Chapter 1
Section 1.18

Ministry of Colleges and Universities

Follow-Up on 2021 Value-for-Money Audit:
Public Colleges Oversight

RECOMMENDATION STATUS OVERVIEW						
		Status of Actions Recommended				
	# of Actions Recommended	Fully Implemented	In the Process of Being Implemented	Little or No Progress	Will Not Be Implemented	No Longer Applicable
Recommendation 1	3			3		
Recommendation 2	1			1		
Recommendation 3	4	1	1	2		
Recommendation 4	1			1		
Recommendation 5	2		1			1
Recommendation 6	1	1				
Recommendation 7	3			3		
Recommendation 8	2	1.42	0.58			
Recommendation 9	1	1				
Recommendation 10	1			1		
Recommendation 11	3			3		
Recommendation 12	3			3		
Recommendation 13	2	2				
Recommendation 14	2		2			
Recommendation 15	2		2			
Recommendation 16	4	3	1			
Recommendation 17	2	0.5			1.5	
Recommendation 18	2		2			
Recommendation 19	1	0.75	0.25			
Recommendation 20	2	1.75	0.25			
Recommendation 21	2		2			
Recommendation 22	3	2.67	0.33			
Recommendation 23	1	1				
Recommendation 24	2	2				
Recommendation 25	1				1	
Recommendation 26	2	1.25			0.75	
Total	**53**	**19.34**	**12.41**	**17**	**3.25**	**1**
%	**100**	**37**	**23**	**32**	**6**	**2**

Note: **Recommendations 1–7**, **9–16**, **18**, **21**, **23**, **25** were made to the Ministry of Colleges and Universities.

Recommendations 8 and **26** were made to 12 colleges (Cambrian, Canadore, Fanshawe, Georgian, Lambton, Loyalist, Mohawk, Niagara, Northern, Sault, St. Clair and St. Lawrence).

Recommendations 17, **19** and **20** were made to four colleges we reviewed in-depth during our 2021 audit (Loyalist, Sault, Seneca, St. Clair).

Recommendation 22 was made to six colleges (Canadore, Fanshawe, George Brown, Loyalist, Sault, St. Clair).

Recommendation 24 was made to 18 colleges (Algonquin, Boréal, Cambrian, Canadore, Conestoga, Confederation, Fanshawe, Fleming, La Cité, Lambton, Loyalist, Mohawk, Niagara, Northern, Sault, Seneca, Sheridan, and St. Clair).

Overall Conclusion

The Ministry of Colleges and Universities (Ministry), along with the 21 public colleges that had recommendations addressed to them, as of November 10, 2023, have fully implemented 37% of actions we recommended in our 2021 Annual Report. The Ministry and the colleges have made progress in implementing an additional 23% of the recommended actions.

The Ministry has fully implemented recommendations to update its program requirements and directives to ensure ethical international student recruitment practices are followed. As well, the Ministry now prohibits public colleges from entering into a partnership with a private college located outside of Ontario. The public colleges have also fully implemented the recommendation to provide annual audited financial statements to the Ministry in a timely manner.

The Ministry is in the process of re-evaluating the funding methodology for facility maintenance and updating non-degree program standards. Some public colleges are in the process of reviewing the services provided to students at private partner campuses.

However, the Ministry has made little progress on 32% of the recommended actions, including developing a comprehensive strategy for the public colleges sector to diversify revenue streams to reduce the sector's reliance on international students; tracking applicant information to confirm that Ontarians are given priority to high-demand programs; and reassessing the performance target-setting formula so that it fosters and supports continuous improvement of public college performance.

Some colleges have also told us they will not implement three of our recommended actions. For example, three of the four colleges we reviewed in depth will not require all board members to attend orientation training provided by Colleges Ontario (an association representing all 24 public colleges) because the colleges provide their own internal training. We continue to believe this recommended action should be followed as Colleges Ontario's orientation sessions provide information and training specifically focused on the post-secondary education sector and its relationship with the Ministry.

The status of actions taken on each of our recommendations is described in this report.

Background

Ontario's 24 public colleges are Crown agencies, regulated 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 the college's legislated mandate, achievement of goals consistent with government priorities, and prudent financial management.

In 2022/23, the Ministry provided grant-based funding to public colleges totalling $1.5 billion ($1.6 billion in 2020/21). Public colleges also receive revenue from tuition fees, federal and provincial grants (such as employment services grants), ancillary revenue and donations. In 2022/23, the total revenue of Ontario's public colleges was $7.1 billion ($5.1 billion in 2020/21).

Our 2021 audit found that direct provincial funding per full-time-equivalent domestic public college student in Ontario was the lowest in Canada in 2018/19 and remained the lowest in 2020/21. Between 2012/13 and 2020/21, domestic student enrolments declined by 15%, owing mainly to Ontario's changing demographics, but also because more high school graduates chose to attend university instead.

Nevertheless, public colleges' collective net assets increased $1.22 billion (62%) from 2016/17 to 2019/20. The increase was explained by rising international student enrolment, which subsidized the provincial costs of education, administration and capital expenditures. Over the same period, there had been a 342% increase in international student enrolments, with 62% (2020/21) of these international students coming from India. By the fall of 2020, about 30% (104,937) of all (348,350) students enrolled in public colleges were international students.

International students view Canada as an attractive destination for study, and enrol in Canadian post-secondary institutions as a pathway for immigration. We found that domestic students continued to have access to public college programs during this growth in international student enrolments; however, the Ministry had not assessed how its high reliance on international student tuition might impact the entire public college sector over the long term.

We also found that public-private college partnerships, existing in Ontario since at least 2005, had significantly expanded in 2019/20 and 2020/21. As of June 2021, 11 public colleges had partnered with a total of 12 for-profit private career colleges. Under partnership agreements, public colleges provide their curriculum to their private career college partner. In turn, the private partner hires instructors who deliver this curriculum on the private college campus, provides student facilities, and manages day-to-day operations. Public colleges retain a portion of the tuition fees paid by each student and the students who graduate from such partner programs obtain a credential issued by the public college.

These partnerships are financially attractive to public colleges, particularly those in northern areas or smaller communities. Having a private career college partner with a campus 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. Under existing federal government immigration policy, only those international students who graduate from a public college—not a private college—are eligible for the Post-Graduation Work Permit Program. Studying at a private career college which is affiliated with a public college is attractive to international students because they can then qualify for a work permit.

Some of our significant findings were:

- In 2017/18, for the first time, international student tuition revenue exceeded domestic student tuition revenue. We found that the Ministry had not developed a strategic plan for the sector to help mitigate the risk of a sudden decline in international enrolment and the impact it could have on the college sector, students and government.
- There was limited college oversight of international student recruitment agencies. Public colleges use multiple 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 had established a formal policy to guide the selection and removal of recruitment agencies, and that they had limited oversight of these third-party agencies to confirm whether they were providing services with honesty and integrity.
- Five public colleges that had private college partners could have incurred operating deficits in 2019/20 had they not received international student tuition partnership revenue. We analyzed the financial information from the six colleges that had partnerships prior to 2019 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.
- Most public-private college partnerships and their programs had never 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. Since the standard was updated, only two colleges with public-private college partnerships had been subject to a quality assurance audit.

- Two partnerships operating in British Columbia conflicted with Ontario's objectives and avoided legislative requirements in British Columbia to be certified under British Columbia's *Private Training Act*.
- The Ministry's allocation of capital funding to public colleges did 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 the 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 was based on the public colleges' domestic enrolment levels and did not factor in deferred maintenance and state of repair needs.
- Ministry standards for public college non-degree programs were 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. In 2019/20, a total of 3,456 students were enrolled in five programs across all 24 public colleges where the non-degree program standards had not been updated for over 18 years.

We made 26 recommendations, consisting of 53 action items, to address our audit findings. We received commitment from the Ministry and selected public colleges that they would take action to address our recommendations.

Status of Actions Taken on Recommendations

We conducted assurance work between April 2023 and September 2023. We obtained written representation from the Ministry of Colleges and Universities and the four public colleges we reviewed in depth (Loyalist, Sault, Seneca, St. Clair) that effective November 10, 2023, they had provided us with a complete update of the status of the recommendations we made in the original audit two years ago.

4.1 Enrolment Trends of International Students

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.*

Status: Little or no progress.

Details

In our 2021 audit, we found that the public college sector had experienced a significant upward trend in international student enrolments, with a 342% increase between 2012/13 and 2020/21 (compared to a decrease of 15% in domestic enrolment for the same period). The international students who enrolled came primarily from India. For example, Lambton, Loyalist, Northern, St. Clair and St. Lawrence colleges each drew more than 90% of their international students from India, including those studying at the colleges' public-private college partnerships in 2020/21. From 2016/17 to 2020/21, between 48% and 62% of all international students studying at Ontario public colleges were from India.

A high reliance on international student enrolments from any one country poses a risk, should there be a sudden decrease in a significant revenue source because of geopolitical factors, changes to federal government immigration policies, and/or other factors that might cause the influx of students from a particular country to cease. These factors are out of the public college sector's and the Ministry's control.

Our 2021 audit found that 11 of the 24 public colleges had 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 had published an action plan or strategy for achieving and/or measuring the goal. The Ministry, on behalf of the colleges and sector as a whole, did not have a risk-mitigation plan or strategy to address the risks associated with such a lack of diversification.

In our follow-up, we found that the Ministry has made little progress on these recommended actions. In March 2023 the Ministry launched an expert panel to provide advice and recommendations on keeping the post-secondary education sector financially stable and focused on providing the best student experience possible. The Ministry reported that it was working towards a longer-term strategic approach that is to be informed by the work of the panel. The panel's recommendations are expected to be released by December 2023.

Given that the Ministry has yet to develop a formal diversification strategy, it has not required public colleges to establish or report on their own risk mitigation plans.

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.

Status: Little or no progress.

Details

In our follow-up, we found that in March 2023, the Ministry launched an expert panel to provide advice and recommendations on keeping the post-secondary education sector financially stable. As mentioned in Recommendation 1, the panel's recommendations are expected to be released by December 2023. These recommendations will inform the Ministry's long-term strategic approach to reduce the sector's high reliance on international student revenues.

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;*

  Status: Fully implemented.

Details

Public colleges typically use numerous recruitment agencies to attract international students to study at their institutions. For the four public colleges we reviewed in depth (Loyalist, Sault, Seneca and St. Clair), we reviewed a sample of 100 international recruitment agency websites (25 for each college). Most (93) 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.

At the time of our audit, the Framework for Programs of Instruction Minister's Binding Policy Directive stated 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 was no similar requirement related to advertising of college admissions processes, such as visa approval and language test scoring.

In our follow-up, we found that the Ministry's International Student Program requirements state that an institution's advertising or recruitment materials cannot: guarantee admission or successful completion of a program; guarantee that prospective international students will receive a study permit; or contain a statement that misleads or is likely to mislead a student. Post-secondary institutions that want to offer programs that allow international students to qualify for a study permit must follow these guidelines.

Further, the Partnerships Directive was updated in March 2023 to include a requirement that colleges establish procedures to conduct regular reviews of international student recruitment practices to ensure they are ethical.

Finally, in March 2023, Colleges Ontario (an association representing all 24 public colleges) issued a new Standards of Practice for international education. Every public college (23) that signed to this new Standards of Practice agreed to market and communicate about their academic programs and services in a way that is accurate, consistent with Ontario law and not misleading. This includes not guaranteeing any academic, immigration or employment outcome. Public colleges are responsible for requiring their agents and other recruitment partners to comply with the same marketing and advertising standards issued by Colleges Ontario by June 2024. These standards are not overseen by the Ministry, but compliance with these standards will be assessed as part of the college quality assurance audit process that is conducted by the Ontario College Quality Assurance Service, an independent organization that is funded by the 24 public colleges.

- *confirm that public colleges have a formal policy for the selection and removal of international student recruitment agencies;*

  Status: Little or no progress.

Details

Based on our 2021 in-depth review of four colleges (Loyalist, Sault, Seneca, St. Clair), we found that while they each had internal processes for their review of recruitment agencies, none of them had formal policies in place that outlined specific criteria to select or remove recruitment agencies. Without a formal policy, it was at the discretion of college staff or management to determine which agencies to contract with. We found that one college required two references to contract with a recruitment agency, while the other three colleges generally performed reference checks, but were not required to do so.

At the time of our follow-up, the Ministry had not confirmed whether any of the public colleges established a formal policy for the selection and removal of international student recruitment agencies. The Ministry indicated that it updated the requirements of its Partnerships Directive in March 2023 to require that colleges "establish procedures to conduct regular reviews to ensure ethical international student recruitment practices," but at the time of our follow-up had not yet confirmed that colleges complied with this requirement.

- *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;*

  Status: In the process of being implemented by June 2024.

Details

Our 2021 audit also found that the four colleges monitor agency advertising and/or approve marketing materials only when they relate to 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 did not accurately reflect the application process to potential students and should be monitored by the colleges on a regular basis.

In our follow-up, we found that the Ministry released an updated Partnerships Directive in March 2023, which includes a new requirement for public colleges to establish procedures to conduct regular reviews to ensure "ethical international student recruitment practices."

In March 2023, Colleges Ontario released a new set of sector-wide standards intended to strengthen programs and supports for international students. The 23 public colleges that committed to the new standards are required to monitor the performance of their education agents and other recruitment partners, and require the termination of contracts with any education agents who have been involved in any serious, deliberate or ongoing conduct that is false, misleading, deceptive or in breach of the law. The colleges agreed to implement the new standards of practice by June 2024.

- *collect data related to fees paid to recruitment agencies, and assess the reasonableness of the fees paid on a per student basis.*

  Status: Little or no progress.

Details

In our 2021 audit, we found recruitment agencies were remunerated based on commissions paid by the public colleges. Since these commissions were calculated as a percentage of tuition paid by international students, recruitment agencies were incentivized to enrol as many students as possible in those programs that charged 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.

In our follow-up, we found that the Ministry has not collected data related to fees paid to recruitment agencies, nor did it assess the reasonableness of the fees paid on a per student basis. The Ministry indicated to our Office that it plans to explore a number of policy issues related to international education in the coming year.

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.

Status: Little or no progress.

Details

In our 2021 audit we found that the Admissions Criteria Minister's Binding Policy Directive requires that colleges give preference to Ontario residents when selecting applicants to accept into oversubscribed programs. An oversubscribed program refers to any program where the number of applicants who meet the admissions criteria exceeds the number of spots available for acceptance. After all qualified Ontario residents are accepted, residents of other Canadian provinces and territories are considered, and then finally all other applicants. However, the Ministry did not monitor college information at the program capacity/seats available level for oversubscribed programs. As such, it was unable to confirm that Ontario residents were given admissions priority, as per the directive.

At the time of our follow-up, the Ministry identified that the centralized college applications service did not collect the data required to implement this recommendation. The Ministry was planning to connect with public colleges to better understand what data they have that could help address this recommendation. The Ministry indicated that any potential data collection processes would need to align with and support the Ministry's broader work related to international education issues as discussed in **Recommendation 1**.

4.2 Public-Private College Partnerships

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;*

  Status: No longer applicable.

Details

At the time of our 2021 audit, the Partnerships Directive stated that the private college partner campus could enrol a maximum of two international students for every international student enrolled at the public college's campus. Public colleges that exceeded the 2:1 ratio were to submit an enrolment plan to the Ministry with a timeline indicating when the ratio would be achieved. We assessed the partnership enrolment levels and found that international student enrolment at four of the five partner colleges exceeded their allowable levels. We also found that, as of September 2021, two of the five colleges that had exceeded their levels had not yet submitted an enrolment plan. At the time of our 2021 audit, the Ministry did not give a deadline for when these colleges were to submit these plans.

In our follow-up, we learned that the Ministry initiated a review of the Partnerships Directive in late 2022. As a result of the review, in March 2023 the Ministry released an updated Partnerships Directive that eliminated the 2:1 international-enrolment-ratio requirement and includes a new international-student-enrolment-management mechanism. In the revised directive, each college's total international student enrolment, across all partner campuses in all of the college's public-private partnerships, must not exceed 7,500 students. The partner enrolments at the time of our audit ranged between 2,613 and 5,448 students.

A college that exceeds the 7,500 international student limit must, within 30 days of the updated Directive being released on March 16, 2023, provide a plan to the Minister outlining how and when they will come into compliance. The Ministry will assess compliance with this enrolment limit annually based on fall enrolment, starting in fall 2023. Assessment will be based on enrolment reported through the College Statistical Enrolment Report and in accordance with reporting procedures described in the Enrolment Reporting and Audit Procedure. Since the 2:1 ratio has been eliminated, this recommendation is no longer applicable.

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

  Status: In the process of being implemented by January 2024.

Details

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. We found that, although the Ministry drafted a revision to the Partnerships Directive to include compliance measures, the Minister had not yet given approval to issue it.

In our follow-up, we found that the Ministry issued a revised Partnerships Directive in March 2023 that includes financial penalties for colleges that exceed the new public college-private partnership enrolment ceiling and requires the submission of a remediation plan in the event of non-compliance. According to the revised directive, compliance with the new partnership enrolment limit will be assessed annually based on fall enrolment, starting in fall 2023. The assessment is expected to be completed by January 2024.

The Minister may annually reduce the college's operating grant by $5,295 per student enrolled in the college's public college-private partnership(s) over the limit, until compliance is reached.

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.

Status: Fully implemented.

Details

Partnerships between publicly assisted colleges and private career colleges for the delivery of public college programs have existed since at least 2005. As of June 2021, 11 public colleges were partnered with 12 private career colleges.

We found in our 2021 audit that, under the partnership agreements that existed at the time, the public college obtained 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 had partnerships with public colleges earned almost 100% of their total revenue from these partnership arrangements. The net profit margins for these private partners ranged between 18% and 53%, based on their 2020 audited financial statements.

In our follow-up, we found that when the Ministry conducted its review of the Partnerships Directive in February 2022, it sought feedback from stakeholders, including publicly assisted colleges, private providers and municipalities. Financial models of these partnership arrangements were part of the discussions with stakeholders. Some colleges indicated that the financial details of partnerships are already outlined within their budgetary documents and audit reports. Other colleges noted that financial terms and operating agreements for the partnership arrangements were confidential agreements, and felt the Ministry should not be involved in setting conditions relating to the terms of their contracts. The Ministry decided not to introduce any new requirements around partnership financial models. Public colleges will continue to have the flexibility to negotiate financial terms in their partnership contracts. As of June 2023, 15 public colleges were partnered with 15 private career colleges, a 27% increase from June 2021.

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;*
- *interview the private partners' management and request audit-related information directly from private colleges as part of its quality assurance audit processes.*

Status: Little or no progress.

Details

In our 2021 audit, we found that the quality assurance audit process for public colleges, including those that have a public-private college partnership, was conducted by the Ontario College 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. We assessed the five-year cycle as too long, as it meant that some public colleges with partnerships would not be audited against the new standards until 2026. As well, there was no requirement that a program offered by a public-private college partnership be selected as part of the sample. We also found that when the Quality Assurance Service conducted audits at public colleges that have private partners, it obtained information and supporting documents through the public colleges instead of directly from the private partners, as it did not have the authority to do so.

In our follow-up, we were advised by the Ministry that it did not have a role in determining the Ontario College Quality Assurance Service's audit timelines or processes. However, following the release of the revised Partnerships Directive in March 2023, the Ministry issued a memo in November 2023 to encourage the Ontario College Quality Assurance Service to address our recommendations.

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' 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;*

  Status:
  Cambrian, Canadore, Fanshawe, Georgian, Lambton, Mohawk, Niagara, Northern, Sault, St. Clair, St. Lawrence – Fully implemented.

  Loyalist – In the process of being implemented by December 2023.

Details

During our 2021 audit, we found that three of the four public colleges we reviewed in-depth in 2021 had public-private partnership arrangements. We noted that for each of these three, the private partners were expected to provide most of the student services, as per their agreements. However, the extent to which the three public colleges monitored whether services were being offered varied. Our recommendation was made to the 12 public colleges that had a public-private college partnership agreement in 2021.

In our follow-up, we found that 11 colleges with a public-private college partnership had fully implemented this recommendation. Canadore, Mohawk, Sault and St. Clair conducted a comparison of the student services offered at the main campus to their partner campuses. St. Lawrence completed an in-depth review of the student services offered by their partner and made recommendations for improvement. Cambrian and Lambton conducted third-party reviews of the support services provided at their private partners to identify where services could be improved. The reviews at Lambton and Niagara colleges were particularly extensive, and made numerous recommendations to improve the services provided. Fanshawe, Georgian and Northern implemented this recommendation through their quality assurance review process with their partners, where they included a review of student services offered as part of the overall program review of the partner campus.

In August 2023, Loyalist had a quality assurance review conducted of the student services offered by its partner campus and anticipated receiving the final report by December 2023.

- *address any shortcomings identified in these reviews.*

  Status:

  Cambrian, Georgian, Mohawk, Northern, Sault, St. Clair – Fully implemented.

  Canadore, Fanshawe, Lambton, Loyalist, Niagara, St. Lawrence – In the process of being implemented by January 2024.

Details

In our follow-up, we found that several of the colleges were in the process of addressing identified shortcomings in student services provided at their private partner colleges and expected the process to be completed by December 2023. Lambton College met with its private partner college in February 2023 to review recommendations from a third-party consultant and implement a plan to address any identified shortcomings. Loyalist planned to present specific recommendations from its review to its board in December 2023 for implementation in January 2024.

Some colleges either did not have any gaps identified from their review of the support services provided at their private partners (see first action item under **Recommendation 8**), or had already fully implemented the recommendation by addressing shortcomings in their recent reviews. For example, Mohawk College identified that virtual wellness services were no longer adequate for the students at the partnership campus once in-person classes began, and therefore adopted on-site support at the partnership campus to provide these services. Cambrian College has required its partner college to report back within six months on the steps it has taken to address any service standards that were partially met, or not met.

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.

Status: Fully implemented.

Details

In our 2021 audit, we found that Cambrian and St. Lawrence colleges had partnerships with private career colleges located in Vancouver, British Columbia. The partnerships were established prior to the creation of the Partnerships Directive. We found that this cross-jurisdictional partnership arrangement was complicated and did 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. Our audit also noted that the accountabilities of Ontario public colleges and their private partners in Vancouver were often unclear and could lead to confusion for both students and the public.

Our audit noted that staff from the Ministry of Advanced Education and Skills Training in British Columbia, along with staff from Immigration, Refugees and Citizenship Canada, had been raising concerns about this cross-jurisdictional partnership arrangement to the Ministry since 2017 and recommended that the cross-jurisdictional partnerships not continue, at least until Ontario was able to consult with all provinces. At the time of our 2021 audit, the Ministry had not addressed the concerns raised.

In March 2023, the Ministry released an updated Partnerships Directive, in which colleges are prohibited from having public college-private partnerships in another province or territory of Canada. Existing public college-private partnerships that are operating in another province or territory are required to be wound down by September 2024.

4.3 Performance Measurement and Reporting

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.

Status: Little or no progress.

Details

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

As mentioned in **Recommendation 1**, our follow-up found that in March 2023 the Ministry created an expert panel to provide advice and recommendations on keeping the post-secondary education sector financially stable and focused on providing the best student experience possible. Recommendations from the panel will inform the Ministry's approach to developing the next round of Strategic Mandate Agreements with the public colleges. The Ministry will also evaluate the outcomes from the current Strategic Mandate Agreements to assess the effectiveness of the performance-based funding model. The work is scheduled to begin in 2023/24. The Ministry projects that the new agreements will be effective by March 2025.

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.*

  Status: Little or no progress.

Details

In our 2021 audit, we found that while the "graduate employment rate in a related field" metric in Strategic Mandate Agreements provided useful information about how successful graduates were in finding employment related to their studies, performance on this metric was not within the control of public colleges, and they were penalized if their performance on this metric did not meet set targets. Also, having another metric (graduate employment earnings) that is tied to graduates' earnings could disincentivize colleges from offering programs for careers with less earnings potential, even if graduates from these programs are needed within society.

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."

As mentioned in **Recommendation 1**, we learned that in March 2023 the Ministry created an expert panel to provide advice and recommendations on keeping the post-secondary education sector financially stable and focused on providing the best student experience possible. Recommendations from the panel will inform the Ministry's approach to developing the next round of Strategic Mandate Agreements with the public colleges. The Ministry will also evaluate the outcomes from the current Strategic Mandate Agreements to assess the effectiveness of the performance-based funding model. The work is scheduled to begin in 2023/24. At the time of writing, new Strategic Mandate Agreements had not yet been negotiated or signed; the Ministry projected that the new agreements would be effective by March 2025.

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;*

  Status: Little or no progress.

Details

In our 2021 audit, we found that beginning in the 2019/20 academic year, the Ministry stopped collecting information on student satisfaction rates. The Ministry indicated to our Office that it stopped collecting this information in favour of prioritizing the collection of data on labour market outcomes for graduates. Although many colleges have continued to individually collect and publish this information, our view was 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.

In our follow-up, we found that the Ministry was reviewing options on the reintroduction of the student satisfaction survey. A decision on next steps with respect to the Ministry-run survey is expected to be made by the end of 2023. If the student satisfaction survey is reintroduced, the Ministry would need to secure funding, undertake a procurement process to select a survey provider, and work with the public college sector key performance indicator steering committee to develop and launch the survey.

- *publicly report the performance indicators for both domestic and international students;*

  Status: Little or no progress.

Details

In our 2021 audit, we found that the Ministry established five key outcome performance indicators: graduate employment rate, graduation rate, graduate satisfaction rate, employer satisfaction rate, and student satisfaction rate. The Ministry published the performance indicator results annually for each college overall, but the results were not separated for domestic and international students.

In our follow-up, we found that the Ministry has made little progress to implement this recommendation. The Ministry indicated that it needed to conduct stakeholder consultation and subsequent approval from the key performance indicator steering committee. The committee is composed of both Ministry staff and college representatives who are all nominated by Colleges Ontario. The Ministry has not provided a timeline for when stakeholder consultation is expected to occur.

- *work with public colleges to identify barriers faced by domestic students and any opportunities to increase the domestic graduation rate.*

  Status: Little or no progress.

Details

Based on the data tracked internally by the Ministry, we determined in our 2021 audit that the domestic student graduation rate was 16–20% lower than that of international students between 2016/17 and 2020/21.

In our follow-up, we found that the Ministry has made little progress to implement this recommendation. The Ministry told us it had not yet consulted with stakeholders to better understand factors that contributed to lower graduation rates. The Ministry also indicated that public colleges were ultimately responsible for graduation rates and student performance.

4.4 Provincial COVID-19 and Capital Funding for Public Colleges

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.*

  Status: Fully implemented.

Details

In our 2021 audit we found that the Ministry provided public colleges with two rounds of support funding, totalling $75.6 million, to help them manage additional, unforeseen costs during the pandemic. Seven colleges used the full amount of funding in the fiscal year granted. Five colleges received a total of $26.7 million. These colleges did not use the full amount within the fiscal year ending March 31, 2021, and 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. The Ministry indicated to us in June 2021 that it planned to assess whether recoveries would be appropriate after financial reports from the public colleges were submitted in October 2021.

Our follow-up found that the Ministry received financial reports from the 12 public colleges regarding their spending related to the COVID-19 Support Funding in October 2021. In November 2021, the Ministry completed its assessment on the submitted reports and concluded that all 12 public colleges had used the funds for intended purposes, there had been no program underspending, and therefore recoveries were not required.

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.*

Status: In the process of being implemented by March 2025.

Details

Our 2021 audit found that the allocation of Facilities Renewal Program funding to assist the public colleges with the maintenance and upkeep of their facilities was based on the public colleges' domestic enrolment levels and did not take into consideration the deferred maintenance and state of repair needs of individual colleges.

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 planned to re-evaluate how funding is allocated, but it had not yet established a funding formula based on the information gathered.

In our follow-up, we found the Ministry has been working in collaboration with the public college sector to improve the accuracy and completeness of the sectors' facilities-asset data. However, in March 2023, part way through the evaluation process, the Ministry became aware of major data-integrity issues with the data set as a result of changes in vendors a few years ago. Therefore, the Ministry collected updated facility-assessment data from the public colleges in August 2023.

The Ministry indicated that its re-evaluation of the existing funding methodology for deferred maintenance is scheduled to be conducted after the next two asset data collection cycles are concluded, by June 2024. The Ministry wanted to have two years of validated asset-condition data upon which to base the new funding methodology, and expected to use the June 2023 and June 2024 asset-condition submissions. Approval of the new funding methodology was expected by March 31, 2025.

Based on the facility-assessment data collected in August 2023, and to be collected in June 2024, the Ministry plans to implement a revised funding-allocation methodology at the start of the fiscal year 2025/26.

4.5 Public Colleges' Programs and Job Market Needs

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.*

Status: In the process of being implemented by December 2026.

Details

Our 2021 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. A total of 3,456 students were enrolled in these non-degree programs in 2019/20 across all 24 public colleges.

In our follow-up, we found that, in May 2022, the Ministry approved an additional $720,000 per year for the following two years, increasing the total budget to $1 million annually, to review and create more program standards. In 2022/23, the Ministry used the additional funding to hire nine external expert facilitators to add to the existing complement of three external expert facilitators. The newly hired facilitators reviewed 15 program standards that, as of 2022/23, were more than five years old. For 2023/24, the Ministry is planning to review another 16 program standards.

The Ministry has identified a further 50 program standards that are at least five years old and will need to undergo a program standard revision that the Ministry expects to be implemented by December 2026.

Our 2021 audit identified the top 10 non-degree programs that did not have program standards; these programs had significant enrolments annually and were offered by several different public colleges. In our follow-up, the Ministry told us that it would work to identify any non-degree programs with sufficient enrolments in multiple colleges to prioritize for the development of full program standards. The Ministry aims to implement this recommendation by December 2026.

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;*

  Status: Fully implemented.

Details

In our 2021 audit, we found that delays in program approvals by the Ministry, for both non-degree and degree programs, had hindered public colleges' ability to respond quickly to both offer programs that met employer needs, and to accept student enrolments. Many factors 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.

During our follow-up, we found that the Ministry developed a guideline document to support public colleges in preparing and submitting program-approval applications to the Ministry. The document outlines what information should be included by colleges when preparing an application, the different steps involved in the review and approvals processes, as well as what colleges can expect in terms of review and approval timelines. In 2022, the Ministry also developed an evaluation scoring tool to support Ministry reviewers when assessing an application for Ministry funding of a new program. Tracking and reporting of the program-approval timelines was also introduced, along with updates to the submission application to support the submissions process.

- *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;*

  Status: In the process of being implemented by December 2023.

Details

In our 2021 audit, we found that the timeliness of the approval process had been improving: programs submitted between April and June 2020 took on average 251 days to receive approval whereas programs submitted in January and March 2021 took an average of 155 days. However, the Ministry's internal target of a 90-day, or three-month, timeline from submission to approval had not been met since the overall average was 188 days from April 2020 to March 2021. Many college presidents expressed concerns that they had not been notified of the status of their program applications on a timely basis.

In our follow-up, we found that the Ministry drafted guidelines for the new program approval processes and a draft document that will be used to provide, on an ongoing basis, quarterly updates for the previous quarter to the public colleges. In November 2022 these two documents were shared with the public colleges to solicit their feedback and input was received in December 2022. The updated program approval guidelines, as well as the quarterly update, is currently in development. The Ministry anticipates both documents will be finalized and released by December 2023.

- *track and identify reasons for delays in the degree and non-degree program approval processes; and*
- *take corrective actions in a timely manner.*

Status: Fully implemented.

Details

In our follow-up, we found that the Ministry committed to provide degree and non-degree program approvals within 60 to 90 business days. To improve the process, the Ministry developed a tracker for program approvals that captures the status of all program funding reviews, including the timelines involved in arriving at the final decision. This tracker also allows the Ministry to track and identify reasons for delays. The Ministry updated the tracker in September 2022 to better capture the program-approval processes such as: the number of business days it took at every stage of the review and approval process for each individual program; the overall averages on a quarterly basis; and whether a program requires Minister approval and why. In 2022/23, the average time was 38 business days for college program funding approvals. Since the process was implemented, there have not been any reported delays in the degree and non-degree program-approval processes, so no corrective actions have been needed.

4.6 Public College Board Governance

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;*

Status:
St. Clair – Fully implemented.

Loyalist, Sault, Seneca – Will not be implemented.

The Office of the Auditor General of Ontario continues to support the implementation of this recommendation as the Colleges Ontario's orientation sessions provide information specifically focused on the post-secondary education sector and its relationship with the Ministry.

Details

We found in our 2021 audit that the Ministry's Protocol for Board Nominations and Appointments (Protocol) stated that public college boards were 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 (Lieutenant Governor in Council and board-appointed) to attend the Colleges Centre of Board Excellence (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.

In our follow-up, we found that St. Clair has fully implemented this recommendation. Effective January 2022, the college has a board policy that stipulates that each new board member will be required to complete a CCBE Certificate of Good Governance certificate within two years of being appointed to the board. One of the certificate courses is an in-person board orientation session.

The other three colleges have indicated they will not require external governors to attend the CCBE's orientation sessions on the grounds that new board members are required to attend their college's own internal orientation training instead. These colleges told us they will, however, provide the opportunity for new governors to attend CCBE's orientation session.

- *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.*

  Status:
  St. Clair – Fully implemented.

  Loyalist, Sault, Seneca – Will not be implemented.

  The Office of the Auditor General of Ontario continues to support the implementation of this recommendation as ongoing CCBE governance training is a best practice.

Details

We found in our 2021 audit that, according to the Protocol, 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 relying on the CCBE's Board Excellence Certificate program for those members who wished to attend. Governors can earn certificates at two levels: Good Governance and Advanced Good Governance. While the training was not mandatory, the various governance modules included in these certificates covered a variety of governance topics, such as enhancing the performance of governors and integrated risk management, and were an opportunity for public college board members to share practices.

In our follow-up, we found that St. Clair has fully implemented this recommendation. In addition to the requirement for new board members to complete a Certificate of Good Governance within two years of being appointed to the board, St. Clair has also adopted a policy that requires candidates to complete the Advanced Good Governance certificate in order to be eligible to serve as board chair. The other colleges have indicated that they will continue to encourage governors to attend the training, but will not set minimum participation rates. They told us that their governors have sufficient board skills from previous experiences.

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;*

  Status: In the process of being implemented by December 2023.

Details

In our 2021 audit, 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. One college required governors to sign an annual code of conduct form, and another required an annual attestation indicating that 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.

In our follow-up, we found that the Ministry was working to implement a revised Conflict of Interest Minister's Binding Policy Directive to require public college board governors to complete annual Conflict of Interest Declaration Forms that are reviewed by the board chairs. The Ministry expects to complete this by December 2023.

- *confirm on an annual basis that the updated directive is adhered to by the public colleges.*

  Status: In the process of being implemented by December 2024.

Details

Our 2021 audit noted that 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.

As mentioned in the first action under **Recommendation 18**, the Ministry was working to implement a revised Conflict of Interest Minister's Binding Policy Directive that will require public college board governors to complete annual Conflict of Interest Declaration Forms that are reviewed by board chairs. As part of this process, the Ministry plans to require annual attestations of compliance starting in fall 2023, and anticipates this process will be completed by the end of 2024.

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.

Status:
Sault, Seneca, St. Clair – Fully implemented.

Loyalist – In the process of being implemented by September 2024.

Details

Our 2021 audit identified leading governance practices for managing conflicts of interest which 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 should review the completed form and discuss 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 should be required to update the form within the year.

In our follow-up, we found that Sault, Seneca and St. Clair now require that their board members complete an annual Conflict of Interest Declaration Form, which is subsequently reviewed by the board chair. Loyalist College is in the process of implementing this recommendation to be completed and reviewed by the board chair by September 2024.

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;*

  Status: Fully implemented.

Details

Over the two-year period reviewed for our 2021 audit (2019/20 and 2020/21), only two of the four colleges (Seneca and St. Clair) conducted board evaluations in compliance with the Governance and Accountability Framework Minister's Binding Policy 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 evaluations' impact on board functioning could be improved, as tangible changes were not evident as a result of the evaluations. We noted that none of the colleges conducted peer assessments of individual directors' overall governance contribution. However, one college (Seneca) included peer assessments in evaluating directors' committee roles.

In our follow-up, we found that each of the four public colleges we reviewed in depth were conducting annual board evaluation surveys, with Sault administering its first in June 2023. As a result of surveys conducted in 2022, improvements to board practices were made, including resuming in-person meetings following the pandemic, and providing regular board presentations on core operations and emerging priorities.

- *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.*

  Status:
  Loyalist, Sault, and St. Clair – Fully implemented.

  Seneca – In the process of being implemented by June 2024.

Details

We found in our 2021 review of the four colleges that some had a more thorough approach than others in how they conducted an annual performance evaluation of their president. We also noted instances where the chair and/or board committee communicated the president's performance review results and feedback verbally, and found that the feedback discussed was not always documented in writing.

In our follow-up, we found that each of the four colleges we reviewed in depth (Loyalist, Sault, Seneca and St. Clair) conduct annual performance evaluations of their presidents. At both Loyalist and St. Clair, board members complete comprehensive written surveys, that include specific performance objectives, to evaluate the performance of their presidents. Sault board members complete an annual appraisal questionnaire that contains limited information on the specific targets or objectives against which performance is being evaluated. Seneca is in the process of implementing the recommendation for its 2023/24 board cycle, which concludes in June 2024.

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;*

  Status: In the process of being implemented by September 2026.

Details

In our 2021 audit, we found that most of the colleges did not have staggered terms for Lieutenant Governor in Council (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.

In our follow-up, we found that the Minister of Colleges and Universities approved and committed to implement this recommendation to stagger the terms of LGIC appointments on public college boards starting in fall 2023. It is an ongoing process to maintain staggered LGIC appointments and the maximum term that a LGIC board member can be appointed for is three years. As such, it will take several years for this recommendation to be fully implemented, which is expected to be by the end of the three-year board cycle in September 2026.

- *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.

  Status: In the process of being implemented by September 2024.

Details

In our 2021 audit, we found delays in the LGIC appointment process can result in not all LGIC appointees starting on September 1, as required. This delay 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 in 2021, 10 public college boards had a full complement of LGIC appointments in place. Fourteen other colleges lacked between one and three LGIC appointees.

In our follow-up, we found that in February 2023 the Ministry issued a memo to public colleges inviting them to submit nominees for the Minister's consideration for LGIC appointments for terms beginning in September 2023. For the start of the academic year in September 2023, 29 appointments had been made, but there remained 21 LGIC vacancies across 16 of the 24 public colleges. The Ministry aims to appoint all LGIC appointments in a timely manner for September 2024.

4.7 Financial Statements and Annual Reports of Public Colleges

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;*

  Status: Fully implemented.

Details

The Audited Financial Statements Operating Procedure requires public colleges to submit their audited financial statements to the Ministry annually by June 15. Our 2021 review of all 24 public colleges' financial statements for the prior five years (2016/17–2020/21) found that Fanshawe and St. Clair had consistently reported their statements about two weeks after the deadline each year.

In our follow-up, we found that Fanshawe's 2022/23 audited financial statements were completed on June 9, 2023, and St. Clair's 2022/23 audited financial statements were completed on May 24, 2023. Both colleges met the June 15, 2023 deadline.

- *Canadore, George Brown and Sault make their annual reports publicly available on their websites on a timely basis;*

  Status:
  George Brown and Sault – Fully implemented.

  Canadore – In the process of being implemented by July 2024.

Details

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.

Our 2021 audit 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.

Our follow-up found that George Brown and Sault were publishing their annual reports on their websites on a timely basis. Canadore did not post its 2022/23 annual report by July 2023 and aims to implement the recommendation for the 2023/24 annual report, to be published by July 2024.

- *Loyalist and St. Clair include complete audited financial statements in their annual reports on their operational performance.*

  Status: Fully implemented.

Details

Our 2021 audit 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 college's audited financial statements were publicly available on their websites, they included only summarized financial statements in their annual reports.

Our follow-up found that for 2021/22, both Loyalist and St. Clair included complete audited financial statements in their annual reports on their operational performance.

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.*

Status: Fully implemented.

Details

As mentioned in relation to **Recommendation 22**, we found during our audit that Fanshawe and St. Clair consistently reported their audited financial statements 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.

In our follow-up, we found that the Ministry sent reminders to public colleges to submit their 2021/22 audited financial statements on a timely basis. Only four public colleges—Centennial, Fleming, Georgian and La Cité—submitted their financial statements late by an average of nine days for the 2021/22 fiscal year. Fanshawe and St. Clair submitted their financial statements on time.

For fiscal year 2022/23, the Ministry implemented a new requirement that public colleges make a written request in advance if seeking an extension to their financial statement filing deadline.

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;*

  Status: Fully implemented.

Details

Our audit 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.

Our follow-up found that all 18 colleges appended a signed statement of management responsibility to their 2022/23 audited financial statements, which was dated on or before the date of the audit opinion.

- *Fanshawe include board signatures in its published audited financial statements.*

  Status: Fully implemented.

Details

Our 2021 audit also found that, of the 18 colleges, Fanshawe's financial statements did not include board signatures signifying their approval of the financial statements. This lack of formal acknowledgement of the financial statements by the board might have diluted the perceived reliability of the statements to readers, as it was unclear whether or not the financial statements were indeed reviewed and approved by the board.

From our follow-up we learned that Fanshawe's 2022/23 audited financial statements included signatures of the board chair and the president.

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.

Status: Will not be implemented.

The Office of the Auditor General continues to believe public colleges should provide more detailed financial information about their public-private college partnerships.

Details

We found in our 2021 audit 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 public 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 expected 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 were not fully aware of the existence and extent of this international student revenue stream.

In our follow-up, we found that the Ministry consulted with the public colleges on the disclosure of public-private college partnerships in their financial statements. The public colleges, in consultation with their auditors, have decided not to implement this recommendation as they believe the existing presentation of their financial statements to be in accordance with accounting standards. The Ministry states that public colleges are responsible for the selection and implementation of accounting policies based on the advice of their auditors. The Ministry indicated that it will not implement this recommendation, as it does not intervene in the reporting process if colleges report in accordance with what is permissible under accounting standards, with support from their auditors.

For public colleges that continue to report partnership revenues on a net basis, the Ministry requires them to complete additional forms and schedules to allow the Ministry to adjust the financial information used for the consolidation process. The Ministry indicated that it will continue to work with public colleges to improve consistency and presentation of financial information.

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;*

  Status:
  Cambrian, Canadore, Fanshawe, Georgian, Lambton, Loyalist, Mohawk, Niagara, Northern, Sault, St. Clair – Fully implemented.

  St. Lawrence – Will not be implemented.

  The Office of the Auditor General continues to support the implementation of this recommendation.

Details

Our 2021 audit found that Cambrian, Northern and St. Lawrence presented revenues and expenses related to 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.

In our follow-up, we found that six colleges (Cambrian, Fanshawe, Georgian, Mohawk, Niagara and Northern) have implemented this recommendation by reporting the gross revenue earned and expenses incurred from their public-private college partnership on a gross basis in their financial statements. This is in addition to the five colleges that had already presented the revenue and expenses in this manner at the time of our audit in 2021 (Loyalist, Sault, St. Clair, Canadore, Lambton).

St. Lawrence has indicated it will not implement this recommendation because it believes the existing presentation of its financial statements to be in accordance with accounting standards. Our Office disagreed with this assessment based on our review and analysis of the arrangement during our 2021 audit and continues to support the implementation of this recommendation by St. Lawrence College.

- *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.*

Status:
Lambton, Mohawk, Niagara, St. Clair – Fully implemented.

Cambrian, Canadore, Fanshawe, Georgian, Loyalist, Northern, Sault, St. Lawrence – Will not be implemented.

The Office of the Auditor General continues to support the implementation of this recommendation.

Details

In our 2021 audit, we found that all six public colleges that had long-standing public-private college partnerships did not provide sufficient disclosure of their partnership revenue stream in their financial statements. We recommended that all colleges with a partnership arrangement improve the reliability and usefulness of their financial statements by adding this information.

In our follow-up, we found that four colleges (St. Clair, Lambton, Mohawk and Niagara) have fully implemented this recommendation by disclosing the partnership revenue stream as a separate line item in their financial statements or in a supporting schedule, and included a description of this revenue stream.

Six colleges (Canadore, Fanshawe, Georgian, Northern, Sault, St. Lawrence) had partially implemented the recommendation by disclosing the existence of a partnership in their 2022/23 financial statements, but will not be implementing the remainder of the recommendation to disclose the amount of revenue earned from this revenue stream each year. This is similar to two colleges (Loyalist and Cambrian) that indicated that they will not be implementing this recommendation due to the confidentiality clause within their respective partnership agreements. Our Office continues to believe that it is important for a college to disclose that it has entered into a partnership agreement and the revenue earned through the partnership.