Interest Minister’s Binding Policy Directive is intended to protect the integrity and ethical standards of college boards and, as importantly, protect the integrity of a board member who may face a conflict of interest.

**Figure 6** shows the governance structure and relationships between the Ministry, boards of governors and Colleges Ontario; and **Figure 7** describes the key entities.

### Accountability Reporting

A key governance function of public college boards is accountability reporting. The Ministry requires that public colleges produce and submit a strategic plan, business plan, audited financial statements and an annual report. These documents must also be made available to the public.

Public colleges are also required by the Ministry's Business Plan Operating Procedure to submit their annual budgets in June, for the upcoming fiscal year ending March 31. The procedure also requires each budget to be in a surplus position. If a college expects to accumulate a deficit, it must develop a deficit recovery plan for Ministry review. As required by the Ministry's Annual Report Operating Procedure, each annual report is to include items such as an update on the college's achievement of outcomes set out in its previous year's strategic and business plans as well as its audited financial statements.

#### 2.3.2 Quality Assurance Processes

Public colleges must have processes in place internally to ensure their programs meet quality assurance standards. As well, there are two external organizations that assess the quality of programs offered by Ontario colleges. The Quality Assurance Service and the Postsecondary Education Quality Assessment Board conduct independent quality reviews of non-degree and degree programs, respectively (see **Appendix 10**). Each of these organizations engage expert panels to review the programs offered and assess them against internationally recognized standards. Based on its most recently conducted audits, the Quality Assurance Service reported that all 24 public colleges met or partially met all of its six audit standards. As well, since 2008 the Postsecondary Education Quality Assessment Board has not recommended that the Minister deny consent for any public college degree programs due to quality concerns. The Ministry relies on these entities to assess and ensure that public colleges offer quality programs.

In May 2019, the Quality Assurance Service updated its standards and audit template to add an assessment of policies and procedures relating to public-private college partnerships (**Section 2.4**). The audit process for these partnerships now includes a review of policies and procedures for program admission, the awarding of academic credentials, certifications and quality assurance.

### 2.4 Public-Private College Partnerships

Partnerships between publicly assisted colleges and private career colleges for the delivery of public college programs have existed since at least 2005 (**Appendix 11** shows a summary of the key events related to these partnerships).

As of June 2021, 11 public colleges were partnered with 12 private career colleges, with a total of over 24,000 international students enrolled under these arrangements. **Figure 8** lists these public-private college partnerships and the dates they were established. The partnership agreements range from six to 10 years in length and are generally between public colleges in smaller communities and private career colleges located almost exclusively in the Greater Toronto Area, where international students prefer to live.

Under partnership agreements, public colleges provide the private career colleges (private partners) with the public college curriculum to be delivered. The private partners are responsible for hiring instructors, providing facilities and student services and managing the day-to-day operations at the partnership campus.

Students who graduate from private partner colleges under these arrangements receive a public college credential. With this, international students can apply for a Post-Graduation Work Permit from the federal government. In contrast, international graduates from private career colleges are not eligible to apply for a permit. While domestic students can study

**Figure 8: Public-Private College Partnerships and Locations as of June 2021**

Source of data: Ministry of Colleges and Universities

Public College	Private Career College	Date Established	# of International Students Enrolled in Fall <sup>1</sup> at the Private Partner College		
			2018/19	2019/20	2020/21
Cambrian (Sudbury)	Hanson College (Brampton/Toronto/Vancouver <sup>2</sup> )	May 23, 2005	1,684	1,937	3,061
St. Lawrence (Kingston)	Alpha International Academy (Scarborough)	Aug 8, 2008	1,435	1,897	2,227
	Canadian College (Vancouver <sup>2</sup> )	Jan 1, 2016	402	495	1,087
Lambton (Sarnia)	Cestar College (Toronto)	Jan 5, 2011	4,341	3,893	3,817
	Queen's College (Mississauga)	May 25, 2016	1,475	1,286	1,631
Canadore (North Bay)	Stanford International College (Mississauga/Scarborough/Toronto)	Jun 25, 2012	1,888	1,921	4,636
St. Clair (Windsor)	ACE Acumen (Mississauga/Toronto)	Dec 12, 2013	1,191	1,102	2,613
Northern (Timmins)	Pures College (Scarborough)	Mar 24, 2015	2,282	2,612	4,088
Sault (Sault Ste. Marie)	triOS College (Toronto)	Jan 15, 2020	n/a <sup>3</sup>	n/a <sup>3</sup>	429
Loyalist (Belleville)	Toronto Business College (Mississauga)	Jan 21, 2020	n/a <sup>3</sup>	n/a <sup>3</sup>	442
Georgian (Barrie)	International Language Academy of Canada (Toronto)	Nov 30, 2020	n/a <sup>3</sup>	n/a <sup>3</sup>	n/a <sup>3</sup>
Mohawk (Hamilton)	triOS College (Mississauga)	Jan 25, 2021	n/a <sup>3</sup>	n/a <sup>3</sup>	n/a <sup>3</sup>
Niagara (Welland)	Toronto School of Management (Toronto)	Feb 11, 2021	n/a <sup>3</sup>	n/a <sup>3</sup>	n/a <sup>3</sup>
<b>Total</b>			<b>14,698</b>	<b>15,143</b>	<b>24,031</b>

Partnerships were established after the Ministry issued the Public College-Private Partnerships Minister's Binding Policy Directive in December 2019.

- Enrolment reporting for partnership campuses was standardized by the Ministry starting for fall 2020/21. Prior to that, some partnership enrolment numbers were reported on an ad hoc basis.
- The Ministry does not restrict the location of where a private partner can operate. According to the Entrepreneurial Activities Minister's Binding Policy Directive, colleges may enter into entrepreneurial activities, such as partnerships, outside the province of Ontario (see Section 4.2.4).
- n/a - Not applicable because the partnership agreements were not yet signed.

at a private college partner, there was no domestic enrolment for programs at any of the partnership campuses at the time of our audit. The Ontario model of these types of college partnerships was unique within Canada, at the time of our audit.

In December 2019, the Ministry issued the Public College-Private Partnerships Minister's Binding Policy Directive (Partnerships Directive) to outline the requirements for public-private college partnerships. The goals of the policy are to:

- support public colleges in being financially competitive, and to invest that economic benefit into their home campuses and local communities;

- strengthen Ontario's northern and small communities by encouraging international students to study outside the Greater Toronto Area and potentially remain there after their studies; and
- protect and enhance Ontario's reputation as a post-secondary education leader and great place to live and work.

The Partnerships Directive stipulates that the maximum international student enrolment at the private college campuses across Canada cannot exceed twice the amount of international student enrolment at the public college's home campus(es) (also known as the 2:1 enrolment ratio

requirement). Pre-existing public-private college partnerships that exceeded the 2:1 ratio were allowed to choose the highest international enrolment at the private college campus from any semester in 2018 or 2019 and establish a legacy enrolment limit at that level; enrolment at the partnership campus is not to exceed the legacy number until the 2:1 enrolment ratio requirement is met. This enrolment limit was established to incentivize public colleges to continue recruiting international students to their home campuses and local communities.

While the Partnerships Directive does not require the private partners to be registered private career colleges in Ontario, the existing partnerships are all between public colleges and private career colleges.

Subsequent to the completion of our audit work, the Ministry has approved an additional public-private college partnership between Fanshawe College located in London, and International Language Academy of Canada located in Toronto. As a result, there are a total of 12 public colleges with partnerships as of November 2021.

### 3.0 Audit Objective and Scope

The objectives of this audit were to assess whether the Ministry of Colleges and Universities (Ministry) has cost-effective procedures and systems in place to:

- monitor public colleges' compliance with the *Ontario Colleges of Applied Arts and Technology Act, 2002* and its regulation, as well as agreements and policies, to provide relevant career-oriented post-secondary education that meets the needs of the changing job market; and
- measure and publicly report on the Ministry's and public colleges' effectiveness in achieving the desired education outcomes.

In addition, this audit assessed whether select public colleges have procedures and systems in place to operate in a cost-effective manner and that they fulfill their responsibilities as established by the Ministry.

Further, this audit assessed whether the audited financial statements of the public colleges are relevant, reliable, timely and are prepared in accordance with Canadian public sector accounting standards.

In planning for our work, we identified the audit criteria (**Appendix 12**) we would use to address our audit objective. These criteria were established based on a review of applicable legislation, policies and procedures, internal and external studies, and best practices, including those related to board governance and the preparation of financial statements. Senior management at the Ministry and the four public colleges where we did detailed work (Loyalist, Sault, Seneca and St. Clair) reviewed and agreed with the suitability of our objectives and associated criteria.

We conducted our audit between January 2021 and September 2021. We obtained written representation from the Ministry and the four public colleges that, effective November 19, 2021, they had provided us with all the information they were aware of that could significantly affect the findings or the conclusion of this report.

In performing our audit work, we interviewed senior management and appropriate staff at the Ministry, and examined related data, files and documentation from the three-to-five-year period ending August 31, 2021, and in some cases from over the 10-year period ending on that date, provided by the Ministry.

As well, we spoke with the presidents and board chairs from all 24 public colleges to obtain information relevant to our audit. We conducted detailed file reviews and interviewed the board secretaries from four selected colleges: Loyalist, Sault, Seneca and St. Clair. We selected these colleges based on factors including the size of the college by enrolment, the number and percentage of international students, board governance practices, geographic location and other observations we made throughout our audit that prompted further examination. We examined information and data available at public colleges, and publicly available information, with

regard to the recruitment of international students. Our review did not examine the operations of recruitment agencies.

Our audit work was primarily conducted remotely due to the COVID-19 pandemic; however, we conducted on-site visits at three public colleges (Loyalist, Seneca and Humber) to observe their campus operations.

We interviewed senior management and reviewed relevant information from the following stakeholders:

- Colleges Ontario;
- Postsecondary Education Quality Assessment Board; and
- Colleges and Institutes Canada.

We also interviewed senior management from the Quality Assurance Service, and reviewed the documentation and processes the Quality Assurance Service uses to conduct audits of public colleges, as well as the audit reports produced. We also had discussions with representatives from the Ministry of Labour, Training and Skills Development regarding labour market trends. From the post-secondary education sector, we interviewed various Ontario and Canada-wide advocacy and consultancy groups including BC Colleges and Higher Education Strategy Associates. We researched best practices in other Canadian provinces including Manitoba, Alberta and British Columbia, as well as other countries such as Australia and we spoke to representatives from the Ministry of Advanced Education, Skills and Training in British Columbia. We also retained an external advisor to inform our review of board governance practices. In addition, we reviewed the relevant audit reports issued by the Province's Internal Audit Division to inform our audit work.

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 Standards of 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 Enrolment Trends of International Students

Over the past decade, the public college sector has experienced a significant upward trend in international student enrolments. Between 2012/13 and 2020/21, the sector saw a 15% decline in domestic enrolments (41,958 students), but a 342% growth in international enrolments (81,185 students). Several internal and external factors account for this significant upward trend:

- Public colleges have focused on increasing their recruitment of international students as a source of revenue in response to both declining domestic enrolments and the freeze on domestic tuition fees.
- Changes to the federal government's policies governing study and work permits. For example, after June 2014, international students holding a study permit could work up to 20 hours a week without applying for a separate work permit. Prior to this, students had to apply for a work permit, which required students to have studied for at least six of the previous 12 months in Canada prior to applying.
- Additionally, the Post-Graduation Work Permit Program allows international students to stay

in Canada after graduation to seek employment (**Appendix 13**). This program, introduced by the federal government in 2005, has become less restrictive over time. For instance, it no longer limits students to finding employment outside three large Canadian cities (Montreal, Toronto, Vancouver) or requires that employment be in a field related to their area of study. As well, the application time was extended from 90 days to six months, providing graduates with more time to find employment.

- Finally, Canada is considered one of the most desirable places in which to study for several reasons, including the quality of education and opportunity it provides to enhance one's English language skills.

College presidents and board chairs, and also as highlighted in Canada's International Education Strategy, noted that there are multiple benefits associated with international students. These benefits include helping local economies by obtaining trained potential employees that employers in certain fields demand; stimulating the local economy through student spending; increasing diversity within the region where students study; and helping local regions meet labour demands where the domestic demographic is shifting and would be unable to meet such demands. For non-university post-secondary students who obtained their study permits between 2010-2014, 30% became permanent residents within five years; this is an increase of 13% over the previous group of students who received their permits between 2005-2009.

However, this growth in international students is not without risks, which both the public college sector and the Ministry assume. These risks include a high reliance on a small number of countries for students and a high dependency on international students for the overall financial stability of public colleges and for a source of funds for capital investments in public college infrastructure. We also found that some public colleges have limited oversight of the process for recruiting international students.

#### 4.1.1 High Reliance on One Country for International Students Has Placed Public Colleges at Risk of Sudden Revenue Loss

A high reliance on international student enrolments from one country (in the case of Ontario public colleges, India) poses the risk of a sudden decrease in a significant revenue source if geopolitical factors and/or other external factors cause the large influx of students from that particular country to cease.

Most recently, this occurred in August 2018 in the case of another country, when Saudi Arabia recalled over 15,000 students from Canada. This event did not significantly impact Ontario's public colleges since the total enrolment of students from Saudi Arabia across all colleges was around 500. However, within the Ontario post-secondary education sector, the sudden withdrawal of students from Saudi Arabia has been cited as one factor contributing to Laurentian University's financial difficulties. Factors outside a post-secondary institution's control, such as geopolitical factors, can significantly affect educational institutions that rely highly on international student enrolments from a single country.

Several of the public college presidents and board chairs with whom we met raised as a concern this high level of dependency on one country for international student enrolments. From 2016/17 to 2020/21, between 48% and 62% of all international students studying at Ontario public colleges were from India (**Figure 9** shows a breakdown of international students by country of origin). These high percentages are primarily due to the large population in India and that many people from that country see Ontario as a relatively attractive place to study, work and/or live. As well, in 2014, the federal government streamlined the study permit process for students from India, making it easier for them to access education in Ontario public colleges. Over the same period, the percentage of international students from China decreased from 15% in 2016/17 to only 6% in 2020/21 due to a shift in these students' preference toward university-level education as well as political factors.

**Figure 9: Percentage of International Students by Country Studying at Ontario Public Colleges, 2016/17–2020/21**

Source of data: Ministry of Colleges and Universities

Country	2016/17	2017/18	2018/19	2019/20	2020/21
India <sup>1</sup>	48	57	60	59	62
China	15	10	8	7	6
Vietnam	2	4	5	5	4
South Korea	5	4	3	3	3
Brazil	2	3	2	2	2
Philippines	< 1	< 1	1	2	2
Nigeria	2	1	< 1	< 1	1
Iran	< 1	< 1	< 1	1	1
Ukraine	2	1	1	< 1	< 1
Jamaica	1	< 1	< 1	1	< 1
Russian Federation	1	< 1	< 1	< 1	< 1
Mexico	< 1	< 1	< 1	< 1	< 1
Colombia	< 1	< 1	< 1	< 1	< 1
Bangladesh	< 1	< 1	< 1	< 1	< 1
Turkey	< 1	< 1	< 1	< 1	< 1
Taiwan	< 1	< 1	< 1	< 1	< 1
Saudi Arabia	1	< 1	< 1	< 1	< 1
Venezuela	< 1	< 1	< 1	< 1	< 1
Japan	< 1	< 1	< 1	< 1	< 1
United States	< 1	< 1	< 1	< 1	< 1
Pakistan	< 1	< 1	< 1	< 1	< 1
Not reported	5	3	1	1	2
Other <sup>2</sup>	8	7	6	7	7
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

- The large increase in the percentage of international students from India is due to several factors, such as:
  - English is widely used in India, and many students already have sufficient English fluency to be accepted into and complete an Ontario college program.
  - India has the second largest total population in the world; about 60% is under the age of 30.
  - The middle class population in India is among the fastest growing in the world.
  - Entry into India's labour market is increasingly difficult for the growing number of young school graduates; meanwhile, the middle classes are increasingly able to pay for foreign education and seek education and work abroad.
- Other countries had enrolments of under 1% in Ontario public colleges. Specifically, 160 students from other countries enrolled in 2016/17, 161 enrolled in 2017/18, 158 enrolled in 2018/19, 170 enrolled in 2019/20 and 163 enrolled in 2020/21.

Lambton, Loyalist, Northern, St. Clair and St. Lawrence drew more than 90% of their international students from India, including those studying at the public-private college partnerships in 2020/21. For one college (Lambton), we estimated that a reduction of 12%, or 686, of their Indian students would have placed them in a financial break-even position, if all other factors remained unchanged. Additionally, more than half of the

international students enrolled are from India at 15 of the 24 public colleges (**Figure 10**).

Any changes to federal government policies, geopolitical factors or international students' preferences are out of the public college sector's and the Ministry's control. The Government of Canada's International Education Strategy for 2019–2024 identified that one of its three key objectives is for the post-secondary education sector to diversify the countries

**Figure 10: Percentage of International Students from India by Public College, 2020/21**

Source of data: Ministry of Colleges and Universities

Public College	% of International Students* from India
Northern	99
Loyalist	97
St. Lawrence	94
St. Clair	92
Lambton	91
Cambrian	87
Canadore	85
Fleming	83
Conestoga	81
Georgian	71
Confederation	69
Sault	65
Durham	58
Niagara	52
Sheridan	50
Mohawk	49
Centennial	47
Fanshawe	42
Humber	36
Seneca	36
Algonquin	32
George Brown	17
Boréal	<1
La Cité	0

\* The number of students from India as a percentage of total international students. The number of students includes those registered under public-private college partnerships.

that international students come from. Therefore, we would expect that the Ministry, on behalf of the colleges and sector as a whole, would also establish a comprehensive risk-mitigation plan or strategy to address the risks associated with a lack of such diversification. We noted that 11 of the 24 public colleges have included in either their annual reports or business plans a goal to diversify the countries from which their international students are recruited. However, not all of these colleges have published an action plan or strategy for achieving

and/or measuring this goal. One college (Durham) has published its target of recruiting from 90 different countries as a measure for diversification.

In November 2019, in response to a recommendation made by the Ontario Internal Audit Division, the Ministry indicated it would be conducting policy work with respect to a broader international student strategy. In August 2021, we inquired as to the status of the strategy. The Ministry had not yet prepared a formal strategy but informed us that the strategy was in the early phases of development and will include multiple objectives such as to ensure international students will study and stay in the province; to leverage government investments in post-secondary education; to address long-standing issues such as regional inequity and to support the province's economic recovery.

## RECOMMENDATION 1

To mitigate the risks of public colleges relying highly on the tuition revenues from international students from one country and to assist the public college system in proactively planning for related circumstances that are not within their control, we recommend that the Ministry of Colleges and Universities (Ministry):

- develop a formal and comprehensive strategy for the diversification of international students for the public college sector;
- require that public colleges establish risk mitigation plans, with clear action plans, timelines and measurable outcomes, that align with the Ministry's strategy; and
- require public colleges to report annually on their status of achieving their goals and take corrective actions when necessary.

## MINISTRY RESPONSE

International students are an important part of Ontario's post-secondary sector, reflecting the high-quality education offered by our colleges and universities, and our international reputation as a safe, multicultural and welcoming

environment. The Ministry will review these recommendations as part of its considerations in the development of an international post-secondary education strategy.

### 4.1.2 Public Colleges Are Increasingly Reliant on Tuition Fees from International Students to Remain Financially Sustainable

Our audit found that, based on the public college sector's current sources of revenue, the sector will remain financially sustainable overall if international student enrolment trends continue. (Figure 11 details the sector's revenue, expenditures and surplus from 2016/17 to 2020/21.)

Specifically, the public college sector's \$1.22 billion or 62% increase in its accumulated surplus from 2016/17 to 2019/20 was largely due to international student growth. As well, during the four years before the pandemic (2016/17–2019/20), revenue from international tuition fees increased 152% (from \$696 million to \$1,754 million), while domestic tuition and core operating grants from the Ministry decreased slightly (by 3% and 2%, respectively). In 2019/20, domestic tuition fee revenue decreased due to the 10% tuition fee reduction and tuition freeze put in place by the Ministry (as discussed in Section 2.2.5). This domestic tuition fee reduction and tuition freeze were noted as concerns by many public college presidents

**Figure 11: Public College Sector's Revenue, Expenditures and Surplus, 2016/17–2020/21 (\$ million)**

Source of data: Ministry of Colleges and Universities

	2016/17	2017/18	2018/19	2019/20	4-Year Change <sup>1</sup> (%)	2020/21
<b>Revenue</b>						
Tuition fee						
International	696	952	1,405	1,754	152	1,681
Domestic	867	821	927	843	(3)	802
Total tuition fee	1,563	1,773	2,332	2,597	66	2,483
Core operating grant	1,152	1,157	1,146	1,134	(2)	838
Other grants <sup>2</sup>	759	750	896	754	(1)	1,099
Other revenue <sup>3</sup>	893	984	1,103	1,042	17	677
<b>Total</b>	<b>4,367</b>	<b>4,664</b>	<b>5,477</b>	<b>5,527</b>	<b>27</b>	<b>5,097</b>
<b>Expenditures</b>						
Salaries and benefits	2,355	2,390	2,733	2,868	22	2,766
Operations <sup>4</sup>	874	952	1,068	1,087	24	978
Other expenditures <sup>5</sup>	949	1,002	1,133	1,239	31	1,163
<b>Total</b>	<b>4,178</b>	<b>4,344</b>	<b>4,934</b>	<b>5,194</b>	<b>24</b>	<b>4,907</b>
<b>Excess of Revenue Over Expenditures</b>	<b>189</b>	<b>320</b>	<b>543</b>	<b>333</b>	<b>76</b>	<b>190</b>
<b>Accumulated Surplus<sup>6</sup></b>	<b>1,949</b>	<b>2,279</b>	<b>2,840</b>	<b>3,165</b>	<b>62</b>	<b>3,387</b>

1. Change is calculated over a four-year period from 2016/17 to 2019/20. The calculation does not include 2020/21 operations as that fiscal year was significantly impacted by the COVID-19 pandemic and not representative of regular operations for comparison purposes.
2. Includes performance-based grants, special purpose grants, capital grants, other government grants and federal government funding.
3. Includes student ancillary fees; apprenticeship classroom fees; revenue generated from campus residences, parking, bookstores, cafeterias, day care centres, athletic centres, conference centres, and contractual and other fee-for-services; other sales of course products/services; donations; investment income; fines and penalties; rental of facilities and miscellaneous income.
4. Includes pension plans, professional services, utilities and maintenance.
5. Includes expenditures such as amortization and ancillary expenses.
6. Accumulated surplus is the net assets, which include unrestricted net assets, internally restricted net assets, investment in capital assets, restricted contributions and endowments.

and board chairs during our discussions, with some stating that they have created a reliance by public colleges on international student tuition fees for revenue to support their operations.

Growing their international student tuition revenue stream has been the primary means by which public colleges have increased their overall revenue. We noted that, in 2020/21, sector-wide revenue from international tuition fees was 67.7% of the total tuition fee revenue, up from 44.6% in 2016/17; international students represented 30% of

public colleges' total enrolment, while domestic students represented 70%. **Figure 12** shows that almost every college experienced a significant increase in the percentage of tuition revenue received from international tuition fees from 2016/17 to 2020/21.

As well, **Appendix 5** shows that international tuition fee revenue as a percentage of total college revenue increased from 8% (the lowest revenue source) in 2011/12 to 33% (the highest revenue source) in 2020/21. In particular, for four colleges (Canadore, Centennial, Northern and St. Clair), international

**Figure 12: International Students' Tuition Revenue as a Percentage of Total Tuition Revenue of Public Colleges\***

Prepared by the Office of the Auditor General of Ontario

Public College	2016/17	2017/18	2018/19	2019/20	2020/21
Northern	49.3	77.1	81.8	89.7	92.0
Canadore	65.3	79.9	80.9	84.2	91.2
Lambton	23.6	42.5	53.5	81.1	84.5
St. Clair	18.3	38.3	68.2	79.3	84.4
Centennial	73.6	79.2	82.4	83.7	81.5
Conestoga	41.3	54.3	70.0	79.4	79.7
Sault	12.7	21.7	45.4	70.3	78.7
Cambrian	25.1	39.3	50.3	71.2	74.7
Confederation	45.2	54.4	63.9	72.1	74.4
Niagara	57.4	67.0	72.4	75.3	72.8
Loyalist	22.5	38.3	50.3	64.7	71.7
Fanshawe	47.2	58.8	64.4	70.1	69.4
Seneca	49.6	53.4	57.9	67.2	68.1
St. Lawrence	32.4	50.0	55.7	63.9	67.6
Sheridan	57.8	61.8	62.9	67.1	65.0
Georgian	30.3	40.8	51.5	60.9	61.0
George Brown	45.8	50.8	53.8	58.9	60.6
Fleming	31.6	53.1	63.4	64.1	59.7
Mohawk	40.6	50.8	53.5	59.4	58.2
Humber	40.2	48.3	50.7	55.0	46.3
Algonquin	26.2	33.2	38.6	46.3	43.5
La Cité	16.2	17.3	23.4	36.4	42.9
Durham	19.9	32.1	40.4	44.8	42.5
Boréal	7.0	8.1	12.5	24.1	23.0
<b>Provincial Avg</b>	<b>44.7</b>	<b>54.0</b>	<b>60.5</b>	<b>67.5</b>	<b>67.7</b>

■ Highest in particular year   ■ Lowest in particular year

\* The percentages are calculated based on the total amount of tuition fees received from international students, including public-private college partnership students, to the total amount of tuition fees received by each public college by fiscal year. Prior to 2019/20, the tuition fee revenue earned from public-private college partnership students may not be included for certain colleges as the data was not separately collected by the Ministry at that time. The percentages do not account for ancillary revenue or other fees collected from students.

tuition fees represented over half of their total revenue in 2020/21, with the highest (Canadore) at 60%.

Colleges in northern areas and smaller communities saw the largest growth in international student tuition revenue compared to colleges in larger urban areas during this period. For example, between 2016/17 and 2020/21, Sault's tuition revenue from international students increased from 12.7% to 78.7%.

Of the public colleges without public-private college partnerships, Centennial is also highly reliant on international tuition fees and has had the highest proportion (ranging from 73.6% to 83.7%) of its total tuition revenue coming from international tuition fees for the past five years. A key factor contributing to the high percentage of international students at this college is its location in the Greater Toronto Area, a region where international students prefer to live and study, in a country that is considered one of the top destinations for studying abroad. Boréal has the lowest percentage (ranging from 7.0% to 24.1%) of international student tuition fees compared to total tuition revenue. It is a French-language college, and there are challenges associated with providing French-language programs and services in predominantly English-speaking communities, including challenges in recruiting Francophone students internationally that want to study in Ontario. Similarly, the only other French-language college, La Cité, had one of the lowest percentages of international student tuition fees relative to total tuition revenue, at 42.9% in 2020/21. The main factor for current and future financial sustainability is growth in revenue, which has relied upon international students in recent years.

Also shown in **Figure 11**, public colleges' largest expenses are salaries and benefits for academic faculty, support and administrative staff. We found that the increase of staffing across the public college sector is in line with the growth in international student enrolments. In particular, from 2016/17 to 2019/20, full-time-equivalent staff increased from about 32,900 to 35,690.

### Public Colleges Have Relied on Surpluses Generated from International Students for Capital Improvements Since at Least 2016

Even though public colleges are non-profit Crown entities, accumulated surpluses are important for their future financial flexibility. For example, these surpluses can be used for capital expenditures (capital maintenance and new capital builds), which are mainly funded by colleges' internal resources. Over the past five years, many public colleges have relied on international student revenues for their annual surpluses.

For the four colleges we reviewed in-depth, over a five-year period from 2016/17 to 2020/21, the largest sources of funding for capital expenditures (during 14 of the 20 years we analyzed) were generated through the colleges' operations and donations raised. Other funding sources included the Ministry, federal and provincial government grants, and additional sources.

Capital expenditures for a college primarily consist of site and building improvements and equipment purchases. In certain years where a college may undergo a planned expansion, such as the construction of a new building or facility, the college would need to use a significant amount of its cash reserves. **Figure 13** provides an example where a public college has relied on surpluses generated through the growth of international student enrolments not only for financial sustainability, but also for capital improvements.

### Wide Variation in Financial Health Exists between the Public Colleges Due to International Students

While there is an overall collective surplus across all public colleges, we found a wide variation in financial health between public colleges. This variation is largely due to revenues from increased international student enrolments. Certain colleges became better financially prepared for unexpected expenditures that could arise.

**Figure 14**, which details each public college's annual surplus (or deficit) since 2016/17, shows that for each year there is a large variation across colleges

### Figure 13: Example of a Public College Relying on Surpluses Generated from International Students through a Public-Private College Partnership

Prepared by the Office of the Auditor General of Ontario

Lambton College, with the support of a public-private college partnership, experienced a large growth in its annual surplus, in part due to the growth of its international student enrolment at the private college that it had partnered with.

From 2016/17 to 2017/18, enrolment increased about 3,300 students, to 5,834 students in total. During this time, the annual surplus increased \$12 million, to \$23 million in total. From 2017/18 to 2020/21, the college spent from \$10 million to \$41 million, annually, on capital additions, and the percentage that was funded by the Ministry ranged from 3% to 31%.

The ability of public colleges to continue investing in infrastructure improvements will depend on the surpluses they generate, which are largely derived from international students and any public-private college partnership. This places further reliance on these sources not only for operational financial sustainability, but also for future capital improvements.

### Figure 14: Annual Surplus (Deficit)<sup>1</sup> for Each Public College, 2016/17–2020/21 (\$ million)

Source of data: Ministry of Colleges and Universities

	2016/17	2017/18	2018/19	2019/20	4-Year Change <sup>2</sup>	2020/21
Conestoga	6.17	19.34	39.24	32.16	25.99	29.95
St. Clair	7.88	13.31	40.24	31.08	23.20	39.21
Sheridan	21.32	33.19	48.01	28.72	7.40	2.01
Centennial	16.44	34.03	59.57	28.55	12.11	0.89
Fanshawe	7.92	22.87	30.37	26.78	18.86	6.87
Humber	23.29	32.52	32.13	25.50	2.21	11.69
Seneca	16.95	18.12	22.89	21.26	4.31	21.51
Northern	2.69	10.71	14.84	18.59	15.90	21.08
Niagara	3.47	13.95	32.37	17.78	14.31	0.10
Lambton	10.97	23.06	25.17	15.25	4.28	8.00
George Brown	14.94	24.00	31.25	14.93	(0.01)	3.29
Algonquin	5.58	13.51	14.96	14.74	9.16	2.89
Cambrian	1.98	8.31	7.37	9.18	7.20	8.71
St. Lawrence	6.39	11.61	13.24	7.80	1.41	7.12
Sault	0.60	2.22	10.65	5.40	4.80	3.87
Loyalist	2.42	3.11	9.15	6.86	4.44	5.63
Mohawk	23.31	12.47	21.64	6.30	(17.01)	2.86
Georgian	3.01	1.69	16.75	5.16	2.15	2.33
Confederation	0.91	1.42	17.78	4.82	3.91	5.62
La Cité	1.36	3.52	11.37	3.78	2.42	4.83
Fleming	4.76	7.81	13.48	2.18	(2.58)	(3.36)
Durham	6.95	7.30	17.43	2.01	(4.94)	(3.49)
Boréal	0.02	0.31	5.55	0.96	0.94	0.41
Canadore	(0.63)	(1.37)	7.90	0.82	1.45	7.97
<b>Total</b>	<b>188.70</b>	<b>317.01</b>	<b>543.35</b>	<b>330.61</b>	<b>141.91</b>	<b>189.99</b>

1. Annual surplus (deficit) is the total revenue minus total expenses for the fiscal year.

2. Change is calculated over a four-year period from 2016/17 to 2019/20. The calculation does not include 2020/21 operations as that fiscal year was significantly impacted by the COVID-19 pandemic and not representative of regular operations for comparison purposes.

in how much their revenues exceeded their expenses; for example, in 2019/20, this variation ranged from \$0.82 million (Canadore) to \$32.16 million (Conestoga). This result is also reflected in the change in colleges' surpluses each year. To review each college's financial health, factoring in their enrolment size, we compared a college's available net assets to its number of full-time-equivalent students enrolled each year in 2015/16 and 2019/20 (Figure 15). The available net assets of a college represent its total assets minus total liabilities, and exclude any externally restricted funds that cannot be used for regular college operations or capital expenditures. This approximates the amount of reserves the college has available, which we compared to its annual full-time-equivalent enrolment to determine the strength of the college's reserves compared to its enrolment size. We found that half the colleges have two or more times the available net assets per full-time-equivalent student compared with the four colleges that have been performing at the bottom of this measure over the five-year period (2015/16 to 2019/20). Accordingly, the colleges with more net assets available per student have more capacity to reinvest in their infrastructure and improve their campus.

#### Five of Six Public Colleges with Partnerships with Private Colleges Could Have Incurred Operating Deficits Had They Not Received International Student Tuition Partnership Revenue in 2019/20

Smaller colleges, and particularly those in northern areas or small cities, have been experiencing declining domestic enrolments mainly due to both their regions' changing demographics. As such, these colleges have become highly dependent financially on international students but increasingly face challenges in attracting these students to their home campuses; this was raised as a concern by several of the smaller colleges' presidents and board chairs with whom we met.

To address this situation, between 2005 and 2021, 11 colleges entered into public-private college partnerships with private career colleges located in the Greater Toronto Area. Because many international students prefer to study in the Toronto region, these

**Figure 15: Public Colleges' Available Net Assets<sup>1</sup> per Full-Time-Equivalent Enrolment,<sup>2</sup> 2015/16 and 2019/20**

Prepared by the Office of the Auditor General of Ontario

Public College	2015/16	2019/20	Change (\$)
Northern	2,678	26,840	24,162
Lambton	5,864	17,207	11,343
Humber	12,723	16,041	3,318
Boréal	9,109	13,271	4,162
St. Clair	3,207	10,400	7,193
Fanshawe	7,427	10,369	2,942
Sault	4,422	10,346	5,924
Centennial	5,179	10,283	5,104
Niagara	4,501	10,095	5,594
Sheridan	5,236	10,064	4,828
George Brown	6,307	9,299	2,992
Confederation	1,420	8,606	7,186
Seneca	5,838	8,166	2,328
La Cité	4,084	7,683	3,599
Algonquin	4,755	6,507	1,752
Conestoga	2,066	6,195	4,129
Mohawk	2,405	6,091	3,686
Cambrian	2,464	5,926	3,462
St. Lawrence	1,881	5,767	3,886
Fleming	1,091	4,555	3,464
Loyalist	(529)	4,047	4,576
Durham	388	2,703	2,315
Georgian	172	2,153	1,981
Canadore	(592)	1,598	2,190
<b>Average</b>	<b>3,837</b>	<b>8,926</b>	<b>5,089</b>

Top 12 of each year.

1. Available net assets represent the colleges' total assets minus total liabilities and excludes any externally restricted funds that cannot be used for regular college operations, such as externally restricted assets and endowment funds. This represents the reserves the colleges have available to use on their operations, which are not subject to external restrictions on how funds must be spent.
2. Full-time-equivalent enrolment includes the total headcount of full-time students plus part-time students who study, at maximum, two-thirds (66.7%) of a full-time course load.

partnerships were established to provide the public non-GTA colleges with an additional source of revenue from the increased international student enrolment at their private college partner's campus.

Six of these 11 colleges formed partnerships prior to December 2019. Our analysis found that, for 2019/20 alone, five of these six public colleges could have been in a deficit position had they not received this partnership revenue, unless they reduced their operating costs in response to lower enrolments. Based on the colleges' estimate of incremental costs related to the partnerships, the estimated potential reduction in expenses may not be sufficient for all the colleges to present a surplus position annually (**Figure 16**).

In addition, we noted that a change to the federal Post-Graduation Work Permit poses a risk for public colleges that have entered into partnership arrangements. International students are motivated to study at post-secondary institutions that provide access to these permits, such as public colleges. Currently, private career college graduates are not eligible to apply. If the federal policy were changed to allow graduates of private career colleges

to obtain these permits, there would be little incentive for those private career colleges to maintain their partnerships with public colleges. In February 2019, Immigration, Refugees and Citizenship Canada confirmed, in response to a request made under the *Access to Information Act*, that the National Association of Private Career Colleges has been lobbying for many years to gain access to the work permit for their member institutions. Prior to issuing the Partnerships Directive, the Ministry consulted with Immigration, Refugees and Citizenship Canada to discuss the potential risks of a policy change. The Ministry also maintains periodic communication with the federal department on this issue. Some of the concerns raised by Immigration, Refugees and Citizenship Canada are addressed in the Partnerships Directive; however, enforcement of the Partnerships Directive to address these concerns has not occurred. This is further discussed in **Section 4.2.1**.

**Figure 16: Estimated Financial Impact on Public Colleges' Surpluses without Revenue Generated from Public-Private College Partnerships in 2019/20 (\$ million)**

Prepared by the Office of the Auditor General of Ontario

Public Colleges in Partnership Agreements with Private Colleges as of 2019/20 <sup>1</sup>		Surplus <sup>2</sup> for 2019/20 (A)	Net Revenue <sup>3</sup> Generated from Public-Private College Partnership Only (B)	Projected Surplus (Deficit) <sup>4</sup> Excluding Revenue Generated from Public-Private College Partnership (A) – (B)
Cambrian	Hanson College	9.18	12.78	(3.60)
Canadore	Stanford International College	0.82	16.63	(15.81)
Lambton	Cestar College, Queen's College	15.25	17.20	(1.95)
Northern	Pures College	18.59	22.38	(3.79)
St. Clair	ACE Acumen	31.08	8.81	22.27
St. Lawrence	Alpha International Academy, Canadian College	7.80	14.31	(6.51)
<b>Total</b>		<b>82.72</b>	<b>92.11</b>	<b>(9.39)</b>

1. Six public colleges have partnerships with private colleges that operated for the entire 2019/20 fiscal year. Two public colleges entered into partnerships in January 2020, so the partnership operations do not reflect a full year to assess its financial impact on the colleges.
2. Surplus is calculated based on college-reported excess of revenue over expenses for the year.
3. Net revenue equals the total revenue received by public colleges minus the amount paid by public colleges to the associated private career college under their partnership agreement.
4. These estimates keep all other factors of the college's operations equal and do not consider the expenditures the college may have chosen to delay if it did not earn the extra funds generated by the partnership. The estimates also do not consider other costs spent on public college staff or other resources to establish and manage the partnership. The public colleges estimated that incremental costs related to the partnerships represent up to 0.5% of their annual expenses. This estimate of avoidable expenses would not be sufficient for the colleges with a projected deficit to be in a surplus position without the public-private college partnership.

As mentioned in **Section 4.1.1**, the Ministry has not yet prepared a formal strategy, including options to diversify revenue streams, for the sector.

## RECOMMENDATION 2

As part of the comprehensive international student strategy discussed in **Recommendation 1**, we recommend the Ministry of Colleges and Universities work with public colleges to develop a long-term strategy for the sector, including options to diversify revenue streams to reduce the sector's high reliance on international students.

## MINISTRY RESPONSE

In line with **Recommendation 1**, the Ministry will work with public colleges, as well as other key post-secondary education stakeholders (for example, publicly assisted universities, students, etc.), as it considers the development of an international post-secondary education strategy.

### 4.1.3 Public Colleges Conduct Limited Oversight over International Student Recruitment Agencies

Public colleges typically use numerous recruitment agencies to attract international students to study at their institutions. It is each public college's responsibility to oversee its recruitment of international students. For the four public colleges we reviewed in-depth, we noted that the number of contracted recruitment agencies varied from about 40 to 400.

Based on our review of the four colleges we reviewed in-depth, we found that while they have internal processes for their review of recruitment agencies, none of them have formal policies in place that outline specific criteria for the selection and removal of these recruitment agencies. Without a formal policy, it will be at the discretion of college staff or management to determine which agency to contract with or not. For example, we noted that one college requires two references to contract a recruitment agency, while the other three colleges generally

perform reference checks, but are not required to do so. According to Manitoba's *International Education Act* and best practices, education providers should obtain at least three references before they sign a contract with these agencies.

In addition, our audit found misleading advertisements posted on some of the recruitment agencies' websites, which in themselves, can create a reputational risk for the public college sector as a whole and also highlights the need for further scrutiny of these agencies. For the four public colleges we reviewed in-depth, we reviewed a sample of 100 international recruitment agency websites (25 for each college). Most (93) of them presented accurate information; however, seven made misleading claims. Examples of misleading claims were related to the visa approval process, such as ensuring 100% success, providing "visa assurance," and guaranteeing positive scores on the International English Language Testing. **Figure 17** provides more detailed examples of the misleading advertisements we identified. We found that the four colleges monitor agency advertising and/or approve marketing materials only when they relate to their college branding. However, the instances of misleading claims we found were related to general statements made about the application process by the agencies. These misleading claims, while not specific to a college, still do not accurately reflect the application process to students and should be monitored by the colleges on a regular basis.

The recruitment agencies are remunerated based on commissions paid by the public college. Since these commissions are calculated as a percentage of tuition paid by international students, recruitment agencies are incentivized to enrol as many students as they can in the programs that charge the highest tuition fees. We noted that commissions paid to recruiters at the four colleges varied, ranging from 15% to 32% of first-year tuition fees. These commission amounts are equivalent to about 5% to 14% of colleges' non-salary-related expenditures, from \$0.9 million to \$15.9 million in 2020/21 (**Figure 18**). This is equivalent to \$753 to \$1,455 paid

## Figure 17: Examples of Misleading Advertisements Posted on Certain International Recruitment Agencies' Websites

Prepared by the Office of the Auditor General of Ontario

### Example 1:

At the time of our audit, four international recruitment agencies were providing misleading information regarding visitor visa approvals. For example, two agencies publicly posted that they could provide “visa assurance” or that they could “ensure 100 percent visa success.” The other two agencies claimed to “ensure a high visa success rate.” We noted that while the use of these agencies' services may help potential students navigate the visa application process, they cannot guarantee visa approval.

### Example 2:

Another two agencies were misleading students on the International English Language Testing System process as they listed “guaranteed scores” as a benefit of using their test preparation services, which cannot be guaranteed. Another agency stated that students will receive their test results prior to the “official announcement date,” to which no agency should have access.

### Example 3:

One of the agencies identified in Example 1 also implied that students would receive college admissions more easily with their services. This agency advertised that benefits such as “priority admission, relax(ed) entry criteria, faster institute response [and] quick offer letter” would be given to students using their services.

to agencies to recruit international students on a per student basis. However, this remuneration structure does not consider qualitative factors such as students' satisfaction of the recruitment processes and whether they were provided with accurate and complete information at the time of recruitment. We noted that one college (Sault) included a clause in its contract that “agencies cannot make claims about visas”; however, contracts we reviewed for the other three colleges did not include this specific clause.

The Framework for Programs of Instruction Minister's Binding Policy Directive states that boards of governors are responsible for ensuring that college advertising and marketing do not contain inaccurate or deceptive claims with regard to programs offered. There is no similar requirement related to advertising of college admissions processes, such as visa and language testing.

## RECOMMENDATION 3

So that international students who are recruited to attend public colleges in Ontario are provided with accurate information to make informed

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

- expand the Ministry's directive requirements to include the advertising of college admissions processes, such as visa and language testing;
- confirm that public colleges have a formal policy for the selection and removal of international student recruitment agencies;
- require public colleges to monitor the agencies' advertisements at a regular interval (between three and six months) to confirm they are factually correct, and that any errors or other misleading advertisements found are corrected in a timely manner; and
- collect data related to fees paid to recruitment agencies, and assess the reasonableness of the fees paid on a per student basis.

## MINISTRY RESPONSE

The Ministry is supportive of creating the conditions that make it easier for everyone to access a high-quality post-secondary education.

The Framework for Programs of Instruction Minister's Binding Policy Directive requires that all

**Figure 18: Commission Paid by Public Colleges to International Recruitment Agencies\* (\$ 000)**

Prepared by the Office of the Auditor General of Ontario

	2016/17	2017/18	2018/19	2019/20	2020/21
Algonquin	1,617	2,579	3,598	4,041	1,931
Boréal	-	-	-	-	6
Cambrian	753	1,814	1,732	2,368	1,180
Canadore	561	1,623	2,498	2,541	3,390
Centennial	9,329	12,469	14,651	17,139	9,742
Conestoga	4,175	9,024	13,810	19,930	13,953
Confederation	473	1,138	1,372	1,766	837
Durham	802	1,710	2,989	2,727	1,363
Fanshawe	6,215	8,120	10,695	12,520	8,518
Fleming	1,420	3,796	4,467	4,414	1,613
George Brown	4,292	5,714	6,640	6,834	4,901
Georgian	2,060	3,167	5,369	5,497	3,300
Humber	4,600	6,100	7,000	7,800	5,500
La Cité	13	20	37	71	75
Lambton	9,448	19,131	13,303	10,329	14,692
Loyalist	435	786	1,505	2,565	902
Mohawk	2,890	3,200	3,421	4,364	2,268
Niagara	3,782	8,026	11,102	7,363	4,407
Northern	37	47	112	906	266
Sault	1,394	372	1,157	1,534	2,423
Seneca	6,726	9,656	14,177	18,287	15,863
Sheridan	5,479	6,458	6,121	7,478	5,046
St. Clair	152	3,358	11,650	15,085	11,601
St. Lawrence	889	1,321	1,770	1,552	887
<b>Total</b>	<b>67,542</b>	<b>109,629</b>	<b>139,176</b>	<b>157,111</b>	<b>114,664</b>

 Colleges selected for detailed review for this audit.

\* The Ministry does not track this information.

marketing relating to college programs, whether undertaken directly by the college or indirectly by persons or entities acting on the college's behalf, be accurate and transparent. The Ministry will consider potential revisions to the Directive to provide additional clarity regarding the marketing of college programs to international students. Public colleges have the authority to determine the policies they have in place regarding international student recruitment agencies.

#### 4.1.4 Domestic Students Generally Have Access to Public Colleges Despite International Student Growth

At the four colleges we selected for detailed review, we found that qualified domestic students who applied to these colleges between 2015/16 and 2019/20 generally had access to the colleges to which they applied, despite increasing numbers of international students during that period.

Our analysis found that the number of domestic students applying each year has decreased for the four colleges. This declining trend in applications is consistent with Ontario’s demographic trends and high school graduates’ preferences shifting toward university, rather than college, education. As shown in the application and acceptance data of domestic students in **Appendix 14**, from 2015/16 to 2019/20, all four colleges have seen a decrease in domestic applications. We also noted that the domestic acceptance rate (which represents the number of students accepted as a percentage of applicants) has not declined significantly over the same time period.

In the Admissions Criteria Minister’s Binding Policy Directive, preference must be provided to residents of Ontario when selecting applicants to accept into oversubscribed programs. This represents any program where the number of applicants who meet the admissions criteria exceed the number of spots available for acceptance. After all qualified residents of Ontario are accepted, then residents of other provinces and territories in Canada are considered, and then finally all other applicants. However, the Ministry does not monitor college information at the program capacity/seats available level for oversubscribed programs. As such, it is unable to confirm that residents of Ontario are given admissions priority as per the Admissions Criteria Minister’s Binding Policy Directive.

#### RECOMMENDATION 4

So that domestic students continue to have access to study at public colleges and high-demand programs, we recommend that the Ministry of Colleges and Universities track applicant information and confirm that Ontario residents are given priority to oversubscribed programs.

#### MINISTRY RESPONSE

The Ministry will explore what processes will have to be put in place to ensure consistent tracking and analysis of acceptance rates.

## 4.2 Public-Private College Partnerships

As discussed in **Section 2.4**, some public colleges have established partnerships with private career colleges (public-private college partnerships) for the delivery of public college programs. As shown in **Appendix 11**, in September 2017 the Ministry informed the public colleges with partnerships that they were to be wound down, as the partnerships were deemed to be not consistent with the Ministry’s goals for the delivery of international post-secondary education. However, in December 2018, the then Minister determined that public-private college partnerships would be permitted to continue within limits. We inquired on several occasions for documentation outlining the rationale for the reversal of the Ministry decision. Ministry staff were unable to provide any documentation outlining the factors that led to the Minister’s decision to allow the partnerships to continue.

Under the existing partnership agreements, the public college obtains a portion of the tuition revenue—usually between 20% and 30%—with its private college partner keeping the remainder. We noted that five of the private career colleges that have entered into partnerships with public colleges earned almost 100% of their total revenue from these partnership arrangements. The net profit margins for these private partners ranges between 18% and 53% based on their 2020 audited financial statements.

Further, our audit found that some of these partnerships did not uphold enrolment requirements, and that their quality assurance and student support processes could be strengthened. These findings are further discussed below.

### 4.2.1 The Ministry Has Not Taken Timely Action to Have the Public-Private College Partnerships Comply with the Ministry’s International Student Enrolment Maximums

The Public College-Private Partnerships Minister’s Binding Policy Directive (Partnerships Directive)

states that the private college partner campus(es) (partnership campus) can enrol a maximum of two international students for every international student at the public college's campus(es) (home campus). The six public colleges that already had partnerships established when the Partnerships Directive came into effect in December 2019 were allowed to choose their highest partnership enrolment level in 2018 or 2019 and establish a legacy enrolment limit at that level. Since five of these had higher enrolment than the 2:1 enrolment ratio requirement in a previous semester in 2018 or 2019, they chose a legacy enrolment limit at their highest international student enrolment levels from either of those years.

If a college's legacy enrolment level exceeds the 2:1 ratio, international student enrolment at the partnership campus cannot increase above the legacy number until the home campus enrolment increases and the 2:1 ratio is achieved. Public colleges that exceed the 2:1 ratio must submit an enrolment plan to the Ministry with a timeline that indicates when the 2:1 ratio will be achieved. However, the Ministry did not give a deadline for when these colleges had to submit these plans.

We assessed the partnership enrolment levels using fall 2020 enrolment data and found that international student enrolment at four of the five partnership colleges increased beyond their legacy levels (as shown in **Figure 19**). We also found that, as of September 2021, two of the five colleges with legacy enrolment limits had not yet submitted an enrolment plan indicating when they would not exceed the required 2:1 enrolment ratio maximum. The Ministry indicated that, due to COVID-19, colleges had to undertake significant work to ensure program continuity and provide services. As a result, at the time of our audit, the Ministry had not yet established a deadline for receipt of these plans.

We reviewed the three enrolment plans that were submitted from Lambton, Northern and Canadore (**Figure 20**). We noted that Lambton forecast its enrolment out to 2030 and indicated that over this period it will not be in compliance with the 2:1 enrolment ratio requirement. Northern plans to increase international student enrolment at its partnership campus above its legacy level. Canadore projects to decrease its enrolment ratio to 2.4:1 by winter 2022 but did not indicate when it expects

**Figure 19: International Student Enrolments at Public Colleges That Have Public-Private College Partnerships and Their Compliance with Enrolment Requirements**

Prepared by the Office of the Auditor General of Ontario

Public College	Private Career College Partner	Legacy Partnership Campus Enrolment <sup>1</sup>	Fall 2020 Partnership Campus Enrolment (A)	Fall 2020 Home Campus Enrolment (B)	Partnership-Campus-to-Home-Campus-Ratio (A):(B)	College Submitted an Enrolment Plan as of May 2021
Cambrian	Hanson Canada	2,409	3,061	1,122	2.7:1	No
Canadore	Stanford International College	2,446	4,636	527	8.8:1	Yes
Lambton	Cestar College, Queen's College	7,377	5,448	614	8.9:1	Yes
Northern	Pures College	2,612	4,088	477	8.6:1	Yes
St. Clair	ACE Acumen	n/a <sup>2</sup>	2,613	3,858	0.7:1	n/a <sup>2</sup>
St. Lawrence	Alpha International Academy, Canadian College	2,187	3,314	1,060	3.1:1	No

Enrolment exceeded legacy level and 2:1 ratio was not met

- Private partnership colleges are not supposed to increase their international student enrolment above the legacy number until their home campus enrolment increases and a home-campus-to-partnership-campus ratio of 2:1 or lower is achieved.
- St. Clair College was not required to submit a plan because its home-campus-to-partnership-campus ratio did not exceed the 2:1 ratio.

## Figure 20: Summaries of Public Colleges' Plans Submitted to the Ministry Related to Meeting the Required 2:1 Enrolment Ratio under the Public College-Private Partnerships Minister's Binding Policy Directive

Prepared by the Office of the Auditor General of Ontario

### Plan 1: Northern College

Northern submitted its first enrolment plan to the Ministry in December 2019, and a revised plan in October 2020 to reflect the impact of COVID-19 on its enrolment projections. The college projects international student enrolment growth every year at its home campus, from 910 international students in 2020 to 2,500 by 2025. The college estimates it will comply with the 2:1 enrolment ratio requirement in 2023.

In its October 2020 plan, Northern indicated that its partnership campus enrolment was about 4,100 in fall 2020. This represents an increase of 1,488 students above its legacy enrolment level of 2,612. This growth does not comply with the Partnerships Directive, which states that partnership campuses are not to increase their international student enrolment above the legacy amount until the 2:1 enrolment ratio requirement is met. With this increase in partnership campus enrolment, Northern's enrolment ratio increased as per **Figure 19**.

To comply with the 2:1 enrolment ratio requirement, Northern plans to reduce intake at its partnership campus in May and September 2021, and January 2022. This action would decrease enrolment at its partnership campus by approximately 500 students each year from 2021 to 2023, until Northern complies with the legacy enrolment threshold and the 2:1 enrolment ratio requirement.

### Plan 2: Lambton College

Lambton applied for ministerial approval to renew its two existing partnerships in July 2020 and also submitted its enrolment plan to the Minister in September 2020. The enrolment plan forecasts enrolment out to 2030 and indicates that the college will not comply with the 2:1 enrolment ratio requirement during this time, nor does it provide an indication as to when the requirement will be met. The college projects that it will have a 3:1 enrolment ratio in 2031.

Ministry staff sought direction from the Minister on whether to recommend approval of the renewal applications given that the enrolment plan does not specify when the college will comply with the 2:1 enrolment requirement, and therefore does not comply with the Partnerships Directive. Rather than requesting a new enrolment plan from the college that includes a timeline for compliance with the enrolment ratio, the Minister accepted Lambton's enrolment plan and allowed the approval process for renewal to proceed.

### Plan 3: Canadore College

Canadore submitted its enrolment plan to the Ministry in January 2021. Canadore estimated that its enrolment ratio would decrease from 6:1 in winter 2021 to 2.4:1 by winter 2022 due to the college closing intake at the partnership campus earlier than previous years, to limit enrolment. The college also had plans to introduce special programs at the home campus to increase international enrolment.

The enrolment plan did not specify when the college would comply with the 2:1 enrolment requirement, and therefore does not comply with the Partnerships Directive, but the college indicated that a three-year detailed enrolment forecast would be provided at a later time. The enrolment forecast had not been received by the Ministry, nor had the Ministry requested a new enrolment plan from Canadore, at the time of our audit.

to achieve the 2:1 requirement. As such, none of the three colleges' plans complies with the Partnerships Directive.

The December 2019 Partnerships Directive also states that the Ministry will:

- assess the colleges' compliance with the enrolment requirements on an annual basis, starting in fall 2020, using fall 2020 enrolment numbers;
- evaluate the colleges' progress on meeting their timelines as part of a policy review in fall 2021; and

- consider compliance measures to ensure the policy's requirements are met and update the Directive as needed.

In August 2020, the Ministry communicated to the colleges that international enrolments would be assessed on a case-by-case basis in fall 2020. The Ministry acknowledged the impact of COVID-19 on college partnerships, but confirmed that the partnership enrolment ratio requirement would remain in effect. However, we found that as of May 2021, the Ministry had not completed an assessment of the colleges' fall 2020 enrolments or whether the colleges complied with the 2:1 enrolment ratio requirement in accordance with the Partnerships Directive. As of September 2021, the Ministry has not yet decided to conduct a formal assessment of the enrolment requirements for fall 2021. As well, it had not developed a plan to conduct the policy review as required by the Partnerships Directive.

We also found that in August 2020, the Ministry received Cabinet approval to implement financial penalties for non-compliance with either the enrolment ratio requirement for new partnerships or the legacy enrolment levels for pre-existing partnerships. Subsequently, the Ministry drafted a revision to the Partnerships Directive to include compliance measures. At the time of our audit, the Minister had not yet given approval to issue a revised Partnerships Directive. As a result, there are currently no penalties in place for non-compliance with the Partnerships Directive.

## RECOMMENDATION 5

To comply with the Public College-Private Partnerships Minister's Binding Policy Directive, we recommend that the Ministry of Colleges and Universities:

- set a timeline for public colleges to submit their international enrolment plans and establish a reasonable and timely date to comply with the 2:1 international enrolment ratio requirement; and

- implement penalties or other measures for non-compliance with the Directive.

## MINISTRY RESPONSE

The Ministry acknowledges the delay in enforcing the requirement to submit enrolment plans and in implementing compliance measures. As part of its planned review of the Directive, the Ministry will establish a timeline for colleges to submit enrolment plans and implement compliance measures through the release of a revised Directive.

## RECOMMENDATION 6

Given the public college-private partnerships started as early as 2005 and the number of partnerships has been growing, we recommend the Ministry of Colleges and Universities review the financial model for these partnership arrangements.

## MINISTRY RESPONSE

The Ministry will consider including financial aspects of public college-private partnerships in its planned review of the Directive, taking into account that partnership agreements are negotiated by colleges and their partners, and the Ministry is not party to them.

### 4.2.2 Most Public-Private College Partnerships and Their Programs Have Not Yet Been Subject to an Independent Quality Assurance Audit

#### Quality Assurance Audits Not Conducted for Public-Private College Partnerships in a Timely Manner

The quality assurance audit process for public colleges, including those that have a public-private college partnership, is conducted by the Quality Assurance Service on a five-year cycle. The College Quality Assurance Audit Process Standards were updated in May 2019 to include the assessment of quality assurance mechanisms at partnership

campuses. Prior to the standards update, there were no requirements to specifically assess programs offered by public-private college partnerships. However, one college (Cambrian) had a partnership program included as part of its audit in early 2019 prior to the update.

We found that the five-year cycle is too long as it means that some public colleges with partnerships will not be audited against the new standards until 2026. Eleven partnerships existed at the time of our audit; six of them were established between 2005 and 2015. Depending on the last date at which the public colleges were audited, we found that the five-year cycle means that some public colleges with partnerships will not be audited against the new standards until 2026. Because these partnerships are becoming more popular and private career colleges are not required to follow the same quality assurance framework as public colleges for their own programs, it is important for a third party—such as the Quality Assurance Service—to confirm, on a more frequent basis, that these private partners are also meeting the same quality standards expected at the public colleges.

As of September 2021, we noted that the Quality Assurance Service performed quality assurance audits at only two colleges that have a public-private college partnership: Lambton's audit was completed in April 2021; and St. Clair's audit was completed in September 2021.

Both colleges met all six, high level audit standards. For Lambton, there were certain requirements under each standard that were only partially met. For example, the audit panel was unable to confirm that Lambton had appropriate academic policies or procedures governing the way it established arrangements with its external partners in several areas. As such, it recommended that Lambton develop policies and procedures to oversee its private partner in areas including program admissions, certification and quality assurance. In discussion with Lambton, we were advised that the same policies and procedures developed by the public college apply to its private partners. However, as a partnership program was not

selected as part of the quality assurance audit, certain information was not requested by the audit panel for consideration. A follow-up is expected to be performed 18 months after the April 2021 audit. The college indicated to our Office that it plans to provide evidence to confirm compliance with this audit requirement at that time. Under the existing five-year cycle, the Quality Assurance Service will not audit this partnership again until 2026. All quality assurance audits for the remaining nine public colleges with partnership arrangements will be completed by 2026.

### **No Requirement That a Program Offered by a Private Partner Must Be Selected for a Quality Assurance Audit**

As part of the Quality Assurance Service's audit process, they select a sample of four to eight programs that are offered by the public college. The public college must complete a self-assessment, called the self-study report, for these selected programs. In most audits, only selected programs are used by the public college to demonstrate that they comply with the six audit standards of the College Quality Assurance Audit Process; a few colleges provide evidence from other programs. Also, the audit panel has the opportunity to interview students and staff associated with these selected programs as part of the process.

We found that the Quality Assurance Service's process of selecting programs for review is performed randomly. As well, there is no requirement that a program offered by a public-private college partnership should be selected as part of the sample. If a program taught by a public-private college partnership is not selected, it is not included within the scope of the audit panel and the panel would not assess it against the six audit standards. This also means that the audit panel will not have the opportunity to interview the students, graduates, and faculty at the partnership campus because it is not standard practice to interview personnel from programs not selected as part of the sample. For Lambton's audit in April 2021, none of the programs offered at its public-private college partnerships were selected for audit. For St. Clair's most recent audit, one program offered at its public-private college partnership was selected.

### Quality Assurance Service Does Not Directly Obtain Certain Audit Information from Private Partners

We found that when the Quality Assurance Service conducts audits at public colleges that have private partners, it obtains information and supporting documents through the public colleges instead of directly from the private partners, as it does not have the authority to do so. Currently, although audit panels can interview the management and support staff of a private partner, they do not do so as it is not an established audit requirement. Without the requirement to interview the private partners to obtain information, the audit panels cannot assess these partners' quality assurance processes independently and efficiently.

#### RECOMMENDATION 7

To independently confirm that private partners are delivering a quality of education consistent with that provided by the public colleges, we recommend that the Ministry of Colleges and Universities confirm with public colleges that they require the Ontario College Quality Assurance Service to:

- conduct quality assurance reviews of partnership arrangements at public colleges that focus solely on the new requirement in the College Quality Assurance Audit Process Standards established in May 2019 every two to three years, in addition to the full quality assurance review that is conducted on a five-year cycle;
- include a requirement that at least one program offered by the public-private college partnership is selected for audit as part of the quality assurance audit process; and
- interview the private partners' management and request audit-related information directly from private colleges as part of its quality assurance audit processes.

#### MINISTRY RESPONSE

The Ministry agrees that confirming that private partners are delivering quality education by including partnership programs in the Ontario College

Quality Assurance Service's audits is important. The Ministry will encourage the Ontario College Quality Assurance Service to expedite its audit timelines and processes with respect to colleges with partnerships.

### 4.2.3 Monitoring of Student Supports Provided by Partners Differs between Public Colleges

Student supports and services can include mental health support, wireless internet access, tutoring services, academic support and student activities. We found that the supports provided to students attending partnership campuses, and the processes that public colleges follow to confirm that these students receive an appropriate range of supports, could be strengthened through regular monitoring of what services are actually being offered.

The Partnerships Directive states that “students enrolled in programs offered through public college-private partnerships are entitled to all the rights and privileges afforded to other students of the college. As partnership students are students of the college, colleges will be held accountable for ensuring access to an appropriate range of student supports, either on the partnership campus, in the community, or through the college’s main campus.”

Three of the four public colleges we reviewed in-depth have a partnership arrangement. We noted that for each of the three colleges, their private partners are expected to provide most of the student services, as per their agreements. However, we found that the extent to which the three public colleges monitor compliance varies, as shown in **Figure 21**.

#### RECOMMENDATION 8

To help ensure students have access to an appropriate range of services (such as mental health support, wireless internet access, tutoring services, academic support and student activities) at private career colleges, as required by their public-private college partnership agreements and the Ministry of Colleges and Universities’

## Figure 21: Examples of Public Colleges' Varied Monitoring of Student Services and Supports Provided by Public-Private College Partnerships

Prepared by the Office of the Auditor General of Ontario

One college (Loyalist) entered into its public-private partnership agreement in 2020, and for the first year its partner operated out of a temporary campus. Due to the challenges associated with the COVID-19 pandemic coinciding with the opening of the partnership, Loyalist focused on ensuring students had COVID-19-related supports (including entering the country and proper quarantine facility). As programs were held remotely and the temporary campus would not be used in the next year, less focus was spent on the campus and the agreed-upon supports that would have been provided traditionally.

Another college (Sault) entered its partnership agreement with triOS in January 2020 and has provided students with a handbook that outlines all available services at the partnership campus and how to access these services. Prior to the first intake of students, Sault compared the services offered by triOS to the services already offered at its home campus to ensure an appropriate range of services is offered at its partnership campus. Sault conducted a site visit to observe the delivery of services by triOS at the inception of the partnership. Due to the pandemic, Sault has switched to monthly virtual meetings that include discussion of the delivery of student services.

The third college (St. Clair) entered into a partnership agreement in December 2013. It has provided students with a handbook that outlines all available services at the partnership campus, and has also annually compared the services it provides to those provided by the private campus. During COVID-19, St. Clair reviewed the services provided at both campuses and made recommendations to improve the services being offered by the partnership campus.

Public College-Private Partnerships Minister's Binding Policy Directive, we recommend that public colleges:

- monitor student services offered at their private partners' campuses and compare them to the services offered by the public colleges annually; and
- address any shortcomings identified in these reviews.

### RESPONSE FROM PUBLIC COLLEGES

The public colleges with public-private college partnerships strongly support this recommendation.

We have worked collaboratively to develop a cohesive Quality Assurance Framework, aligned with the Ontario College Quality Assurance Service standards, to ensure consistency between the public/private partners for both academic and service excellence. This includes all student services mentioned and the requirement to address any potential shortcomings on an annual basis. Public colleges have taken the position that the oversight of quality assurance rests with the public colleges.

### 4.2.4 Two Partnerships That Operate Outside of Ontario Conflict with Ontario's Objectives and Avoid Certain Legislative Requirements of Other Provinces

As shown in **Figure 8**, two public colleges, Cambrian and St. Lawrence, have partnerships with private career colleges that have locations in Vancouver, British Columbia. They were established prior to the Ministry's Partnerships Directive. Between the two partnerships, 2,385 students were enrolled at the Vancouver campuses in the winter 2021 semester. These students live and study in Vancouver, and upon graduation are likely to continue to reside in Vancouver and therefore less likely to contribute to the job market in Ontario. We found that this cross-jurisdictional partnership arrangement is complicated and does not align with one of the principles of the Partnerships Directive, which is to protect and enhance Ontario's reputation in post-secondary education and as a place to live and work.

British Columbia's legislative framework requires private colleges operating in the province, as well as out-of-province institutions operating in British

Columbia, to be certified under its *Private Training Act*. In the absence of a partnership arrangement, this would mean that the Ontario public colleges would have to be certified as private institutions in British Columbia. However, the two Ontario public colleges with partnerships have not done so. Instead they rely on the private career college partners in British Columbia to be certified, as it is the private partner that is delivering most of the educational activities. The B.C. Ministry of Advanced Education and Skills Training indicated to our Office that, under its legislative framework, when the private partner presents a new program that has been developed by the Ontario public college for approval, the Ministry does not have the authority to take the partnership arrangement into consideration when deciding to approve or deny the program, even if concerns exist.

As well, British Columbia requires the private career college delivering the education to grant the credential. Therefore, the students studying at partnerships in British Columbia receive two credentials—one from the private partner in British Columbia, and one from the public college in Ontario. In contrast, for partnerships located within Ontario, the students graduating from a public-private college partnership obtain only one credential, from the public college in Ontario. The dual-credential outcome (one from the Ontario public college and another from the private partner in British Columbia) is not an outcome that is promoted by the Partnerships Directive in Ontario.

Additionally, there is a lack of transparency for students who are studying at these Vancouver campuses. Because Ontario public colleges cannot operate in British Columbia without being certified as private institutions in British Columbia, the private partner cannot advertise its Vancouver location or programs as a “partner” of the Ontario public college. However, the same private partners are able to advertise that their students earn an Ontario public college credential upon graduation while studying

in Vancouver. The accountabilities of Ontario public colleges and their private partners in Vancouver are often unclear and can lead to confusion for both students and the public.

We noted that staff from the Ministry of Advanced Education and Skills Training in British Columbia and Immigration, Refugees and Citizenship Canada have raised the same concerns about this cross-jurisdictional partnership arrangement to Ontario’s Ministry of Colleges and Universities since 2017; both parties recommended that the cross-jurisdictional partnerships should not continue at least until Ontario is able to consult with all provinces on the framework for the partnerships. However, the Ministry in Ontario has still not fully addressed these concerns at the time of our audit.

## RECOMMENDATION 9

To increase transparency to students and maintain the principles of the Public College-Private Partnerships Minister’s Binding Policy Directive, we recommend that the Ministry of Colleges and Universities revisit the existing British Columbia cross-jurisdictional partnership arrangement and determine whether it should allow Ontario public colleges to continue to operate with partnerships in British Columbia, and, if the decision is to allow them to operate, create a formal agreement with British Columbia and update the Partnerships Directive to address concerns.

## MINISTRY RESPONSE

The Ministry acknowledges the cross-jurisdictional challenges associated with public college-private provider partnerships. The Ministry will consider consulting with its counterparts in other provinces and with the federal government as part of its planned review of the Directive and to inform decision-making about partnerships in other provinces.

## 4.3 Performance Measurement and Reporting

The Ministry entered into Strategic Mandate Agreements with each of the 24 public colleges for 2020–2025. During the development of the Strategic Mandate Agreements, the Ministry consulted various stakeholders, including holding one-on-one discussions with public colleges, to explain the new process and receive feedback on the metrics and target-setting process. Some of this feedback has guided adjustments to the target-setting process and was incorporated into the agreements signed in September 2020.

These agreements and metrics focus on performance-based outcomes. They do not address long-term planning and risk mitigation with respect to the sector, such as colleges' high reliance on international student enrolment.

As discussed in **Section 2.2.4**, the Ministry aims to allocate up to 60% of the operating funding it provides to each public college based on the college meeting 10 performance metric targets.

We reviewed the Ministry's processes for setting and measuring the performance-based metrics used for funding decisions and found instances where:

- performance targets are set lower than a public college's previous year's actual performance (**Section 4.3.1**);
- one metric is not within public colleges' control (**Section 4.3.2**);
- one metric could disincentivize public colleges from offering programs that are needed to meet employment needs (**Section 4.3.3**); and
- two metrics encourage continued dependence on international student enrolment, despite the risks associated with such dependence (**Section 4.3.4**).

### 4.3.1 Ministry Performance-Based Targets Used to Allocate Ministry Funding to Public Colleges Do Not All Provide Incentive for College Sector Improvement

The way colleges' performance-based targets are established in the 2020–2025 Strategic Mandate Agreements can result in undesired consequences. Colleges that exceed their own performance target on a metric in one year could still have a lower target set on that metric for the following year. From our review of the four selected public colleges, we noted that 18 of the 20 metrics (= 4 colleges x 5 Strategic Mandate Agreement metrics each) were met in 2020/21. Of these 18 metrics, eight have a lower target set for 2021/22 compared to those of the prior year.

**Figure 22** provides a comparison between the target and actual performance on the five metrics reported by each of the four public colleges in 2020/21. Our analysis found that each of the colleges met at least four of the five metrics for 2020/21. Where the college met the 2020/21 target, we expected that the target for the following year (2021/22) would be at least the same or higher. However, we found that for three (Loyalist, Sault and St. Clair) of the four colleges, their 2021/22 targets were set lower than their previous year's targets, despite exceeding performance in the previous year. For example, Sault's graduation rate for 2020/21 was 64.6%, outperforming its target of 61.5%. However, the target set by the Ministry for the following year, 2021/22, was only 60.5%, which is 1% lower than the 2020/21 target and 4% lower than the actual performance in 2020/21.

During the development of the metrics and target-setting methodology, the Ministry originally proposed to set a requirement that targets can be set no lower than the lowest of the college's historical performances over any of the past three years. This requirement would have prevented the targets from being set lower than prior years' actual performances to make targets more easily achievable. After consulting with colleges and universities, the Ministry did

**Figure 22: Allowable Performance Targets and Actual Performance Metrics Reported by Select Public Colleges**

Prepared by the Office of the Auditor General of Ontario

Public College <sup>1</sup>	Performance Metric <sup>2</sup>	Actual	Allowable Performance Target <sup>2</sup>		Was Target Met for 2020/21?	If 2020/21 Target Met, Is 2021/22 Target > 2020/21 Target?
		2020/21	2020/21	2021/22		
Loyalist	Graduate employment rate in a related field (%)	74.8	74.3	74.0	✓	×
	Institutional strength and focus (%)	45.8	44.4	42.6	✓	×
	Graduation rate (%)	65.6	67.6	66.3	×	n/a <sup>3</sup>
	Community and local impact of student enrolment (%)	13.9	12.9	13.1	✓	✓
	Economic impact <sup>4</sup> (\$ million)	72.9	61.5	66.1	✓	✓
Sault	Graduate employment rate in a related field (%)	72.3	71.6	71.5	✓	×
	Institutional strength and focus (%)	37.4	33.7	25.1	✓	×
	Graduation rate (%)	64.6	61.5	60.5	✓	×
	Community and local impact of student enrolment (%)	6.6	5.6	5.5	✓	×
	Economic impact <sup>5</sup> (%)	70.5	70.2	70.4	✓	✓
Seneca	Graduate employment rate in a related field (%)	75.1	72.4	74.9	✓	✓
	Institutional strength and focus (%)	20.1	18.2	19.3	✓	✓
	Graduation rate (%)	67.4	64.9	66.2	✓	✓
	Community and local impact of student enrolment (%)	4.6	3.7	4.0	✓	✓
	Economic impact <sup>6</sup> (#)	25	13	14	✓	✓
St. Clair	Graduate employment rate in a related field (%)	59.2	64.8	61.7	×	n/a <sup>3</sup>
	Institutional strength and focus (%)	30.5	28.7	27.9	✓	×
	Graduation rate (%)	72.5	67.7	67.5	✓	×
	Community and local impact of student enrolment (%)	5.9	4.5	4.9	✓	✓
	Economic impact <sup>7</sup> (\$ million)	110.2	19.0	38.4	✓	✓

1. Public colleges selected as part of our audit to conduct detailed reviews.

2. These performance metrics and targets were set under the 2020–2025 Strategic Mandate Agreements between the Ministry and respective public colleges at the time of our audit. Refer to **Appendix 6** for the definition of each performance metric.

3. Not applicable – no expectation for 2021/22 target to increase if 2020/21 target was not met.

4. Economic impact metric for Loyalist is defined as the total spending impact of the college, which includes operational, construction and student spending.

5. Economic impact metric for Sault is defined as the percentage of clients served that gained employment through Employment Services in Sault Ste. Marie and Blind River.

6. Economic impact metric for Seneca is defined as the number of ventures that are developed and/or launched on an annual basis through partnership with Seneca Innovation.

7. Economic impact metric for St. Clair is defined as the economic impact of international students based on their average expenditure to the regional economy (Windsor, Essex and Chatham-Kent).

not move forward with this proposed requirement in response to concerns raised about year-over-year volatility for the metric and the desire to mitigate the impact of this volatility on performance-based funding. This has created the opportunity for lower targets.

### RECOMMENDATION 10

To foster and support continuous improvement of public college performance under future Strategic Mandate Agreements, we recommend that the Ministry of Colleges and Universities work with public colleges to reassess their performance target-setting formula so that targets are not set lower than the prior year's target and/or actual performance achieved.

### MINISTRY RESPONSE

The Ministry agrees that it is important to foster and support continuous improvement of public college performance through the Strategic Mandate Agreements.

The target-setting methodology has been designed with this goal in mind and was developed in consultation with the college and university sector. As such, the target-setting methodology includes a 'continuous improvement factor' in the calculation and is aligned with institutional performance history, taking into account the differentiated performance strengths of the college system, as well as year-over-year performance fluctuations.

In developing the next round of Strategic Mandate Agreements, the ministry will evaluate the outcomes from the current Strategic Mandate Agreements process to assess the effectiveness of the model.

### RESPONSE FROM THE FOUR SELECTED PUBLIC COLLEGES

It is entirely appropriate that, on occasion, metric targets may be lowered. As the Auditor General's

report correctly points out, many of the established Strategic Mandate Agreement metrics are beyond the control of the college. All metrics, whether in the control of the institutions or not, are intrinsically tied to dynamic, external events that can impact performance in positive and negative ways. Therefore, public colleges should be permitted to work with the Ministry of Colleges and Universities to reassess their performance target-setting formula, resulting, in some cases, in a lowering of targets, to set up reasonable conditions for success.

### 4.3.2 Performance on Graduate Employment Rate Metric Is Not 100% within the Control of Public Colleges

One of the performance metrics by which public colleges are evaluated is the **graduate employment rate in a related field** (Appendix 6). This is defined as the percentage of graduates employed full-time in a field fully or partially related to their program six months after graduation, compared to the total number of graduates employed full-time.

While this new metric will provide useful information on how successful graduates are in finding employment related to their studies and can gauge whether program offerings by a college align with market needs retrospectively, performance on this metric is not 100% within the control of public colleges and colleges will be penalized if their performance on this metric does not meet set targets in the future. For example, employment rate, whether in a graduate's field or not, is largely dependent on the overall economy—this was noted as a concern by several of the 24 public colleges in our discussions.

In 2020/21, one of the four colleges we examined in-depth did not achieve its target on this metric, in part due to the impact of COVID-19, although the college met all other targets that year (Figure 22). The Ministry estimated that the total impact to the colleges that missed their 2020/21 targets would be about \$880,000. Any future downturn in the economy during the term of

the Strategic Mandate Agreements, which would be out of the college's total control, could put a portion of the college's funding at risk. If a college misses its future targets, the unallocated funding will be reallocated to other colleges on a metric-by-metric basis.

### 4.3.3 Metric Tied to Graduate Earnings Could Disincentivize Public Colleges from Offering Programs for Lower Paying Jobs That Are Required to Meet Employer Needs

We found that having a metric by which public colleges are evaluated, and thus funded, that is tied to graduate earnings could disincentivize colleges from offering programs that have a lower graduate earnings potential, even if such graduates from these programs are needed within the economy.

**Graduate employment earnings** is defined as the median employment earnings of graduates (both domestic and international, including those at private partnership colleges in Ontario) two years after graduation (**Appendix 6**). Some post-graduation jobs, such as personal support workers and early childhood educators, may not be high-paying but are necessary to meet workforce needs.

Public colleges have a mandate to provide post-secondary education that meets the needs of employers and the changing work environment. Thus, it is important that performance metrics incentivize colleges to meet employer needs even though graduate earnings might be less for some occupations than others.

### 4.3.4 Two Metrics Encourage Continued Dependence on International Student Enrolment

We also found that two metrics have the effect of encouraging colleges' continued dependence on international student enrolment: community/local impact of student enrolment, and revenue attracted from private sector sources (see **Appendix 6**).

**Community/local impact of student enrolment** is defined as the total number of students enrolled (full- and part-time; domestic and international)

divided by the population of 15- to 64-year-old individuals in the same region as the college as per the 2016 census. The 2016 census data will be used for the entire five-year Strategic Mandate Agreement period and so only the numerator—student enrolment—will change over time. A portion of a college's operating grant is based on domestic students only, and domestic enrolment above the highest level of the range will result in no additional funding to a college. Thus, while an increase in domestic enrolment will contribute to improved performance on this metric, it will not result in any additional Ministry funding. However, an increase in international enrolment will have the greatest impact on a public college achieving its target for this metric, in terms of the public college receiving the full funding allowed for by this metric and maximizing its overall revenue.

The **revenue attracted from private sector sources** metric takes into consideration a public college's revenue from both private sector and not-for-profit sources. Public-private college partnerships represent one source of private revenue for colleges. Public colleges located in small communities may have less ability to attract private sector donations or funding from their local partners compared to public colleges located in larger communities. Therefore, entering into a public-private college partnership is one strategy these public colleges may use to achieve better performance on this metric.

## RECOMMENDATION 11

To align the performance-based metrics established for public colleges under the Strategic Mandate Agreements with the mandate of public colleges, we recommend that the Ministry of Colleges and Universities reassess future performance metrics and modify them so that the metrics:

- are within the control of public colleges;
- incentivize colleges to meet workforce needs even though graduate earnings might be less for some sectors; and
- do not further increase dependency on international enrolments without a longer-term

strategy in place to address the risks of this approach for financial sustainability.

## MINISTRY RESPONSE

The 2020-25 Strategic Mandate Agreements between the Ministry and each public college and university have been designed to increase accountability through transparency and improved performance outcomes; reduce red tape; incentivize colleges to redirect resources and invest in initiatives that result in positive outcomes, encourage alignment of postsecondary education with labour market outcomes; and incentivize differentiation and specialization to support increased efficiencies.

The 10 performance metrics selected align with government priorities for the public college sector, and were selected in consultation with the sector, from sources that allow for improvements in data quality. Metrics were also selected with the goal of recognizing the individual strengths and mandate of Ontario's colleges.

In developing the next round of Strategic Mandate Agreements, the Ministry will assess and confirm performance metrics aligned with government priorities and shared goals for the postsecondary education sector.

### 4.3.5 Ministry No Longer Collecting and Reporting Student Satisfaction

In addition to the performance metrics specified in the Strategic Mandate Agreements (**Section 2.2.4**

and **Appendix 6**), the Ministry established five key outcome performance indicators (performance indicators): graduate employment rate, graduation rate, graduate satisfaction rate, employer satisfaction rate, and student satisfaction rate. Two of the five performance indicators (graduate employment rate and graduation rate) are captured in Ministry funding allocation decisions under the Strategic Mandate Agreements. The Ministry publishes the performance indicator results annually for each college overall, but they are not separated into results for both domestic and international students. For example, **Figure 23** provides the graduation rates of domestic and international students, which is not publicly reported but tracked internally by the Ministry. The domestic student graduation rate has been from 16-20% lower than that of international students over the past five years.

Beginning in the 2019/20 academic year, the Ministry stopped collecting information on the student satisfaction rate. The Ministry indicated to our Office that it stopped collecting this information in order to prioritize the collection of data on labour market outcomes for graduates. Although many colleges have continued to individually collect and publish this information, our view is that the Ministry should also collect and report this data, along with the other performance information, on its website to easily allow prospective students and the public to compare results across all colleges.

The public college sector's results for each performance indicator has remained relatively consistent between 2015 and 2019. **Figure 24** shows the results

**Figure 23: Graduation Rates of Domestic and International Students of Public Colleges, 2016/17–2020/21**

Source of data: Ministry of Colleges and Universities

Year	Domestic Graduation Rate (%)	International Graduation Rate (%)	Total Graduation Rate (%)
2016/17	66.6	82.2	<b>68.7</b>
2017/18	66.8	83.7	<b>69.5</b>
2018/19	67.2	84.1	<b>70.2</b>
2019/20	66.4	85.4	<b>70.9</b>
2020/21	65.9	85.9	<b>72.1</b>

**Figure 24: Key Performance Indicator Results for Public Colleges, 2015/16–2019/20**

Source of data: Ministry of Colleges and Universities

Academic Year of Graduation	2015 /16	2016/17	2017/18	2018/19	2019/20 <sup>1</sup>
<b>Performance Indicators (%)</b>					
Graduation rate <sup>2</sup>	66.7	66.6	66.8	67.2	66.4
Graduate employment rate <sup>3</sup>	83.6	83.0	85.7	86.2	85.5
Graduate satisfaction rate <sup>4</sup>	80.3	78.8	79.5	79.9	78.9
Employer satisfaction rate <sup>5</sup>	91.5	91.2	92.5	89.6	91.1
Student satisfaction rate <sup>6</sup>	76.8	76.5	73.4	75.7	n/a <sup>6</sup>

1. 2019 graduation year is the most current information available. This data is reported in 2020 as it includes surveys and employment data collected six months after graduation.
2. Defined as the number of domestic students who graduated within approximately 200% of their program's regular duration, shown as a percentage of program entrants. For example, students enrolled in one-year programs have a two-year window to complete their program to be included in the graduation rate. For a four-year degree, 175% of the program's regular duration (or seven years) is used as the graduation window. The graduation rate in Ontario is comparable to the overall average across Canada according to Statistics Canada.
3. Defined as the number of graduates who are working, shown as a percentage of program graduates in the labour force.
4. Defined as the number of graduates who reported that they are either "very satisfied" or "satisfied" with the usefulness of their college education in achieving their goals after graduation, shown as a percentage of all graduates who answered the question.
5. Defined as the number of surveyed employers who responded that they are either "very satisfied" or "satisfied" with their employees' college preparation for the work being done, shown as a percentage of all employers who answered the question.
6. Defined as the number of students who said they were either "very satisfied" or "satisfied" with the overall quality of their learning experience, shown as a percentage of students who answered the question. The Ministry of Colleges and Universities stopped collecting this information as of 2020, thus data for 2019 graduates is not available. The Ministry explained this decision as prioritizing the collection of data on the labour market outcomes of graduates. Many public colleges have subsequently implemented their own student satisfaction surveys.

for the college sector overall between 2015 and 2019. **Appendix 15** shows the results for each public college between 2017 and 2019.

## RECOMMENDATION 12

So that prospective students and the public are better informed about the performance of public colleges, we recommend that the Ministry of Colleges and Universities:

- reinstate the collection and reporting of student satisfaction by individual colleges;
- publicly report the performance indicators for both domestic and international students; and
- work with public colleges to identify barriers faced by domestic students and any opportunities to increase the domestic graduation rate.

## MINISTRY RESPONSE

The Ministry will consider the recommendation to reinstate the student satisfaction key performance indicator in collaboration with public colleges.

The Ministry, in collaboration with public colleges, will also consider the recommendation to publicly report key performance indicator data for both domestic and international students and the recommendation to consider opportunities to increase the graduation rate for domestic students.

## 4.4 Provincial COVID-19 and Capital Funding for Public Colleges

As discussed in **Section 2.2.2**, the Ministry provides public colleges with various types of funding, including COVID-19-related support funding (in 2020 and 2021) and capital funding. The COVID-19 funding provided in 2021 to colleges was based on projected revenue declines as a result of the pandemic, but two colleges that received funding saw an increase in their revenue. In addition, a disproportionate level of the capital funding the Ministry allocated to public colleges between 2016/17 and 2020/21 was directed to facilities not in the highest need of repair.

#### 4.4.1 COVID-19 Funding Was Provided to Public Colleges Based on Projected Revenue Decreases Due to the Pandemic, but Two Colleges That Received Funding Saw an Increase in Revenue and Annual Surplus

Based on our discussions with the public colleges' presidents and board chairs, we learned that colleges faced program delivery challenges throughout the pandemic but continued to deliver programs, with most delivered online if possible. To help the colleges manage additional, unforeseen costs, the Ministry provided public colleges with two rounds of support funding, totalling \$75.6 million.

- In March 2020, the Ministry allocated \$13.2 million through the COVID Emergency Fund to all 24 public colleges based on 2019/20 full-time enrolment. Each college received between \$324,856 and \$990,459.
- In March 2021, the Ministry provided an additional \$62.4 million through the Support Fund

for Postsecondary Institutions (Support Fund) to 12 public colleges, to be spent between July 1, 2020 and June 30, 2021.

The \$62.4 million provided in March 2021 was allocated to 12 of the 24 public colleges based on the projected COVID-19 impact to the college, which included the expected decline in tuition revenue, ancillary fees and services (**Figure 25**). The public colleges made these projections in November 2020. Using this information, the Ministry allocated funding by applying a standard methodology across all colleges.

The Ministry provided the support funding in March 2021, just prior to receiving the colleges' audited financial results for the year ending March 31, 2021. However, by the time the Ministry allocated the funding, the operating environment and challenges that colleges were facing due to the pandemic had shifted. For example, the federal government announced in February 2021 that international

**Figure 25: Public Colleges' Surpluses (Deficits) and COVID-19 Support Funding**

Source of data: Ministry of Colleges and Universities

Public Colleges That Received COVID-19 Support Funding	COVID-19 Support Funding <sup>1</sup> Received in March 2021 (\$ million)	Audited Surplus (Deficit) for the Fiscal Year Ending March 31, 2021 (\$ million)
Centennial	8.39	0.89
Algonquin	8.35	2.89
Durham	7.07	(3.49)
Georgian	7.05	2.33
Niagara	6.83	0.10
St. Lawrence <sup>2</sup>	6.41	7.12
Fleming	5.99	(3.36)
Canadore <sup>2</sup>	5.53	7.97
Loyalist <sup>2</sup>	3.53	5.63
Sault <sup>2</sup>	1.55	3.87
Northern <sup>2</sup>	0.87	21.08
Boréal	0.83	0.41
<b>Total</b>	<b>62.40</b>	<b>45.44</b>

<sup>1</sup> The entire amount of funding these four public colleges received was not included in the surplus/deficit for the fiscal year ending March 31, 2021, because these colleges chose to defer a portion of the funding to the next fiscal year.

1. The allocation of support funding was determined using financial information submitted by the public colleges in November 2020. Using this information, the Ministry assessed the financial impact of COVID-19 for each college by applying a standard methodology across all colleges.

2. The surplus of these public colleges exceeded the amount of COVID-19 support funding received.

students could complete their studies online and qualify for the Post-Graduation Work Permit Program, which encouraged international students to continue their studies where previously, they could not enter Canada due to border restrictions. Students were allowed to complete their entire program from abroad and still be eligible to obtain a Post-Graduation Work Permit until December 31, 2021. Thus, the colleges that initially estimated a significant decline in international student tuition revenue for 2020/21—and therefore a large, negative impact to their budgets—would have recovered somewhat by March 2021.

The Support Fund was intended to assist with COVID-19 impacts and activities undertaken between July 1, 2020 and June 30, 2021. Colleges were able to use these funds for eligible expenses during this period. Seven colleges used the full amount of funding in the fiscal year granted. Five colleges (Canadore, Georgian, Niagara, Northern and St. Lawrence) received a total of \$26.7 million but did not use the full amount within the fiscal year ending March 31, 2021 and have deferred a portion of the funding for expenses incurred in the next fiscal year, up to June 30, 2021. The amount deferred by the five colleges totalled \$14.7 million, ranging from \$0.3 million for Northern to \$4.5 million for Canadore. Two colleges (Canadore and Northern) that had projected a decline in revenue as a result of the pandemic actually saw an increase to their revenue and their annual surplus, compared to the prior year.

In June 2021, the Ministry indicated to us that it planned to assess whether recoveries are appropriate after financial reports from the public colleges are submitted on October 29, 2021.

### RECOMMENDATION 13

To confirm that the funding from the COVID-19 Emergency Fund and Support Fund was allocated to colleges most impacted by the pandemic, we recommend that the Ministry of Colleges and Universities (Ministry):

- complete its assessment of whether the public colleges that received this funding met the eligibility criteria using the most recent audited financial statements and other updated information obtained from public colleges; and
- recover any excess of COVID-19 support funding based on the results of the Ministry's assessment.

### MINISTRY RESPONSE

Consistent with the Transfer Payment Agreement for the Support Fund for Postsecondary Institutions, the Ministry will evaluate program spending as of the planned reporting date for participating institutions (October 29, 2021) in order to determine what program underspending exists, if any, and undertake recoveries as appropriate.

#### 4.4.2 Ministry's Allocation of Capital Funding to Public Colleges Does Not Consider Level of Deferred Maintenance and State of Repair

Public colleges' campuses, buildings and other facilities require periodic repairs and maintenance to keep the infrastructure in good, working condition. Deferred maintenance represents the backlog of repairs and maintenance required to upkeep existing infrastructure assets. According to the Ministry's capital funding guidelines, public colleges are responsible for ensuring their facilities are in good repair, safe and accessible for persons with disabilities, and in compliance with all government codes. Public colleges should regularly assess the condition of their buildings and facilities and prioritize maintenance requirements based on their needs and available funds.

The Ministry provides various forms of funding, such as the Facilities Renewal Program, to assist the public colleges with the maintenance and upkeep of their facilities. The allocation of funding under this program is based on the public colleges' domestic enrolment levels and does not take into consideration the deferred maintenance and state of

repair needs of individual colleges. As such, limited funding is not prioritized and may be directed to facilities that are not in the highest need of repair.

A public college may engage a third party to assess the condition of its facilities and use this information to budget for future capital maintenance as part of its annual budgeting cycle. However, we found that prior to 2020 the Ministry did not regularly collect this detailed information on each college building.

In 2013, the Ministry commissioned an assessment to determine the system-wide condition of college facilities. The resulting 2015 assessment report found that two public colleges were in excellent condition and four were in good condition. Seventeen colleges were assessed as being in fair condition, and one was assessed as poor. The report estimated that the total cost of addressing deferred maintenance over the five-year period between 2015 and 2020 could amount to \$1.42 billion.

Between 2016/17 and 2020/21, the Ministry allocated \$157.7 million of funding through the Facilities Renewal Program. Since the Facilities Renewal funding is calculated based on domestic enrolment only, without considering the status of the buildings' repair needs, we found a wide range in the percentage of funding that colleges received relative to their deferred maintenance needs. Over the five-year period, this funding provided between 4% and 56% of a college's deferred maintenance cost requirements. For example, in the 2015 assessment report, Confederation was assessed as having deferred maintenance needs that would cost \$94.7 million but received a total of \$4 million in funding in the following five years, or 4% of its deferred maintenance needs. That same year, Boréal was assessed as having deferred maintenance needs that would cost \$5.7 million and received \$3.2 million in funding, covering 56% of its deferred maintenance cost requirement.

In January 2021, public colleges (through Colleges Ontario) entered into a Memorandum of

Understanding with the Ministry, as well as with the Ministry of Infrastructure, to share facility assessments obtained from the colleges on a building level so the ministries could track the facilities' conditions and deferred maintenance needs in more detail. At the time of our audit, the Ministry indicated that it plans to re-evaluate how funding is allocated, but it has not yet established a funding formula based on the information recently gathered. As of 2020/21, the Ministry determined from the information provided by Colleges Ontario that deferred maintenance costs and renewal needs over the next three years could total \$1.02 billion. **Figure 26** provides a breakdown of each public college's estimated costs related to its deferred maintenance and renewal needs and the status of its facilities' condition as evaluated in 2020. As shown, no public college is in a poor condition or requires significant or immediate repairs to its facilities.

## RECOMMENDATION 14

To better allocate capital funding to public colleges based on deferred maintenance needs, we recommend that the Ministry of Colleges and Universities:

- conclude its re-evaluation of the way it allocates funding to colleges for deferred maintenance; and
- allocate funding based on a method that considers colleges' facilities condition and colleges' management of their deferred maintenance work from self-generated funds.

## MINISTRY RESPONSE

The Ministry is currently collecting new facilities' condition data from colleges and will review and assess the data for potential future changes to the Facilities Renewal Program allocation methodology.

**Figure 26: Public Colleges' Deferred Maintenance and Renewal Needs for 2020-2022**

Source of data: Ministry of Colleges and Universities

Public College	Deferred Maintenance and Renewal Needs <sup>1</sup> (\$ million)	Facility Condition Index (%) <sup>2</sup>	Facility Condition Rating <sup>2</sup>
Sheridan	130.83	19	Fair
Durham	97.01	23	Fair
Fleming	75.70	21	Fair
St. Lawrence	63.99	21	Fair
Seneca	62.47	10	Good
Humber	60.36	7	Good
Mohawk	54.82	11	Fair
Fanshawe	53.97	7	Good
Canadore	52.84	30	Fair
Algonquin	45.78	7	Good
Georgian	40.53	8	Good
George Brown	37.68	7	Good
Niagara	34.47	9	Good
St. Clair	33.66	6	Good
Conestoga	29.76	5	Excellent
Centennial	27.25	6	Good
Loyalist	25.19	14	Fair
Cambrian	22.32	8	Good
Confederation	20.83	8	Good
Lambton	17.85	10	Good
Northern	13.35	5	Excellent
La Cité	5.74	2	Excellent
Sault	5.15	3	Excellent
Boréal	4.12	4	Excellent
<b>Overall</b>	<b>1,015.67</b>	<b>10</b>	

- Deferred maintenance and renewal needs represents the total estimated backlog of repairs and maintenance of the asset, plus the renewal costs required for 2020-2022. This three-year period for renewal needs is part of the framework used by the Ministry of Infrastructure to analyze facility condition data. It may not reflect the long-term renewal needs for colleges, such as estimated costs over a 10-year period, which could impact its facility rating. The colleges use experts to periodically estimate this amount based on the condition of their buildings and facilities. The amount is determined for each infrastructure asset, which is then aggregated for an overall college assessment.
- Facility Condition Index is the percentage of deferred maintenance and renewal needs out of the total replacement value of the asset. The higher the percentage, the poorer the condition. The Facility Condition Index generally defines the ratings as follows:
  - 0% to 5% (Excellent): Limited deterioration;
  - 6% to 10% (Good): Normal deterioration, no maintenance is anticipated within the next five years;
  - 11% to 30% (Fair): Normal deterioration and minor distress, maintenance will be required within the next five years to maintain functionality;
  - 31% to 60% (Poor): Significant deterioration and distress, maintenance and some repair required within the next year; and
  - 61%+ (Replacement): Significant deterioration and major distress, possible damage to support structure, must be dealt with without delay.

## 4.5 Public Colleges' Programs and Job Market Needs

### 4.5.1 Graduates are Prepared for the Job Market

Two education outcomes show that the college education that graduates received prepared them well for the job market. Specifically, we noted that:

- from 2016/17 to 2019/20 (the most recent data available), depending on the college attended, 59.2% to 88.5% of graduates of an Ontario public college found full-time employment in a related field six months after graduation; and
- from 2015 to 2019, 89.6% to 92.5% of employers that were surveyed by a third-party research company were “very satisfied” or “satisfied” with their employees’ college preparation for their role.

### 4.5.2 Public Colleges Offer Programs That Align with Job Market Needs

We also found that most public colleges offer programs that align with Ontario’s projected job market needs, satisfying one of the objectives of public colleges: to meet the needs of employers. Colleges receive guidance from program advisory committees to confirm that their courses are relevant and will train students for the workforce to meet employer needs.

We reviewed the top five occupations in which graduates of each of the 24 public colleges find employment. We compared this to Ontario’s labour market information that projects labour market needs for the years 2021 to 2025 and rates occupational outlooks as either above average, average or below average. Based on this information and our review, we found that of the top five occupations where graduates found employment, students from 21 of the public colleges were employed in an occupation with an above average job outlook, while students from the remaining three colleges found employment in occupations that had average job outlooks.

Overall, we found that the public college sector is providing the programs needed by Ontario employers

to fill expected job openings, especially in in-demand areas such as nursing, which has an above average job outlook. Some of the programs delivered by public colleges, however, are also provided by private career colleges. As discussed in our audit on Private Career Colleges Oversight in our Office’s *2021 Annual Report*, the Ministry does not have a strategy to balance the supply of post-secondary education programs offered by both public colleges and private career colleges.

However, we found that many standards for non-degree public college programs are either outdated or non-existent, and the Ministry’s degree and non-degree program approval process has significant delays, as discussed below.

### 4.5.3 Many Ministry Standards for Public College Non-Degree Programs Are Either Outdated or Non-Existent

For any program offered by a public college, its learning outcomes and employability skills and general education requirements must meet the minimum requirements of the related program standard developed by the Ministry, if one exists for that field of study. The learning outcomes included in the program standard outlines the skills and knowledge a graduate must obtain and demonstrate upon completion of the program. As described in **Section 2.2.6**, these program standards are intended to guide consistency across different colleges offering similar programs, and the quality and relevance of college programs.

Our audit found that, as of May 2021, 36 or 24% of the 147 non-degree program standards had not been updated within the Ministry’s intended five- to 10-year time frame. Thirty-one of the 36 program standards were updated between 11 and 14 years ago. The remaining five programs were last updated over 18 years ago, and 3,456 students were enrolled in these non-degree programs in 2019/20 across all 24 public colleges. For example, the Standards for the Manufacturing Engineering Technician and Manufacturing Engineering Technology programs were last updated in 1997.

**Figure 27: Top 10 Non-Degree Programs Offered That Do Not Have Program Standards, Fall 2019/20**

Source of data: Ministry of Colleges and Universities

Program	# of Public Colleges Offering Each Program	# of Students Enrolled
1 Project Management*	17	2,385
2 Global Business Management*	5	913
3 Veterinary Technician*	7	779
4 Mental Health Worker	5	637
5 Personal Financial Services*	11	628
6 Welding Techniques	17	591
7 Recreation Therapy*	5	574
8 Information Systems Security*	12	502
9 Business Management*	13	487
10 Animal Care*	7	368

\* The Ministry has identified these programs as ones proposed for developing a program standard in the future.

The public colleges are required to ensure the non-degree program being delivered is relevant to the current industry and technical requirements. The responsibility lies within the individual colleges—specifically, their program advisory committees—to guide the implementation of any required updates.

Besides the 36 non-degree program standards that were outdated, we identified other non-degree programs with no existing standards. **Figure 27** shows the top 10 non-degree programs that do not have program standards; these programs have significant enrolments annually and are offered by several different public colleges.

Ministry staff recognized and indicated to our Office that the risks associated with outdated, or non-existent, program standards include:

- outdated minimum skills and learning requirements that are not in line with current industry requirements;
- inconsistencies between different colleges offering the same program; and
- a mismatch between the program and designations or certifications from professional bodies if updates from such bodies are not incorporated into the program standard.

The impact of having outdated or non-existent Ministry non-degree program standards was

illustrated in April 2021, when the Veterinary Technician program at one of the public colleges did not meet the accreditation standards established by the Ontario Association of Veterinary Technicians. While other factors existed, the absence of a college program standard contributed to the college's failure to meet the Association's standards. As a result, the Association temporarily withdrew the program's accreditation, preventing graduates from writing the national competency exam. The Veterinary Technician program is one of the top programs we identified in **Figure 27** that does not have existing program standards. Additionally, programs such as Project Management, Welding Techniques and Information Systems Security have high enrolment levels and are offered across multiple colleges, and could benefit from having an established and consistent set of standardized learning outcomes so that students graduating from different colleges can be assured that they are receiving the same education.

Based on our discussion with Ministry staff, program standards were not developed and/or updated in a timely fashion mainly because of decreased budget allocations to this function in the Ministry. In particular, the Ministry was able to hire only three facilitators per year to review and update program standards between 2018 and

2021, compared to as many as seven per year in prior years. The Postsecondary Education Quality Assessment Branch also indicated it would like to develop non-degree program standards for some of the programs we identified, but again, it has not been able to, due to limited resources.

### RECOMMENDATION 15

To maintain consistent, high-quality and relevant non-degree programs as offered by public colleges, and to help students achieve Ontario's desired learning outcomes, we recommend that the Ministry of Colleges and Universities:

- update non-degree program standards that have not been revised within the intended five- to 10-year time frame for updating standards; and
- develop program standards for all applicable non-degree programs.

### MINISTRY RESPONSE

The Ministry is committed to developing new program standards and updating program standards for college non-degree programs that are five to 10 years old in a timely manner. The Ministry will consider the recommendation to develop other program standards for non-degree programs.

#### 4.5.4 Delay in Degree and Non-Degree Program Approvals Hinders Colleges' Ability to Respond Quickly to Market Needs

As described in **Section 2.2.7**, once a college has developed a new non-degree program and it has been approved by the college's board of governors, it is submitted to the Quality Assurance Service for validation. Once validated, it is submitted to the Ministry for review and approval if the college is seeking funding approval. Degree programs are submitted directly to the Ministry, which in turn refers them to the Postsecondary Education Quality Assessment Board for quality review. We found that delays in program

approvals by the Ministry, for both non-degree and degree programs, have hindered public colleges' ability to respond quickly to offer programs that meet employer needs and accept student enrolments. Many factors have contributed to these delays including additional follow-up required from institutions, staff turnover within the Ministry and delays in receiving final approval from the Minister's office. Ministerial-level approval is required for all degree programs across all provinces, and only required for diploma programs in Alberta, Saskatchewan and Nova Scotia.

On average, the 24 public colleges submit between 100 and 200 degree and non-degree program approval applications annually. At the time of our audit, approximately 70 programs were at various stages of the review process within the Ministry.

#### Non-Degree Programs

The Ministry's process for approving non-degree programs includes various types of reviews and approvals, including a tuition review and/or policy review (**Appendix 9**). Internally, the Ministry has a target of approving a non-degree program three months from its submission date.

Since April 2020, the Ministry has tracked programs through the approvals process. In December 2020, additional elements were added to improve tracking, such as adding in the starting and completion dates of each of the approval stages. The tracking process allows for more accountability to understand the stage(s) of approval that create a delay in the process.

We reviewed the Ministry data to assess the timeliness of approvals granted for non-degree programs submitted by the public colleges between April 2020 and March 2021 (see summarized results in **Figure 28**). By July 31, 2021, the Ministry had approved 45 non-degree programs. Overall, the timeliness of the approval process improved over this period: programs submitted between April and June 2020 took on average 251 days to receive approval; programs submitted in January and March 2021 took an average of 155 days. However, the Ministry's

**Figure 28: Number of Days Taken to Approve Non-Degree Public College Programs<sup>1</sup> Submitted April 2020<sup>2</sup>– March 2021**

Source of data: Ministry of Colleges and Universities

Stage	Step(s)	Ministry Internal Target (# of days)	Average # of Days Taken to Complete <sup>3</sup>
Review and analysis of non-degree program	Staff review and analyze the program submission and evaluation, as well as conduct a tuition review and policy review where required <sup>4</sup>	44	99
Approval of non-degree program	Manager and Director approve program		
	Assistant Deputy Minister approves program	7	11
	Deputy Minister approves program	10	10
	Minister approves program	29	68
<b>Total # Days from Submission to Final Approval Date</b>		<b>90</b>	<b>188</b>

Target not met

- When colleges submit non-degree programs for funding, the Ministry conducts up to two different reviews, depending on the nature of the program. A tuition review is completed for all programs seeking Ministry funding, while a streamlined policy review is completed only for programs that meet specific criteria (detailed in Appendix 9).
- Our review of programs started from April 2020 because more extensive and detailed data for submission/approval dates and the progress of submitted programs has been tracked since then. Ministerial approval was not required for non-degree program approvals prior to 2019. This summary only includes programs submitted in the specified time frame and that were approved by the Minister prior to July 31, 2021.
- Number of days includes: weekends and statutory holidays.
- Steps in this stage also include reviewing submissions for completeness and consistency with Ministry policies; following up with colleges for clarification and/or more information; consulting with other ministries or Ministry divisions; and drafting materials required for ministerial review and approval.

internal target of a 90-day, or three-month, timeline from submission to approval has not been met since the overall average was 188 days (six months). Of this time, program approval reviews have remained within the Minister's Office, the final step in the approval process, for an average of 68 days, just over two months.

In addition, when we reviewed the data available for 62 non-degree programs submitted between March 2019 and March 2020, we found that the programs were approved after a lesser time of approximately 110 days on average. The program approval process was timelier for most of 2019 and the more significant delays started in December 2019. Over the three-month period from December 2019 to February 2020, 16 non-degree programs were submitted for approvals and on average took 226 days, over seven months, to receive those approvals.

During our meetings with the 24 public colleges' presidents and board chairs, 16 expressed concerns that delayed program approvals have resulted in an inability to market programs, recruit students and launch programs in the desired semester to respond to market needs. As well, many expressed concerns that they were not notified of the status of their program applications on a timely basis.

Example 1 in **Figure 29** describes two instances where these delays negatively impacted student enrolment at a public college.

### Degree Programs

Degree program approvals require ministerial consent in addition to the different types of reviews illustrated in **Appendix 9**. As mentioned in **Section 2.2.7**, the Ministry has, since December 2019, committed to a more streamlined process to approve and provide consent for degree programs—its goal is to issue degree consents within six months of submission to the Ministry.

## Figure 29: Examples of the Impact of a Delayed Program Approval Process

Prepared by the Office of the Auditor General of Ontario

### Example 1:

In November 2020, one college submitted two media programs for approval as part of its internal review process to maintain the quality and relevancy of its existing programs. Its first submission was a journalism program that received pre-approval to advertise the program in February 2021, and final approval 137 days after the initial submission by the college, in April 2021. The college expected to receive 40 student applications and 10 confirmations by June 30. However, because of the delay in the approval process, the college was required to delay its opening for applications and had received only 14 applications and four confirmations as of June 25, 2021, meaning it had lost opportunities to maximize its enrolment capacity. Similarly, the college's second submission was a broadcasting program that received pre-approval to advertise the program in February 2021, and final approval in April 2021, 154 days after the initial submission. This program typically receives approximately 100 applications and 35 confirmations by June 30. However, the college had received only 67 applications and 23 confirmations as of June 25, 2021. The same college developed a new two-year Electromechanical Engineering Technician–Mechatronics College Diploma program in partnership with a local employer. In December 2020, it submitted the program to the Ministry for approval. The program received pre-approval to advertise the program in February 2021, and final approval 129 days after the initial submission, in late April 2021. This meant the college was not able to initiate final enrolment in the program in March and April 2021, which is typically when students commit to fall enrolment. If approvals were received in the 90-day time frame of the Ministry's timeline, the college would have met its recruiting and enrolment window.

### Example 2:

On March 6, 2020, another college submitted an Honours Bachelor of Food Studies program to the Ministry for approval. The program was referred to the Postsecondary Education Quality Assessment Board (Board) by March 10, 2020, which was within two business days of the original submission date and in line with the streamlined procedures in effect since December 2019. The Board completed its review in July 2020. In November 2020, the Ministry communicated the Minister's intent to grant consent to the college to advertise and offer the program, but the college did not receive final ministerial consent until December 2020. The college submitted the program for funding approval in May 2020, two months after it submitted the program for consent approval. Since this was a high-demand program, the tuition fee could not be approved prior to the release of the new Tuition Fee Framework related to the academic year. The college was asked to resubmit a new proposed tuition fee once the Tuition Fee Framework was published. The college resubmitted the proposed tuition fee in May 2021 and received Ministry approval in July 2021. For degree programs such as this one, the ideal recruitment cycle for colleges is in October/November since this is when the Ontario College Application Service and marketing starts for students to begin their studies the following September for the fall semester. Since this college did not obtain ministerial consent until December 2020 or tuition approval until May 2021, the ideal promotion cycle was missed. The college was targeting a September 2021 start date, but the delay negatively affected its ability to market the program on time.

We found that for degree programs submitted between December 2019 and March 2021, 15 were approved by the Ministry for consent and/or funding review. The Postsecondary Education Quality Assessment Board took four and a half months to complete its review, while the Ministry took eight months to finalize its approval. This timeline has not met the six-month target established by the Ministry.

For another college that submitted a degree program for ministerial consent in recent years, the delay has negatively impacted its ability to promote and attract students (see Example 2 in **Figure 29**).

## RECOMMENDATION 16

To enable timely approval processes for both degree and non-degree programs so that colleges can respond quickly to employer needs, while ensuring program quality and needs are met, we recommend that the Ministry of Colleges and Universities:

- create specific documented guidance and a checklist that should be used by each Ministry program reviewer when reviewing a

program approval application submitted by a public college;

- provide status updates on the approval process to public colleges (every two to three months) so that colleges can understand the timing and probability of program approvals;
- track and identify reasons for delays in the degree and non-degree program approval processes; and
- take corrective actions in a timely manner.

## MINISTRY RESPONSE

The Ministry appreciates the Auditor General's recommendation supporting the timely approval of both degree and non-degree programs for publicly assisted colleges. The Ministry agrees that the current timelines for publicly assisted colleges to receive Ministry funding approvals for degree and non-degree programs are challenging and hinder institutional planning and student access to post-secondary education.

The Ministry has been working over the past year to improve communication with institutions on this issue and to decrease the time that it takes for institutions to receive Ministry funding approvals. The Ministry has already taken corrective action regarding guidance documents for staff working on reviews and enhanced tracking. The Ministry commits to continuing to work on this issue to improve the process and timelines as a whole.

## 4.6 Public College Board Governance

The boards of governors of public colleges (public college boards) are expected to provide effective governance and rigorous oversight of their colleges' financial and operational performance in achieving the colleges' strategic directions and legislated mandate. The Governance and Accountability Framework Minister's Binding Policy Directive (Governance Directive) requires public college boards to govern effectively and be accountable to the citizens of Ontario for

the successful achievement of the colleges' mandates in view of the financial support provided by the province.

Our review of the Minister's binding policy directives and requirements for public college boards (**Appendix 4**), and the governance practices at the four selected colleges, found several opportunities for public college boards to further strengthen their governance practices in order to enhance oversight of public colleges and better align with leading governance practices for public sector boards.

### 4.6.1 Orientation and Ongoing Training for Public College Board Members Can Be Enhanced

At the four colleges we reviewed in-depth, orientation sessions are provided at the beginning of the academic year for new members. Two of the colleges (Loyalist and Seneca) also assign peer mentors to new members, which is a leading practice. The Colleges Centre of Board Excellence (CCBE), a joint initiative of Colleges Ontario and the College Employer Council, also offers orientation training for new governors and publishes a Manual for Effective College Governance to assist governors in fulfilling their roles. The Ministry's Protocol for Board Nominations and Appointments (Protocol) states that public college boards are to ensure new board members participate in Colleges Ontario's orientation sessions. These sessions provide information on the post-secondary education sector and relationship with the Ministry, as well as key elements of good governance. However, we found that not all public college boards encourage new external members (LGIC and board-appointed) to attend CCBE training, and attendance of external members from the four colleges we reviewed varied. For one college (Seneca), only one external member had attended this orientation since 2014.

The Protocol also notes public college boards are responsible for providing ongoing development activities for board members. Our review of the four colleges found that little ongoing governance training was provided, with three of the four colleges

indicating that they rely on the CCBE's Board Excellence Certificate program for those members who wish to attend. Governors can earn certificates at two levels: Good Governance and Advanced Good Governance. While the training is not mandatory, the various governance modules included in these certificates cover a variety of governance topics, such as enhancing the performance of governors and integrated risk management, and are a valuable opportunity for public college board members to share practices. Two colleges' board chairs (Loyalist and St. Clair) had completed both a Good Governance and Advanced Good Governance certificate as of September 1, 2021.

Our review also found that none of the four colleges provide enhanced training for new chairs when appointed to the position, which is important given the greater responsibilities and skillsets required of the role. In some cases, the incoming chair had served as vice chair prior to taking on the role, and for some, the past chair continues to serve an extra year to provide assistance and mentorship if required. In 2020, CCBE introduced a new course on the role of the chair. While not all public colleges participated in the course, the four colleges we reviewed had all enrolled the chair and/or vice chair of their board.

Leading governance practices recommend that a formal orientation program be provided to all new board members, to ensure they are able to fully contribute as quickly as possible after joining the board. Regardless of a new member's prior board experience, it is important to provide an orientation to the college's unique context within the post-secondary education sector and its specific governance practices and activities. A comprehensive orientation program should include meetings with the board chair, president and other key organizational personnel, a tour of campus facilities, as well as an orientation to the college's financial statements and key risks. Ongoing governance training and development throughout a board member's tenure is also a recognized good practice. Even experienced board members benefit from continually upgrading key governance competencies, such as financial literacy, risk oversight, conflict of interest

and ethics, crisis management and other emerging governance areas (for example, the board's role in cybersecurity). As well, whenever a new chair is appointed, leading practices recommend enhanced training be provided with respect to the increased requirements that come with the role, no matter how long a member has served on the board. Along with increased board leadership and meeting facilitation responsibilities, the chair is often delegated key oversight responsibilities/approvals with respect to the president, including ensuring succession planning is in place, negotiating and signing employment agreements when hiring a new president, taking a lead role in conducting the president's performance evaluation, and approving the president's expenses and any deviations from policy and procedures.

### RECOMMENDATION 17

To strengthen the orientation processes for new public college board governors we recommend, where applicable, the boards of Loyalist, Sault, Seneca and St. Clair:

- require, as per the Ministry's Protocol for Board Nominations and Appointments, that external governors attend the College Centre of Board Excellence's (CCBE's) orientation sessions; and
- encourage the ongoing development of external governors by setting a minimum participation rate for external governors to attend CCBE courses over a specified period of time, with the aim of achieving the CCBE's Good Governance and Advanced Good Governance certificates.

### RESPONSE FROM THE FOUR SELECTED PUBLIC COLLEGES

Loyalist, Sault, Seneca and St. Clair agree that the College Centre for Board Excellence program is an excellent professional development program, particularly for those board members new to a governance board. It is an advantage that we have, as a college system, for governors seeking professional development and for those

whose experience is not specific to governance boards. However, we do have members of our boards who hold designations from the Institute for Corporate Directors and others with significant governance experience, in addition to those whose professional experience includes leadership of large complex organizations such as hospitals, school boards, large corporations and municipalities. These individuals have professional experience and credentials that are well suited to our boards and we recruit them for that experience. All members of college boards serve in a volunteer capacity.

Generally, we support an orientation session for our board members, and all responding colleges engage in board orientation programs. In addition, the four colleges reviewed have programs for incoming chairs specific to their institutions that exceed an introductory course in the role of the chair.

#### 4.6.2 Conflict of Interest Processes Need Improvement

At the four colleges reviewed, we found that although all of them had conflict of interest policies, none required board members to complete an annual Conflict of Interest Declaration Form. One college required governors to sign an annual code of conduct form, and another required an annual attestation indicating governors had read and understood the college's conflict of interest policy. Our review of meeting minutes found that these four colleges' boards complied with the Conflict of Interest Minister's Binding Policy Directive's requirement to call for conflicts of interest at the beginning of every board meeting, however, some meeting minutes did not document the resolution of identified conflicts, or whether the member with the conflict of interest recused themselves from the meeting when the item arose. Care must be taken to ensure that minutes fully document the due diligence of the board and indicate when a member with a conflict of interest recuses

themselves from the discussion and when they return to the board meeting.

Leading governance practices for managing conflicts of interest recommend that all members sign conflict of interest declaration forms annually, and that they recuse themselves from the boardroom discussion/voting when conflicts of interest arise. The best examples of such declaration forms require members to list all of their professional and community involvements, as well as identify any personal or potential conflicts that may exist. Once signed and dated by the board member, the chair reviews the completed form and discusses any mitigating actions that will be taken with the member, which is recorded on the form. If any changes occur during the year, the member must update the form within the year.

#### RECOMMENDATION 18

To strengthen its oversight of boards of governors' conflict of interest policies and processes, including ensuring greater alignment with leading governance practices, we recommend that the Ministry of Colleges and Universities:

- update its directives to require public college board governors to complete annual Conflict of Interest Declaration Forms that are reviewed by board chairs; and
- confirm on an annual basis that the updated directive is adhered to by the public colleges.

#### MINISTRY RESPONSE

The Ministry will review its Conflict of Interest Minister's Binding Policy Directive to determine where changes may be required related to governance practices.

#### RECOMMENDATION 19

To strengthen their board of governors' conflict of interest policies and processes, including ensuring greater alignment with leading governance

practices, we recommend that the boards of governors of Loyalist, Sault, Seneca and St. Clair colleges have their board members complete an annual Conflict of Interest Declaration Form, which is then reviewed by the board chair.

### RESPONSE FROM THE FOUR SELECTED PUBLIC COLLEGES

Loyalist, Sault, Seneca and St. Clair agree with the recommendation.

#### 4.6.3 Some Public Colleges Did Not Conduct Board Evaluations nor Document President's Performance Evaluations

During the two-year period (2019/20 and 2020/21) reviewed, we found that only two of the four colleges (Seneca and St. Clair) conducted board evaluations in compliance with the Governance Directive. Although the two colleges that did conduct board evaluations included some good practices such as assessing committee effectiveness, chair effectiveness, and satisfaction with corporate secretary support to the board, we found that the evaluation's impact on board functioning could be improved, as tangible changes were not evident as a result of the evaluation. We noted none of the colleges conducted peer assessments of individual directors' overall governance contribution, however one college (Seneca) included peer assessments in evaluating the directors' committee roles.

Our review of the four colleges found that all conducted an annual performance evaluation of their president, with some having a more thorough approach than others. We also noted instances where the chair and/or board committee communicated the president's performance review results and feedback verbally, and that the feedback that was discussed was not always fully documented in writing. All presidents received their maximum bonus payment awards (9% to 21% of base salary) during the period we reviewed.

Evaluating board effectiveness in fulfilling its governance functions is a key requirement of good

governance. The Governance Directive requires that the responsibilities of each public college board include at a minimum:

- assessing regularly the effectiveness of the board with respect to governance;
- assessing regularly the attainment by the president of corporate goals and outcomes; and
- evaluating the president's performance.

Colleges Ontario's Manual for Effective College Governance provides guidance on both the board's role in overseeing the president, and on evaluating board performance and effectiveness, including conducting individual director assessments.

Leading practices for board evaluations include evaluating the operation and performance of the board as a whole in fulfilling its governance functions, as well as the effectiveness of board committees, the performance of the chair and committee chairs, and the performance of individual board members through peer assessments. The evaluation process should be tailored to a college's particular needs, and change over time depending on those needs. Board evaluation results should be shared with all members and result in tangible improvements to board functioning.

As noted above, all of the four colleges we reviewed conducted an annual performance evaluation of their president, but there were areas for improvement. Leading practices for president performance evaluations recommend a formal, documented process based upon meaningful criteria and the achievement of goals/objectives approved by the board at the beginning of a performance review cycle. All board members should have the opportunity to provide input on the president's performance and be informed of the results of the review. Another leading practice is to conduct an independent 360-degree assessment to provide the board with valuable insight into the president's performance. Feedback to the president should document strengths and progress achieved, as well as opportunities for future growth and development. Documentation should also clearly demonstrate the link between performance and the level of performance pay/bonus awarded.

## RECOMMENDATION 20

To improve board performance in fulfilling governance functions and to align with leading governance practices, we recommend that the boards of public colleges:

- conduct board evaluations on an annual basis, and make tangible improvements to their board's practices as a result of the evaluation process; and
- conduct comprehensive, documented annual performance evaluations of the president, based on meaningful criteria and performance measures that identify leadership competency strengths, achievement of strategic objectives, and opportunities for improvement.

## RESPONSE FROM THE FOUR SELECTED PUBLIC COLLEGES

Loyalist, Sault, Seneca and St. Clair agree that annual evaluations should be conducted by boards of governors and that boards should act on any improvements identified by the evaluation process.

We also agree that “comprehensive, documented annual performance evaluations” of presidents are appropriate at each college. The boards of all four colleges are already undertaking such annual performance evaluations of the presidents.

### 4.6.4 Lack of Staggered Terms in Ministerial Appointments to Public College Boards Does Not Follow Best Practices

As outlined in O. Reg 34/03 under the *Ontario Colleges of Applied Arts and Technology Act, 2002*, the Lieutenant Governor in Council (LGIC) is to appoint one-third of a public college board's external members (these appointed members are referred to as LGIC appointees). External board members are appointed for three-year terms, up to a maximum of serving six years consecutively. Board member terms are to begin on September 1 in the year of their appointment and terminate on August 31 in the year in which the term ends.

Delays in the LGIC appointment process can result in not all LGIC appointees starting on September 1 as required, which can negatively impact the functioning of a board as it would not have a full complement of members for decision-making. At the time of our review, 10 public college boards had a full complement of LGIC appointments in place, with the 14 other colleges lacking between one and three LGIC appointees.

Public college boards may provide suggested nominees for LGIC appointments. The Ministry's Protocol for Board Nominations and Appointments indicates that “for each vacancy to be filled by a LGIC appointee (including reappointments), colleges are expected to put forward up to 3 nominees.” However, our review found that no public college board submitted more than one name per vacancy, and that it was common practice for boards to submit names of board-appointed members who were already serving on the board, rather than new candidates. While LGIC appointments are ministerial prerogative, we found that over the six-year period we reviewed, almost all LGIC appointments were selected from the college-suggested nominees until 2019/20. More recently, in 2020/21, about a third of LGIC appointments were ministerial selections not submitted by the public college boards.

Our review also found that most of the colleges (18) did not have staggered terms for LGIC appointments, which means that many LGIC appointments could become vacant at the same time. The Ministry's Protocol for Board Nominations and Appointments advises that appointment terms for external members should be staggered in order to maintain continuity and experience for the board overall. As also noted in our 2016 Auditor General's report on the provincial public appointment process, “it is considered best practice (in Ontario and other jurisdictions) that, where possible, terms of appointments do not all end in the same year.” Following this best practice is important as it ensures an orderly transition of appointees so that not all members leave the board simultaneously, which would undermine board continuity and effective functioning.

## RECOMMENDATION 21

To support public college boards to operate with a full complement of board members, and provide for an orderly transition of appointees, we recommend that the Ministry of Colleges and Universities:

- stagger the terms of the Lieutenant Governor in Council appointments; and
- appoint members on a timely basis to comply with the September 1 start date under the regulation O. Reg 34/03 of the *Ontario Colleges of Applied Arts and Technology Act, 2002*.

## MINISTRY RESPONSE

The Ministry will work with colleges to support activities that ensure board continuity. The Ministry is also committed to supporting a timely appointment process.

## 4.7 Financial Statements and Annual Reports of Public Colleges

Generally, we found that public colleges' financial statements are prepared in accordance with Canadian public sector accounting standards; however, the timeliness of the reporting of these financial statements to the Ministry and the public, as well as the disclosure of the financial statements and annual reports, require improvements to comply with the Ministry's operating procedures requirements and to better serve the needs of decision-makers and financial statement users.

### 4.7.1 Some Public Colleges Not Meeting Ministry Requirements on Financial Statements and Annual Reports

The Audited Financial Statements Operating Procedure requires public colleges to submit their audited financial statements to the Ministry annually by June 15. Our review of the audit report date of all 24 public colleges' financial statements for the past five years

(2016/17–2020/21) found that Fanshawe and St. Clair have consistently reported about two weeks late each year. We requested the reasons for these delays from the Ministry, but the Ministry could not provide documentation from these colleges. In 2021, the Ministry followed up with the two colleges to remind them that they were overdue in their submissions; the colleges subsequently submitted their statements. The Ministry indicated to us its understanding that delays are typically related to when the public college board meets to approve the financial statements. Both colleges confirmed this to be the case, as their board meetings are typically scheduled for the fourth week of the month.

In addition, not all the public colleges have met the Ministry's accountability reporting requirements for annual reports. The Annual Report Operating Procedure states that public colleges are required to submit their annual report, including a copy of their audited financial statements, by July 31 and to ensure that the report is made publicly available by posting it on their website. We found that 21 of the 24 colleges' annual reports for 2020/21 were publicly available on their websites as of July 31, 2021; the annual reports for Canadore, George Brown and Sault were not. As of the beginning of October 2021, of the three, only George Brown had published its report online. The colleges reasons for the delays included added workloads in response to COVID-19, and IT challenges.

As well, for the four colleges reviewed in-depth, we found that Loyalist and St. Clair did not include their full audited financial statements in their annual reports, as required by the Ministry's operating procedures. While these two colleges' audited financial statements were publicly available on their websites, they included only summarized financial statements in their annual reports.

## RECOMMENDATION 22

To provide transparency to the public and to comply with all accountability reporting requirements and operating procedures, we recommend that:

- Fanshawe and St. Clair submit their audited financial statements to the Ministry of Colleges and Universities by the required deadline;
- Canadore, George Brown and Sault make their annual reports publicly available on their websites on a timely basis; and
- Loyalist and St. Clair include complete audited financial statements in their annual reports on their operational performance.

## RESPONSE FROM PUBLIC COLLEGES

Fanshawe and St. Clair acknowledge and accept that the audited financial statements were not submitted by the deadline based on the timing of the board meetings, and agree to submit their audited financial statements by the required deadline beginning fiscal 2021/22.

Canadore, George Brown and Sault agree to make their annual reports publicly available in a timely fashion such that they adhere to the required deadline.

Loyalist and St. Clair agree to include complete audited financial statements in their annual reports.

## RECOMMENDATION 23

To provide effective oversight of public colleges and their compliance with the accountability reporting requirements, we recommend that the Ministry of Colleges and Universities maintain documentation regarding delays from public colleges that are consistently submitting their audited financial statements late, and take corrective action to address the causes for the delays.

## MINISTRY RESPONSE

The Ministry will augment its current process around college submission of financial statements and budgets to provide for structured Ministry responses to delays and require the submission and maintenance of documentation from institutions regarding delays and their causes.

## 4.7.2 Three-Quarters of Colleges' Financial Statements Did Not Include Management's Statement of Responsibility

We found that the 2020/21 audited financial statements of 18 of the 24 public colleges did not include a signed statement of management's responsibility, as required under Canadian public sector accounting standards. This statement acknowledges that college management is responsible for preparing the college's financial statements in accordance with the college's accounting framework. Consequently, the absence of a signed statement of management's responsibility raises questions as to who is accountable for the preparation of the financial statements for a particular college in a given fiscal year.

In addition, of the 18, Fanshawe's financial statements did not include board signatures signifying their approval of the financial statements. The college's board of governors' approval of the audited financial statements was documented in the meeting minutes, but this approval is not publicly disclosed on the statements. This lack of formal acknowledgment of the financial statements by the board may dilute the perceived reliability of the statements to readers, as it is unclear whether or not the financial statements were indeed reviewed and approved by the board.

## RECOMMENDATION 24

To improve the reliability and usefulness of public colleges' financial statements, we recommend that:

- the 18 public colleges (Algonquin, Boréal, Cambrian, Canadore, Conestoga, Confederation, Fanshawe, Fleming, La Cité, Lambton, Loyalist, Mohawk, Niagara, Northern, Sault, Seneca, Sheridan, and St. Clair) append a signed statement of management responsibility dated on or before the date of the audit opinion to their audited financial statements published on their websites; and
- Fanshawe include board signatures in its published audited financial statements.

## RESPONSE FROM PUBLIC COLLEGES

The public colleges believe that they have, to date, complied with public sector accounting requirements in terms of how their audited financial statements are presented. However, they agree that the proposed recommendation will improve the reliability of their financial statements and so will append a signed statement of management responsibility to their published audited financial statements beginning fiscal 2021/22.

Fanshawe also agrees to include board signatures on its published audited financial statements beginning the same fiscal year.

### 4.7.3 Six Public Colleges Did Not Provide Sufficient Disclosures of Their Contractual Arrangements with Private Career Colleges

We found that all six public colleges (Cambrian, Canadore, Lambton, Northern, St. Clair, and St. Lawrence) with long-standing public-private college partnerships established prior to the Partnerships Directive did not provide sufficient disclosures in the notes to their 2020/21 financial statements. None of the six colleges disclosed the amount of revenue earned, or fees paid, related to the partnerships in their financial statements. Given the significance of this revenue stream, we would expect the amount earned to be presented as a separate line item in the statement of operations, or at a minimum, be disclosed in the notes to the financial statements. As such, users of the public colleges' financial statements are not fully aware of the existence and extent of this international student revenue stream.

Further, Cambrian, Northern, St. Lawrence presented revenues and expenses related to these partnership arrangements in their statement of operations on a net basis (that is, in a single line item). Canadian public sector accounting standards require revenues and expenses to be presented separately, on a gross basis. Separate disclosure allows users to assess and distinguish the total magnitude of revenues earned and expenses incurred by a public college from various sources. For example, the tuition

fees earned from international students studying at a public-private college partnership campus should be presented separately from those earned from international students studying at the public college's home campus; they should also be presented separately from the fees paid to private career college partners. An example of how this could be displayed is shown in **Figure 30**.

## RECOMMENDATION 25

To improve the quality of financial information received from public colleges, we recommend that the Ministry of Colleges and Universities require public colleges to report the gross revenue earned and expenses incurred from their public-private college partnerships in their statement of operations, and include a description of the partnership revenue stream in the notes to their financial statements.

## MINISTRY RESPONSE

The Ministry will provide further direction to colleges around the documentation of public-private college partnership revenue streams in their financial statements.

## RECOMMENDATION 26

To improve the reliability and usefulness of public colleges' financial statements, we recommend that any public college that has or enters into a partnership with a private career college:

- report the gross revenue earned and expenses incurred (instead of revenue on a net basis) from their public-private college partnerships in their statement of operations; and
- include the partnership revenue stream as a separate revenue line item either in the statement of operations or within a separate schedule in the financial statements, in addition to a description of the revenue stream in the notes to their financial statements.

**Figure 30: Sample Financial Statement Disclosure to Include Public-Private College Partnerships (\$ 000)**

Prepared by the Office of the Auditor General of Ontario

	<b>Cambrian*</b>	<b>Canadore</b>	<b>Lambton</b>	<b>Northern*</b>	<b>St. Clair</b>	<b>St. Lawrence*</b>
<b>Revenue</b>						
Grant	38,197	31,968	31,630	23,591	58,940	56,917
Domestic tuition	13,021	8,264	9,548	3,187	24,670	19,398
International tuition	21,339	8,020	11,074	8,328	68,021	20,823
Public-private college partnerships	17,161	77,636	41,029	28,552	65,135	19,689
Other	10,169	15,926	11,138	6,023	21,189	9,874
<b>Total</b>	<b>99,887</b>	<b>141,814</b>	<b>104,419</b>	<b>69,681</b>	<b>237,955</b>	<b>126,701</b>
<b>Expenses</b>						
Salaries, benefits and postemployment benefits	62,547	41,407	51,066	33,291	83,030	80,607
Professional services	9,084	18,616	5,694	3,683	21,642	12,537
Public-private college partnerships	-	48,370	19,836	-	46,866	-
Other	19,541	25,452	19,827	11,626	47,209	26,433
<b>Total</b>	<b>91,172</b>	<b>133,845</b>	<b>96,423</b>	<b>48,600</b>	<b>198,747</b>	<b>119,577</b>
<b>Excess of Revenue Over Expenditures</b>	<b>8,715</b>	<b>7,969</b>	<b>7,996</b>	<b>21,081</b>	<b>39,208</b>	<b>7,124</b>

\* These three colleges present their revenue and expenses from public-private college partnerships on a net basis. No expenses associated with these partnerships are separately disclosed, as either the information was not provided to the Ministry, or the contractual terms have the private partner collect the gross tuition fees from students and remit a portion to the public college.

Example of additional financial statement disclosure of public-private college operations.

## RESPONSE FROM PUBLIC COLLEGES

For the first recommended action, Cambrian and St. Lawrence believe that we properly present our contractual revenues from our partnership arrangements in accordance with Canadian Public Sector Accounting Standards.

We acknowledge the students are determined to be students of the public colleges by virtue of the Ministry's directives related to private partnership arrangements, and we have certain responsibilities to the students who are enrolled in private partner programs as outlined in the Ministry's directive. However, we conclude that we are acting as an agent in the provision of academic delivery to international students enrolled in programs delivered by our colleges' private partners because our contractual agreements transfer a

significant amount of risks and rewards to our private partners for the following reasons:

- Our private partners are in control of the necessary goods and services required to satisfy the obligation to the students by providing academic delivery of course content.
- The private partners are the beneficiaries of the tuition fees as they are able to retain any surplus beyond the costs required to satisfy the performance obligations.
- We have no credit risk from the payments and no control or authority over how the tuition fees are used by the private partner to meet their contractual obligations as outlined in the partnership agreements.

Accordingly, we conclude that revenues are to be reported net in the public colleges' financial statements, equivalent to the amount of

commission fees generated in accordance with the licensing agreements.

Similarly, Northern believes that presenting gross revenue for the partnership arrangement is not appropriate as the college is acting as a flow through, and it would be misleading to present the gross amounts of revenue as it will not be earned by the college.

The remaining colleges with public-private college partnerships agree with the recommendation to continue to report the gross revenue and expenses in the statement of operations.

For the second recommended action, the public colleges (Loyalist, Northern, Sault, St. Clair and St. Lawrence) disagree with the recommendation to include separate disclosure of the revenue stream in the financial statements because of concerns relating to confidentiality terms in agreements between colleges and their private partners. The partnership revenue stream is fully disclosed to the Ministry of Colleges and Universities.

## AUDITOR GENERAL RESPONSE

For the colleges' (Cambrian, Northern and St. Lawrence) response to our first recommended action, we continue to believe that public colleges that have entered into partnerships with private career colleges should record the gross tuition fees from students enrolled in their programs delivered by private partners. Key factors that support our accounting assessment include, but are not limited to, the following requirements under the Ministry of Colleges and Universities' Binding Policy Directive on Public College-Private Partnerships (Partnerships Directive):

- Students enrolled in programs delivered by private partners are students of the public college.
- Public colleges are responsible for ensuring that private partners' locations operate with similar student protections and standards of services, accountability and quality assurance as college home campuses.

- Public colleges are responsible for managing risks associated with the termination of partnership agreements or the failure of a partner to deliver services to students by providing appropriate accommodations for students who are affected in these circumstances, such as student financial compensation and/or guarantees that students be able to complete their programs.

These factors mean that public colleges are ultimately responsible for the provision of their academic programs to all of their students, including those enrolled at their programs delivered by private partners.

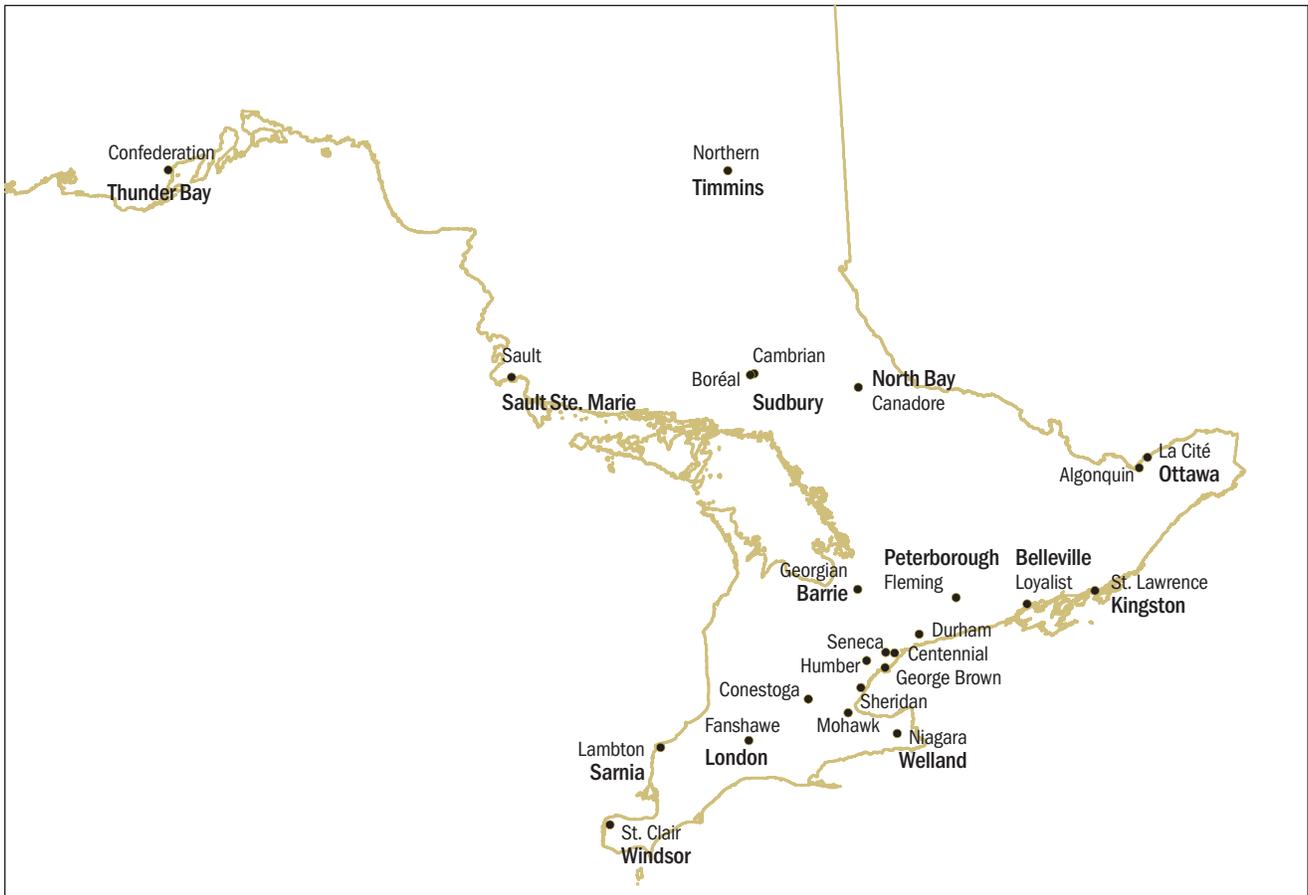
Under the Partnerships Directive, public colleges cannot transfer the significant risks and responsibilities associated with the fulfilment of their academic programs to their private career college partners. In addition, public colleges retain the sole ability and discretion to admit students into their programs and, upon completion of these programs, award Ontario academic credentials (e.g., an Ontario college diploma or certificate).

We will engage the Ministry and the Office of the Provincial Controller Division to correct this accounting treatment in the Province's consolidated financial statements commencing April 1, 2021.

For the second recommended action, the separate disclosure of the partnership revenue stream provides transparency to the users of the financial statements and the public. We acknowledge that this information is provided to the Ministry as part of the colleges' reporting under the Partnerships Directive. However, existence of these partnership agreements and the significance of the associated revenue to the overall results of colleges' operations is not evident to a reader of the colleges' financial statements.

## Appendix 1: Locations of the Main Campuses of Public Colleges in Ontario

Source of data: Ministry of Colleges and Universities



## Appendix 2: Enrolment<sup>1</sup> at Public Colleges, 2016/17–2020/21

Source of data: Ministry of Colleges and Universities

Public College	2016/17	2017/18	2018/19	2019/20	4-Year Change <sup>2</sup> (%)	2020/21
Seneca	32,356	33,457	33,494	34,435	6	36,940
Humber	30,867	32,040	31,752	32,114	4	30,443
George Brown	32,848	33,745	34,368	33,707	3	28,864
Algonquin	24,035	24,942	25,921	26,517	10	25,083
Sheridan	24,652	25,908	26,295	26,729	8	24,482
Conestoga	17,313	17,518	20,736	22,591	30	23,075
Fanshawe	18,201	19,523	20,914	21,972	21	21,136
Centennial	18,591	20,851	22,946	23,102	24	20,059
Mohawk	19,131	19,441	19,630	19,000	(1)	17,043
Durham	13,765	14,165	15,100	16,458	20	15,201
Georgian	14,663	15,477	16,046	16,242	11	15,163
St. Clair	10,709	11,242	13,539	12,189	14	14,338
St. Lawrence	8,514	10,111	10,205	10,116	19	10,418
Niagara	10,805	11,585	12,466	12,064	12	10,145
Lambton	4,026	5,349	6,669	5,961	48	8,897
Cambrian	6,386	7,105	6,941	7,197	13	8,049
Canadore	4,205	5,020	5,379	5,473	30	8,009
Fleming	7,698	7,960	8,792	8,567	11	6,700
Northern	1,641	1,691	1,883	1,929	18	5,835
La Cité	5,620	5,529	5,585	5,995	7	5,481
Loyalist	4,510	4,425	4,750	4,669	4	4,629
Confederation	3,786	3,669	3,682	3,661	(3)	3,159
Sault	2,659	2,544	2,630	3,046	15	2,899
Boréal	2,860	2,662	2,639	2,737	(4)	2,302
<b>Total</b>	<b>319,841</b>	<b>335,959</b>	<b>352,362</b>	<b>356,471</b>	<b>11</b>	<b>348,350</b>

1. Enrolment data is the total of full-time and part-time students, and includes those studying at public-private college partnerships.

2. Change is calculated over a four-year period from 2016/17 to 2019/20. The calculation does not include 2020/21 operations as that fiscal year was significantly impacted by the COVID-19 pandemic and not representative of regular operations for comparison purposes.

## Appendix 3: Glossary of Terms

Prepared by the Office of the Auditor General of Ontario

Term	Definition
<b>Ancillary revenue</b>	Revenues that are generated through the provision of non-academic activities (e.g., convocation fees, athletic fees, residence fees, etc.).
<b>Apprenticeship program</b>	Typically requires between two and five years to complete. Apprentices learn a skilled trade on the job, under the supervision of an experienced tradesperson. Classroom training is delivered by Training Delivery Agents (who can be either college or non-college employees).
<b>Credentials Framework</b>	Contained within the Framework for Programs of Instruction Binding Policy Directive. Outlines the complexity of knowledge and vocational outcomes; essential employability skills and general education; duration for completion; admission requirements and name required for each public college credential.
<b>Degree program</b>	Requires four years of study to complete. Students receive a broad education, with specialized knowledge in at least one discipline.
<b>Non-degree program</b>	Requires one to three years of study to complete. Students receive a defined range of education in their area of study to obtain a certificate, diploma, advanced diploma or graduate certificate upon graduation.
<b>Ontario College Advanced Diploma</b>	Requires three years of study to complete. Graduates can work in a range of technical or management functions.
<b>Ontario College Certificate</b>	Requires one year of study to complete. Graduates can work in a limited range of activities.
<b>Ontario College Diploma</b>	Requires two years of study to complete. Graduates can work in a range of technical or administrative functions.
<b>Ontario College Graduate Certificate</b>	Requires a degree, Ontario college diploma or advanced diploma for admission. Students learn knowledge or skills that are deeper than those gained through previous credentials.
<b>Ontario Qualifications Framework</b>	Outlines the learning expectations for graduates who hold each type of credential offered by Ontario postsecondary institutions. Particularly for degree programs, this framework establishes the broad standards for degree programs that are not outlined within the Credentials Framework.

## Appendix 4: Minister of Colleges and Universities' Binding Policy Directives and Operating Procedures for Public Colleges

Prepared by the Office of the Auditor General of Ontario

Binding Policy Directives <sup>1</sup>	Operating Procedures <sup>2</sup>
<b>Governance and Accountability</b>	
<p><b>Governance and Accountability Framework</b> Sets minimum expectations regarding the mandate, role and responsibilities of boards of governors, including:</p> <ul style="list-style-type: none"> <li>• setting a vision, strategic directions and overall goals;</li> <li>• hiring a president and evaluating his/her performance;</li> <li>• approving the annual business plan, budget and annual report; and</li> <li>• assessing board effectiveness and ensuring corrective actions are taken.</li> </ul> <p>Stipulates that nomination procedures and appointments are to follow the Protocol for Board Nominations and Appointments (a supporting document).</p>	<p><b>Strategic Plan</b> Sets minimum requirements for colleges' strategic plans and requires they be made available on colleges' websites.</p> <p><b>Business Plan</b> Sets minimum requirements for annual business plans (e.g., statement of operational outcomes, goals and objectives, annual budget) and deficit recovery plans.</p> <p><b>Annual Report</b> Sets minimum requirements for annual reports (e.g., extent to which a college achieved outcomes identified in its strategic plan, financial performance, a summary of complaints regarding the advertising and marketing of college programs).</p> <p><b>Audited Financial Statements</b> Sets minimum requirements for audited financial statements (e.g., prepared using accrual basis of accounting).</p> <p><b>Graduate and Employer Key Performance Indicator Surveys</b> Sets requirements to administer the graduate and employer surveys used to collect, and publish, key performance indicator data.</p>
<b>Programs</b>	
<p><b>Admissions Criteria</b> Procedures and eligibility requirements colleges are to follow when establishing specific program requirements for all public college programs, including:</p> <ul style="list-style-type: none"> <li>• giving residents of Ontario priority in admissions to oversubscribed programs<sup>4</sup>; and</li> <li>• having a publicly available central admissions publication that contains admissions criteria and selection procedures on a program-by-program basis.</li> </ul>	n/a <sup>3</sup>
<p><b>Funding Approval of Programs of Instruction</b> Criteria a program must meet before the college submits a request for funding (i.e., has board approval, is consistent with the Minister's Binding Policy Directive on Framework for Programs of Instruction, complies with legislation, and meets an identified economic or societal need).</p>	<p><b>Funding Approval of Programs of Instruction</b></p> <ul style="list-style-type: none"> <li>• Summarizes the type of information a college is required to complete when requesting an approval for funding from the Ministry.</li> <li>• Provides information on the Ministry's responsibilities and approval process.</li> </ul> <p><b>Program Suspension and Cancellation</b> Procedures colleges are to follow to inform the Ministry of changes to their offerings of programs of instruction.</p>
<p><b>Funding of Part-Time Activity</b> Establishes eligibility criteria to allow specified part-time courses to be funded through the general-purpose operating grant.</p>	n/a <sup>3</sup>

Binding Policy Directives <sup>1</sup>	Operating Procedures <sup>2</sup>
<b>Programs (continued)</b>	
<p><b>Framework for Programs of Instruction</b></p> <p>Outlines a series of requirements that must be upheld for a college to offer programs and instructional courses. Includes the Ontario Credentials Framework in an appendix that defines the differences between the various credentials offered at Ontario public colleges. Public colleges must have the following procedures in place for program development:</p> <ul style="list-style-type: none"> <li>• The board of governors must approve all programs of instruction to ensure the program aligns with the college's mandate, strategic direction and local economic and social needs.</li> <li>• Each program, or cluster of related programs, must have a program advisory committee that includes people external to the college who have expertise in the particular area of study. These committees provide advice on the programs developed and offered; members are drawn from the local community and provide input on program relevancy and local employment needs.</li> </ul>	n/a <sup>3</sup>
<b>Finance and Administration</b>	
<p><b>Banking, Investments and Borrowing</b></p> <p>Establishes college banking, investment and borrowing requirements.</p>	<p><b>Banking, Investments and Borrowing</b></p> <p>Specific details on restrictions and conditions on college banking, investments and borrowing requirements.</p>
<p><b>Conflict of Interest</b></p> <p>Defines conflicts of interest, outlines procedures boards are to follow to determine if a conflict exists and provides steps to be followed.</p>	n/a <sup>3</sup>
<p><b>Entrepreneurial Activities</b></p> <p>Sets out guidelines for entrepreneurial activities and establishes the conditions under which the activities may occur.</p>	n/a <sup>3</sup>
<p><b>Proceeds from Sale or Encumbrance of College Property</b></p> <p>Outlines the requirement for ministerial approval for the use of proceeds from the sale, encumbrance, or lease of college property acquired with provincial support.</p>	n/a <sup>3</sup>
<p><b>Tuition and Ancillary Fees</b></p> <p>Requires colleges to:</p> <ul style="list-style-type: none"> <li>• ensure tuition and ancillary fees are board-approved and publicly available;</li> <li>• use revenue from tuition fee increases for student-aid purposes;</li> <li>• ensure financial aid is available to students with financial needs; and</li> <li>• report enrolment and fee information to the Ministry.</li> </ul>	<p><b>Tuition and Ancillary Fees Reporting</b></p> <p>Details how colleges are to implement policies regarding tuition, ancillary fees, tuition fee refunds, accountability and reporting.</p>
	<p><b>Enrolment Reporting and Audit Procedure</b></p> <p>Sets out the requirements for preparing and reporting enrolment data to the Ministry, and for conducting an audit of the data.</p>
<p><b>Public College-Private Partnerships</b></p> <p>Permits public colleges to enter into contractual arrangements that allow third parties to deliver college programs, and outlines requirements for public colleges. Colleges remain responsible for the quality of programs delivered.</p>	n/a <sup>3</sup>

1. Ministry expectations for college compliance with the *Ontario Colleges of Applied Arts and Technology Act, 2002* and O. Reg. 34/03.

2. Specific requirements and procedures to comply with the Act, Regulation and Binding Policy Directives.

3. The Ministry did not establish additional procedures for these Binding Policy Directives because the directives already provide specific details for public colleges to follow.

4. During our audit, we were unable to obtain information on this as it is not tracked by the Ministry.

## Appendix 5: Total Revenue by Source for Public Colleges, 2011/12–2020/21

Prepared by the Office of the Auditor General of Ontario

	Fiscal Year																			
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21										
\$ million	%	\$ million	%	\$ million	%	\$ million	%	\$ million	%	\$ million	%									
<b>Domestic Tuition Fees</b>	711	20	757	21	811	21	825	21	847	21	867	20	821	18	927	17	843	15	802	16
<b>International Tuition Fees<sup>1</sup></b>	273	8	318	9	365	10	450	11	534	13	696	16	952	20	1,405	26	1,754	32	1,681	33
<b>Core Operating and Performance-based Grants<sup>2</sup></b>	1,026	29	1,060	29	1,077	28	1,094	28	1,134	27	1,152	26	1,174	25	1,162	21	1,147	21	1,118	22
<b>Other Grants<sup>3</sup></b>	630	18	784	21	786	21	780	20	769	19	759	18	734	16	880	16	741	13	819	16
<b>Other<sup>4</sup></b>	883	25	752	20	768	20	781	20	825	20	893	20	983	21	1,103	20	1,042	19	677	13
<b>Total</b>	<b>3,523</b>	<b>100</b>	<b>3,671</b>	<b>100</b>	<b>3,807</b>	<b>100</b>	<b>3,930</b>	<b>100</b>	<b>4,109</b>	<b>100<sup>5</sup></b>	<b>4,367</b>	<b>100<sup>5</sup></b>	<b>4,664</b>	<b>100</b>	<b>5,477</b>	<b>100</b>	<b>5,527</b>	<b>100</b>	<b>5,097</b>	<b>100</b>

1. Prior to 2019/20, revenue from international student tuition fees collected under public-private college partnership agreements were not separately reported by the public colleges to the Ministry and could either be included with "International tuition fees" or "Other." Starting in 2019/20, this information has been reported separately to the Ministry, which we have included with "International tuition fees."

2. Core operating and performance-based grants consist of the following funding:

- Enrolment – the core operating grant is calculated based on domestic enrolment levels in eligible programs, full- or part-time registration and type of program.
- Performance-based – prior to 2020/21, this represented 1.2% of the funding provided and was allocated to colleges based on performance across three key indicators: graduate satisfaction, employer satisfaction and graduate employment rate. This portion of funding will increase to up to 60% by 2024/25 as measured across 10 metrics (discussed in Section 2.2.4), with an equal decrease to the enrolment funding.

3. Other grants include special purpose grants that are provided to support initiatives such as disability support, rural and northern communities and Indigenous education programs. They also include other funding from the federal and provincial governments, as well as COVID-19 funding for 2019/20 and 2020/21.

4. Other revenue includes ancillary revenue, donations, investment income and other miscellaneous income.

5. Total percentage has been rounded to 100.

## Appendix 6: Performance Metrics Under New Strategic Mandate Agreements Between the Ministry of Colleges and Universities and Public Colleges, 2020/21–2024/25

Prepared by the Office of the Auditor General of Ontario

Performance Metric	Definition	Fiscal Year Data Starts to Be Reported by Public Colleges to Ministry
<b>Graduate employment rate in a related field</b>	Percentage of graduates employed full-time in a field related, or partially related, to their program six months after graduation, compared with the total number of graduates employed full-time.	2020/21
<b>Institutional strength/focus</b>	Percentage of enrolment in a college's defined program area(s) of strength compared with total enrolment.	2020/21
<b>Graduation rate</b>	Percentage of full-time students (domestic and international) who entered a program of instruction in a particular enrolment reporting period and graduated within a specific period.	2020/21
<b>Community/local impact of student enrolment</b>	The college's enrolment percentage of the 15–64 age group in the population of the city (cities)/town(s) in which the college is located as per the 2016 Census.	2020/21
<b>Economic impact (institution-specific)</b>	Colleges choose whether to use a numeric, percentage or monetary metric to demonstrate the economic impact of the college, within Ministry-established criteria and principles.	2020/21
<b>Graduate employment earnings</b>	Median employment earnings of college graduates (both domestic and international, including those from partnership colleges with campuses in Ontario) in a given calendar year, two years after graduation.	2021/22
<b>Experiential learning</b>	Percentage of graduates in programs who participated in at least one course with required experiential learning component(s).	2021/22
<b>Revenue attracted from private sector sources</b>	Total revenue attracted from private sector and not-for-profit sources.	2021/22
<b>Apprenticeship-related (institution specific)</b>	Colleges choose whether to use a numeric or percentage metric. The metric should be associated with apprenticeships and align with Ministry-established principles.	2022/23
<b>Skills and competencies of students</b>	Based on the colleges' participation in a survey.	2022/23

Note: the calculation of the performance-based metrics in relation to Ministry funding to public colleges is as follows:

- For each of the performance-based metrics, the Ministry establishes a target at the beginning of the year. If the college meets the target, it receives the full amount of funding allocated to that metric. If a target is missed, funding is decreased proportional to the level that the actual performance missed the target.
  - Targets are set based on an average of the past three years, plus a continuous improvement factor. To mitigate against year-to-year volatility in historical performance, a band of tolerance is assigned to metrics. The band of tolerance is an allowable range around a target where a college will be considered successful for the purposes of earning 100% of the funding allocation for that metric.
  - To encourage public colleges to focus on their individual strengths, colleges assign individual weightings to each metric for their funding to be based on. The individual weightings for the metrics will be phased in over a three-year period, with a minimum weighting of 10% and maximum of 35% in 2020/21, to a steady-state minimum weighting of 5% and maximum of 25% by 2022/23 to the end of the Strategic Mandate Agreement period. For example, a college could decide that it has a stronger graduation rate, thus it may assign a higher proportion of funding to that metric compared with an area where it has weaker performance.
- \* Two previous Strategic Mandate Agreements have been in place and ran from 2014 to 2017 and 2017 to 2020, respectively. Under the new agreements, enrolment-related funding under the core operating grant will be based on a corridor approach, which means a range will be established within which domestic enrolment must fall in order to receive funding. This corridor approach allows for better college budgeting as it prevents potential changes in funding for small fluctuations in enrolment levels. As well, the agreements introduce a new approach for performance-based funding. Up to 60% of college operating funding (not capital funding) provided to colleges by 2024/25 is to be linked to outcomes on the above 10 performance-based metrics.

## Appendix 7: Average Public College Tuition Fees<sup>1</sup> Charged to Domestic and International Students, 2018/19–2020/21, (\$)

Source of data: Ministry of Colleges and Universities

Public College	2018/19		2019/20		2020/21	
	Domestic	International <sup>2</sup>	Domestic	International <sup>2</sup>	Domestic	International <sup>2</sup>
Algonquin	3,641	12,876	3,291	14,821	3,257	14,887
Boréal	3,022	12,138	2,721	11,956	2,732	11,956
Cambrian	4,096	13,347	3,573	13,785	3,603	13,761
Canadore	3,294	12,219	2,953	12,634	2,963	12,874
Centennial	3,427	14,444	3,089	14,610	3,103	15,182
Conestoga	3,604	12,022	3,413	12,521	3,388	12,507
Confederation	3,355	13,494	2,966	13,841	3,031	14,238
Durham	3,296	13,345	3,006	13,452	3,008	13,475
Fanshawe	3,565	13,972	3,251	14,347	3,247	14,723
Fleming	3,758	14,623	3,443	14,500	3,314	14,495
George Brown	3,726	13,725	3,320	14,607	3,247	14,628
Georgian	3,860	12,167	3,465	13,569	3,449	13,979
Humber	3,862	13,939	3,462	14,611	3,470	15,226
La Cité	3,164	12,382	2,881	13,052	2,882	13,145
Lambton	3,665	11,691	3,185	11,668	3,218	11,603
Loyalist	3,230	13,000	2,884	13,466	2,891	14,044
Mohawk	3,166	13,089	2,883	13,506	2,877	14,180
Niagara	3,347	13,372	3,075	13,847	3,063	13,960
Northern	3,673	12,477	3,169	12,992	3,168	13,544
Sault	3,789	14,933	3,513	15,604	3,338	15,500
Seneca	3,911	13,835	3,572	13,937	3,571	14,260
Sheridan	4,253	15,350	3,981	15,824	3,979	16,472
St. Clair	3,622	11,457	3,255	12,800	3,289	12,905
St. Lawrence	3,804	8,709	3,387	8,287	3,394	14,679
<b>Average</b>	<b>3,589</b>	<b>13,265</b>	<b>3,239</b>	<b>13,807</b>	<b>3,228</b>	<b>14,306</b>

1. To pay their tuition fees, eligible domestic students studying at public colleges may receive grants and loans from the Ontario Student Assistance Program (OSAP). International students are not eligible for OSAP. In 2019/20, about 106,000 students, representing about 40% of the total number of domestic students enrolled at Ontario public colleges, received about \$441 million in provincial OSAP assistance. (Federal grants and loans are also administered through OSAP.)
2. The Tuition and Ancillary Fees Binding Policy Directive gives college boards full discretion to set international student fees. The only restriction is that the year-over-year increase for returning international students cannot exceed 20% during the time period students could reasonably be expected to complete their studies.

## Appendix 8: Process for Establishing and Updating Program Standards for Public Colleges

Prepared by the Office of the Auditor General of Ontario

### 1. Consultation

The Ministry's Postsecondary Education Quality Assessment Branch (Branch) consults with stakeholders annually to determine which standards to develop or update during the next review cycle. This includes discussions with other ministries and public colleges.

The Branch hires facilitators to lead consultations with public colleges and industry stakeholders on how a standard should be updated or developed.

### 2. Planning

The Branch plans which standards will be reviewed during the next cycle based on criteria such as student enrolment in a program across the sector, the age of an existing standard, industry or regulatory change and programs identified as priorities by the colleges.

### 3. Validation

The Branch obtains validation of a program standard through the Ontario College Quality Assurance Service's Credential Validation Service.

### 4. Attestation

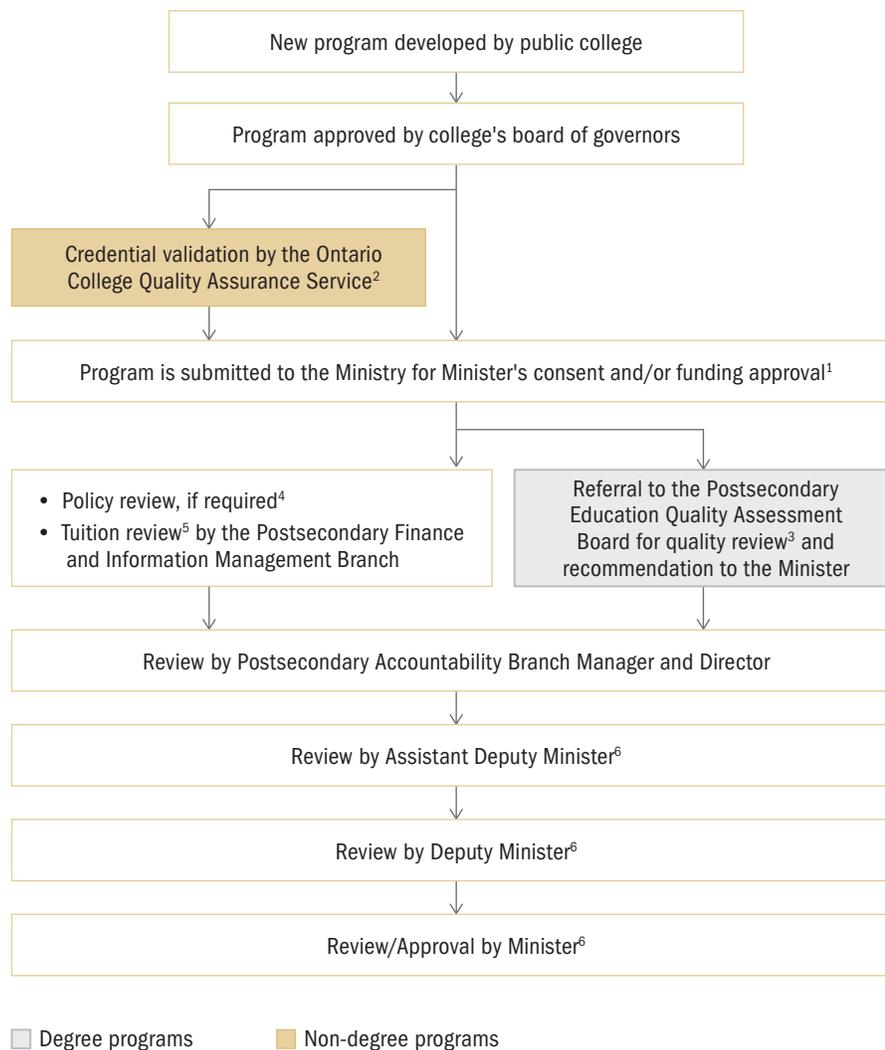
When a program standard has been updated, the Ministry communicates the changes to colleges, who are then required to modify their programs to comply with the standard and attest to its compliance.

### 5. Publication

The Branch publishes the new or updated program standard on the Ministry website.

## Appendix 9: Public College Program Approval Process<sup>1</sup>

Source of data: Ministry of Colleges and Universities



1. This flowchart describes the overall process for program approvals. Non-degree programs only require Ministry approval if the colleges are seeking funding approval and OSAP eligibility. Degree programs are required to be submitted to the Ministry for Minister's consent approval.
2. Non-degree programs must be validated by the credential validation service provided by the Ontario College Quality Assurance Service (Quality Assurance Service) (see [Appendix 10](#)) to confirm the program meets the relevant program standards or aligns with similar programs; a letter of validation from the Quality Assurance Service is included within the college's application to the Ministry for approval.
3. The Postsecondary Education Quality Assessment Board (Quality Assessment Board) quality assures degree programs, including validating their credentials, and makes a recommendation to the Minister; as required by the *Post-secondary Education Choice and Excellence Act, 2000*, written ministerial consent is required to offer a degree-granting program.
4. A policy review is required if the non-degree program is: a) in a profession where the government is a major employer (e.g., nursing); b) in a profession that is regulated (e.g., paralegal); or c) a high-funding program (e.g., aviation). A policy review is required for all degree programs and occurs simultaneously with the quality review conducted by the Quality Assessment Board.
5. A tuition review is required for all programs to approve the domestic tuition fees that public colleges propose to charge.
6. Prior to 2019, ministerial approval was not required for college non-degree program funding approvals.

## Appendix 10: Quality Assurance Processes for Public Colleges

Prepared by the Office of the Auditor General of Ontario

### Ontario College Quality Assurance Service

Established in 2005, the Ontario College Quality Assurance Service (Quality Assurance Service) conducts two quality assurance services: a credential validation service, and a college quality assurance audit process.

Through its credential validation service, the Quality Assurance Service determines whether proposed non-degree college programs comply with the Credentials Framework outlined in the Framework for Programs of Instruction Binding Policy Directive.

Through its college quality assurance audit process, which follows a five-year cycle, the Quality Assurance Service evaluates the effectiveness of each college's quality assurance mechanisms to ensure their quality, relevancy and currency. The audit reviews, for example, each college's policies, practices, committees, guides and by-laws. The Quality Assurance Service conducts the audits on a random sample of programs delivered by each college. The sample size depends upon the size of the public college and ranges between four to eight programs. The selected programs must be representative of the college's particular program mix. The goal is to determine whether the college's established processes are sufficient to meet six quality assurance standards established by the Quality Assurance Service. The audit process does not provide an accreditation for the public colleges but serves as an equivalent quality assurance process.

A three-person audit panel conducts each audit. The panel members are experts with backgrounds in post-secondary education who have been screened through an application process and trained on the audit process. The panel conducts the audit by reviewing a self-study report provided by the college, requesting further documentation, interviewing members from the college

community across all levels, and conducting a two-day site visit. The panel drafts a preliminary audit report and shares it with the college for feedback and comment. Once finalized, the audit report is approved by the management board for the Quality Assurance Service and provided to the college. The report includes an assessment of how the audited college performed against the standards and makes recommendations for improvement.

The Quality Assurance Service publishes an executive summary of each audit report on its website. Each college must submit an 18-month follow-up report to the Quality Assurance Service, outlining any changes they have implemented to address recommendations or gaps identified in the audit report.

### Postsecondary Education Quality Assessment Board

Under the *Post-secondary Education Choice and Excellence Act, 2000*, the Postsecondary Education Quality Assessment Board (Quality Assessment Board) was established to make recommendations to the Minister on degree programs in Ontario. This includes a review to assess the educational quality of new degree programs submitted by Ontario public colleges, and a subsequent review every five to seven years for renewal.

The Quality Assessment Board reviews the application against quality standards under the Ontario Qualifications Framework, uses expert panels to perform site visits and, for renewals, conducts an assessment of student work completed in the degree program to ensure that degree-level learning outcomes are being achieved.

Once the review is completed, the Quality Assessment Board provides a recommendation to the Minister on whether to grant consent for the degree program.

## Appendix 11: Key Events of Public-Private College Partnerships

Prepared by the Office of the Auditor General of Ontario

Date	Milestone
Aug 2016	The Ministry of Colleges and Universities (Ministry) retains a consultant to analyze the risks and benefits of public-private college partnership arrangements to individual colleges and the sector as a whole.
Mar 2017	The consultant submits a report that recommends all pre-existing partnerships be wound down because they pose risks that are difficult to manage (e.g., the partnerships exist because of a federal policy that requires students to graduate from a public college to obtain a Post-Graduation Work Permit, which is desired by many international students, making it advantageous for private career colleges to partner with public colleges). Six public colleges have partnership arrangements at this time. Refer to <b>Figure 8</b> for a list of the partnership arrangements.
Sep 2017	The Ministry informs public colleges with partnerships that they are to be wound down over time, with the final intake of new students in September 2018.
Sep 2017 to Dec 2018	<p>Lobbyists representing four (out of eight) private career colleges that have a partnership with a public college register to engage in lobbying activities. These lobbying activities focus on the partnerships between public colleges and private career colleges.</p> <p>A separate lobbyist also registers on behalf of Career Colleges of Ontario between July 2018 and September 2019; their lobbying activities focus on a range of topics, including partnership arrangements. Career Colleges of Ontario is an advocacy organization that represents more than 260 private career colleges in Ontario.</p> <p>According to records from the Ontario Lobbyists Registry, the lobbyists contact the Office of the Minister of Colleges and Universities, as well as the Office of the Premier and Cabinet Office.</p>
Jun 2018	The provincial government changes following an election.
Dec 2018	The Minister determines that pre-existing public-private college partnerships will be permitted to continue within limits, and that it will develop a policy and operational framework to establish rules for public-private college partnerships.
Dec 2019	The Ministry issues the Public College-Private Partnerships Minister's Binding Policy Directive (Partnerships Directive) to outline the requirements for public-private college partnerships, in part to address the risks identified in the March 2017 consultant report.
May 2020	<p>The Partnerships Directive requires public colleges to obtain approval from the Minister to enter into or renew a partnership agreement. Certain information must be provided to the Ministry, including: the appropriateness of housing and supports available to students; evidence of a job market and student demand for programs offered at the partnership campus; a quality assurance policy and plan for ongoing review; and a risk-mitigation or contingency plan to address the risk of the partnership agreement being terminated or the private partner failing to deliver agreed-upon services.</p> <p>Prior to May 2020, ministerial approval was not required. Of the 11 colleges with a partnership arrangement, five had agreements in place prior to this date (Canadore, Loyalist, Northern, Sault and St. Clair). Since then, three colleges (Georgian, Mohawk and Niagara) have established new partnerships and three colleges (Cambrian, Lambton and St. Lawrence) have received approvals to renew their partnerships.</p> <p>As agreements are renewed, public colleges will be required to submit the aforementioned information to renew their partnerships.</p>

Date	Milestone
Mar 2021	The Ministry revises the Partnerships Directive to allow the Minister to apply penalties to public colleges for non-compliance, such as if international student enrolment at the partnership campus exceeds the allowed threshold. If a public college is determined to be non-compliant, the Ministry will issue a written notice. Within the timelines specified in the notice, the public college must provide an explanation for the non-compliance and a remediation plan. If the Minister determines that either of these are unsatisfactory, financial penalties may be imposed. As of July 2021, the revised Partnerships Directive is pending ministerial approval.
Fall 2021	As outlined in the Partnerships Directive, the Ministry plans to conduct a policy review of the Partnerships Directive.

## Appendix 12: Audit Criteria

Prepared by the Office of the Auditor General of Ontario

### Audit Criteria for Ministry of Colleges and Universities' Oversight of Public Colleges

1. Effective and efficient processes are in place to confirm that public colleges comply with the Ministry Policy Framework—in areas such as governance and accountability, programs, finance and administration—and other relevant directives.
2. Effective and efficient processes are in place to ensure that financial and non-financial information reported by public colleges is complete, accurate and timely, and is used for monitoring compliance and other decision-making purposes.
3. Effective and efficient processes are in place to ensure that college programs are identified and delivered in response to Ontario's employment needs in a timely manner.
4. Effective and efficient processes are in place to monitor capital utilization and condition, program capacity and student enrolment and to assess the supply and demand for Ontario students and employers.
5. Effective and efficient processes are in place to assess program interfaces, duplication and overlaps between university, private college and public college offerings.
6. Meaningful performance measures are in place to monitor and publicly report on the Ministry's and public colleges' effectiveness in achieving the desired education outcomes and meeting Ontario's employment needs. College program changes and corrective actions are taken when needed in a timely manner.

### Audit Criteria for Public College Operations

1. Boards of governors have governance and accountability processes in place, in areas such as board appointments and partnership agreements, that are required by legislation, regulation and directives, or are in line with best practices.
2. Effective and efficient processes are in place to ensure public college operations are financially sustainable.
3. Cost-effective and efficient processes are in place to ensure appropriate recruitment practices, and admission criteria for both domestic and international students are in place and followed.

## Appendix 13: Pathway to Canadian Immigration for International Students

Prepared by the Office of the Auditor General of Ontario

An international student requires a federal study permit to study at a post-secondary institution in Canada. To enter the country, international students may also require a visitor visa or an Electronic Travel Authorization. The federal Post-Graduation Work Permit Program allows international students to stay and work in Canada temporarily after graduating from a designated learning institution, such as a public college.

The length of a student's work permit depends upon the length of their program. If the program is at least eight months and less than two years, the student is eligible for a work permit of equal length. If the program is two years or more, the student is eligible for a three-year-maximum work permit. Accordingly, international students prefer to take programs that are two years in length and typically choose business and technology programs. According to Immigration, Refugees and Citizenship Canada, close to 827,590 international students held valid study permits in Canada in 2019.

If the student wishes to become a permanent resident, Canadian work experience as well as a Canadian educational credential contributes to their application for permanent residency. As such, the Work Permit Program is one of the main reasons that Canada is an attractive place to study for international students, particularly those looking for an immigration pathway. According to Statistics Canada, from 2010 to 2014, 33% of international students who first arrived in Canada on a study permit and subsequently applied for a work permit became a permanent resident within five years of arrival. For students who arrived between 2005 and 2009 and obtained both permits, 62% became a permanent resident within 10 years. The Ontario government does not have a comprehensive record of how many international students attempt to obtain permanent residency, but the Ministry of Colleges and Universities is working to improve its data on the outcomes for international graduates.

## Appendix 14: Domestic Student Application and Acceptance Trends For Select Public Colleges

Prepared by the Office of the Auditor General of Ontario

	2015/16		2016/17		2017/18		2018/19		2019/20	
	Applications <sup>1</sup>	Acceptance <sup>2</sup>								
Loyalist	8,494	2,035	8,101	1,882	8,845	2,010	8,056	1,899	7,629	1,737
Sault	5,265	4,246	5,051	4,048	4,734	3,969	4,712	3,769	4,398	3,417
Seneca	73,526	41,192	68,718	39,820	71,917	42,396	72,665	40,571	70,223	39,230
St. Clair	21,257	13,050	19,589	11,757	18,425	10,945	19,190	11,209	18,246	11,536

1. The number of applications received annually can include multiple applications from one student, for different programs.

2. Public colleges review applications to assess the student's eligibility under the admissions criteria. The college accepts qualified applicants, but the number of acceptances does not equal the enrolment at the public college. A student may be accepted to multiple programs and ultimately choose only one.

## Appendix 15: Key Performance Indicator Results by Public College, 2017–2019

Source of data: Ministry of Colleges and Universities

College	Graduation Rate			Graduate Employment Rate			Graduate Satisfaction Rate			Employer Satisfaction Rate			Student Satisfaction Rate <sup>1</sup>	
	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018
Algonquin	66.1	66.6	65.7	86.6	85.5	86.9	80.1	81.1	79.5	95.6	91.4	85.0	73.2	76.2
Boréal	75.3	76.3	74.9	89.0	86.5	87.9	89.6	86.2	90.2	92.3	93.8	100.0	86.3	87.0
Cambrian	74.0	71.9	69.1	83.0	90.2	91.9	85.0	85.8	83.1	94.3	89.6	84.2	77.7	80.4
Canadore	73.5	70.6	64.0	88.6	89.3	86.8	81.8	86.1	81.5	96.3	80.0	83.3	75.3	78.3
Centennial	62.2	63.1	65.0	77.9	79.5	80.6	77.9	77.7	79.0	89.4	90.8	96.3	73.6	73.9
Conestoga	72.8	74.1	72.4	89.3	88.3	86.9	82.7	80.7	81.6	92.8	88.2	92.9	73.3	74.8
Confederation	67.9	67.5	60.2	87.9	88.4	87.7	83.0	87.0	83.6	93.8	78.6	100.0	77.4	79.2
Durham	68.1	67.5	65.9	86.5	86.6	83.9	78.1	76.8	75.7	94.3	93.9	91.4	72.5	73.6
Fanshawe	68.8	69.5	67.9	87.6	90.3	85.8	80.2	81.2	80.8	94.2	85.8	95.8	75.5	77.8
Fleming	69.5	69.4	68.0	85.3	88.6	86.0	78.9	81.8	79.5	95.7	90.1	95.5	69.7	76.1
George Brown	67.7	67.3	66.5	81.9	84.1	82.2	77.8	78.6	77.8	90.6	89.3	88.3	71.5	72.9
Georgian	63.6	65.0	65.5	90.3	89.7	90.2	82.5	80.9	76.8	93.0	87.9	100.0	75.3	75.8
Humber	63.3	66.9	64.7	85.4	86.8	86.5	75.5	75.6	74.9	97.4	83.0	87.1	70.4	73.0
La Cité	66.7	65.6	67.5	86.3	88.4	85.7	84.0	87.7	85.1	80.6	95.2	80.0	79.1	84.5
Lambton	68.6	68.9	66.6	90.7	87.9	86.4	81.8	79.0	79.1	100.0	100.0	100.0	71.4	76.0
Loyalist	69.0	68.3	64.2	90.8	88.5	88.8	82.3	80.5	83.8	96.5	91.1	100.0	78.4	80.9
Mohawk	65.2	65.8	65.2	88.6	88.4	89.5	79.2	80.2	81.2	86.5	90.9	93.9	72.8	75.7
Niagara	65.8	67.1	67.3	89.0	88.1	88.8	78.9	81.9	81.2	88.1	91.0	87.5	78.4	80.4
Northern	67.5	63.4	62.2	88.7	85.5	86.4	75.7	84.1	87.9	86.4	100.0	n/a <sup>2</sup>	73.3	80.2
Sault	59.4	65.2	63.8	85.6	78.1	88.5	87.3	82.6	81.4	100.0	92.9	100.0	76.2	83.0
Seneca	61.5	62.2	63.2	81.7	82.8	81.0	78.2	77.8	76.4	90.2	93.1	94.1	70.4	72.4
Sheridan	68.7	67.0	70.0	83.3	83.3	83.6	77.9	78.6	76.0	93.6	91.5	77.4	71.5	74.1
St. Clair	67.2	66.6	63.8	87.2	87.5	81.8	81.0	82.8	80.2	86.7	84.0	90.0	78.0	79.8
St. Lawrence	72.9	72.6	66.0	89.7	89.0	88.0	85.1	83.8	81.3	89.2	88.6	100.0	75.5	76.9
<b>Province</b>	<b>66.8</b>	<b>67.2</b>	<b>66.4</b>	<b>85.7</b>	<b>86.2</b>	<b>85.5</b>	<b>79.5</b>	<b>79.9</b>	<b>78.9</b>	<b>92.5</b>	<b>89.6</b>	<b>91.1</b>	<b>73.4</b>	<b>75.7</b>

1. The Ministry of Colleges and Universities stopped collecting this information as of 2020 as its priority was on the collection of labour market and outcomes data, and thus data for 2019 graduates is not available. Some public colleges collect this data independently.

2. Employer satisfaction rate data is unavailable due to an insufficient number of employers that responded.



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ISSN 1911-7078 (Online)  
ISBN 978-1-4868-5657-2  
(PDF, 2021 ed.)

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