

Higher Education
Quality Council
of Ontario
An agency of the Government of Ontario



Conseil ontarien
de la qualité de
l'enseignement supérieur
Un organisme du gouvernement de l'Ontario

Higher Education Quality Council of Ontario

2019–20 Annual Report



Who We Are

Mandate

“To assist the Ministry of Colleges and Universities in improving all aspects of the postsecondary education sector, including improving the quality of education provided in the sector, access to postsecondary education and accountability of postsecondary educational institutions” (HEQCO Act, 2005).

Mission

HEQCO informs the future of Ontario higher education through authoritative research, effective communication of meaningful data and evidence-based options for solutions to the challenges facing Ontario’s postsecondary system.

Vision

HEQCO seeks to influence the key decisions, practices and policies that will guide Ontario’s public postsecondary system to national and international leadership, while providing Ontarians with the greatest opportunities for social mobility and economic success.

Values

Primacy of independent, high-quality research: HEQCO maintains a distinctive position in the research community as a credible, authoritative and influential agency through a foundation of independent, objective, high-quality analysis to provide the best evidence-based advice to government and postsecondary institutions. Attentive to emerging trends, HEQCO has the agility to pursue promising new avenues of research as opportunities arise.

Sustained engagement with leaders worldwide: HEQCO’s global perspective on higher education research, policy and practice brings the best ideas, research findings and insights to Ontario. Many of Ontario’s postsecondary education (PSE) challenges are shared by jurisdictions across Canada and worldwide. Through these global partnerships, we ensure that the very best thinking from around the world is made available to Ontario decision-makers as a catalyst for informed decisions, collaboration and innovation.

Accessible and meaningful communication: In bridging the gap between research knowledge and its active use in addressing pressing challenges in higher education, HEQCO contributes to the effective movement of evidence-based solutions into policy development and best practice.

An advocate for data collection and transparency: Data is the lifeblood of evidence-based policy decision-making, yet our work is constrained by significant and persistent data gaps at both the provincial and national level. HEQCO remains an advocate for a more transparent, open and holistic

approach to higher education data, in partnership with educational institutions, organizations and governments.

Accountability is a foundational tool for system improvement: Core to our accountability mandate, HEQCO explores system design models across the globe to improve postsecondary access and quality in Ontario.

Responsive to government priorities and mandates: HEQCO ensures that evidence-based research and evaluation of the highest quality informs policy decision-making and practice, in alignment with the Ministry of Colleges and Universities.

Equipped to achieve our goals: HEQCO is committed to ensuring that our organizational structure and staff capabilities maximize impact and drive toward the achievement of our vision for Ontario postsecondary education.

Message from the President and Board Chair

The 2019–20 fiscal year was very productive for HEQCO. The agency made significant progress on its ambitious research agenda. Since its inception, HEQCO has conducted research on the financial sustainability of the province’s colleges and universities, how to measure the quality of the academic experience they provide and what should be the guidelines for ensuring that all students have equitable access to postsecondary education. In 2019–20, it published several reports on these topics.

Postsecondary Education Metrics for the 21st Century identified broad objectives for the province’s postsecondary system along with a set of outcomes-based metrics to evaluate the performance of institutions and to drive improvement in the system.

In addition, HEQCO published several reports aimed at improving access to postsecondary education among underrepresented students, including *Lifelong Learning in Ontario: Improved Options for Mid-career*, *Underserved Learners* and *Early Supports for Accessing Postsecondary Education: Good, Bad or Indifferent?*

Further, the agency published four reports under the Research Initiative on Education + Skills, a research project led jointly by HEQCO and the Mowat Centre, that looked at the relationship between education, skills and labour market outcomes. It also continued its examination of the province’s apprenticeship system.

HEQCO continued to partner with like-minded organizations and key stakeholders, co-hosting two events in December 2019. The first, organized in partnership with the Fields Institute’s Centre for Mathematics Education, explored how postsecondary institutions can contribute to upgrading the numeracy skills of postsecondary students. The second event, a two-day workshop hosted in partnership with People for Education, brought together educators, researchers, government officials and other stakeholders to discuss the hurdles faced by students who are typically underrepresented in colleges and universities, including students from low-income families, racial minorities, students with disabilities and those whose parents did not attain a postsecondary credential.

In 2019–20, HEQCO saw a further expansion of its role. The Ontario government introduced legislation in November 2019 expanding HEQCO’s function to include the evaluation of programs and services that the ministry provides and funds. HEQCO will provide to the ministry evidence-based assessments of postsecondary programs, services and transfer payments in order to help policy-makers make better, more informed decisions.

HEQCO published its first evaluation report in January 2020, *Government's Role in Digital Learning: Review and Recommendations for the Ontario Ministry of Colleges and Universities*. The report examined the digital-learning initiatives and activities of the ministry and the province's postsecondary institutions.

HEQCO published its first report evaluating how free speech policies are being upheld by colleges and universities. Postsecondary institutions are required to submit to HEQCO by September of each year reports detailing the implementation of free speech policies on their campuses. HEQCO's report, *Freedom of Speech on Campus: 2019 Annual Report to the Ontario Government*, confirmed that the province's public colleges and universities had implemented and posted free speech policies, and that the policies had met the government's objectives.

We are proud of HEQCO's accomplishments over the past year. The agency said goodbye to its long-time president and CEO, Harvey Weingarten, who joined HEQCO in 2010. Over the years, he greatly expanded the agency's research capacity and influence. Under new leadership, HEQCO will continue its commitment to making consistent valuable contributions to the improvement of the province's higher education system.



Matthew Ross

President and CEO (Acting)



A. Scott Carson, PhD

Chair of the Board (Acting)

The Year in Review

Research Priorities

As outlined in our 2019–2022 Multi-year Business Plan and informed by HEQCO’s Mandate Letter our 2019–20 research agenda focused on the following priorities:

- Conducting evaluation projects to help determine whether government postsecondary education programs are effectively meeting the needs of students and the sector
- Improving access to higher education for individuals facing barriers in transitioning to and completing higher education.
- Conducting research on all aspects of digital learning in Ontario
- Providing an overview of freedom of speech activities on the province’s college and university campuses
- Enhancing academic quality by assessing the sustainability of postsecondary institutions and the sector, and by promoting outcomes-based funding and differentiation among higher education institutions
- Ensuring that students graduate with the knowledge and skills they need to succeed in the workplace and in life by promoting the assessment of skills and competencies

Evaluation

On November 6, 2019, the government introduced Bill 138, which expanded HEQCO’s function to include evaluating programs and services that the ministry provides and funds. HEQCO will provide to the ministry evidence-based assessments of postsecondary programs, services and transfer payments in order to help policy-makers make better, more informed decisions. Bill 138 received Royal Assent on December 10, 2019.

In January 2020 HEQCO published *Government’s Role in Digital Learning: Review and Recommendations for the Ontario Ministry of Colleges and Universities*. This report was in response to a request by government to review the digital-learning initiatives and activities of the province’s public postsecondary institutions, and to provide insights into two government-funded agencies that are involved in online learning: Contact North and eCampusOntario. HEQCO concluded that maintaining a presence and continuing to fund activities in digital learning is important for the government in order to promote the further development and expansion of online-learning opportunities in Ontario. The report

also recommended continuing to expand access for students in northern, rural and remote Ontario communities, tying government funding more explicitly to its broader goals and expanding data collection procedures to better track the outcomes of students who take digital courses.

HEQCO also published *Evaluating Lynda.com Platform Usage: An Analysis of 2018–19 User Data*, a report that examined how students and staff at colleges and universities made use of a blanket licence purchased by the provincial government to Lynda.com (now called LinkedIn Learning). The report found that about 80,000 postsecondary students, faculty and staff took advantage of the free access provided by the blanket licence during the 2018–19 school year. This report was part of a multi-year evaluation on how well the Lynda.com blanket licence pilot is serving students.

Access

Equitable access to postsecondary education has been a major focus of HEQCO's work since its founding. Decades of research has shown that first-generation students, low-income students, Indigenous students and students with disabilities are less likely to enrol in postsecondary education and less likely to attain a PSE credential than their peers.

In 2019–20, HEQCO published several reports related to postsecondary access. *Lifelong Learning in Ontario: Improved Options for Mid-career, Underserved Learners* argued that adult learners represent a new and underserved market for postsecondary institutions. The report advocated for competency-based education programs as they are particularly well-suited to meet the needs of adult learners with family and work responsibilities.

Early Supports for Accessing Postsecondary Education: Good, Bad or Indifferent? underscored the important role played by the K-12 sector in improving postsecondary access for underrepresented groups. The report also recommended that governments and institutions better fund community-based early-intervention programs for vulnerable youth; make enrolment in debt-repayment assistance plans for low-income families automatic; and continue expanding the use of the Ontario Education Number to identify those who are struggling.

HEQCO also co-hosted an event with People for Education in December 2019 focusing on postsecondary access pathways. The two-day event brought together K-12 teachers and school board staff, researchers, community group representatives and other stakeholders.

Free Speech

HEQCO continued to support the government in implementing the Ontario Campus Free Speech Policy. The objective of the policy is to ensure that the province's public colleges and universities have a strong and clear policy that upholds the principles of free speech on campus and that it is consistent across institutions.

Colleges and universities began reporting annually on their progress to HEQCO starting in September 2019, detailing the implementation of their free speech policies. HEQCO reviewed and assessed each institution's annual report and provided advice to the minister accordingly. It also produced a public report that assessed whether institutions are compliant with the minimum standard.

System Sustainability

Ensuring the financial sustainability of postsecondary institutions and the sector is a core feature of HEQCO's research program. The agency has conducted extensive research on sustainability, identifying key metrics that serve to provide a better understanding of the challenges facing the province's 20 universities and 24 colleges. In 2019–20, HEQCO published *Postsecondary Education Metrics for the 21st Century*, which argued that Ontario's postsecondary education system would be best served by a set of performance metrics that would measure, among other things, institutional financial performance, the skills students acquire during their studies, and the link between programs and job success. The report also argues that it's time to take a fresh look at how best to evaluate the performance of the province's postsecondary system, suggesting that performance metrics be closely tied to government policy, focused on impact and outcomes rather than inputs, based on the best available data and motivated by a desire for improvement rather than accountability.

Skills

Non-disciplinary skills are becoming increasingly important in today's fast-changing labour market. HEQCO is working to ensure that students graduate with the knowledge and skills they need to succeed in today's workplace, including appropriate levels of numeracy, literacy, problem solving and critical thinking.

In 2019–20 HEQCO published four reports under the Research Initiative on Education + Skills, a research project led jointly by HEQCO and the now-closed Mowat Centre, that looked at the relationship between education, skills and labour market outcomes. The papers explored topics such as skills, education and earnings across standard and non-standard workers; the differences in returns on cognitive skill development based on gender and socioeconomic status; the experience of immigrants in the Canadian labour market; and a comparison between skills and postsecondary credentials as a predictor of income and employment status.

To explore how postsecondary institutions can contribute to upgrading the numeracy skills of students, HEQCO together with the Fields Institute's Centre for Mathematics Education, organized a workshop in December that brought together numeracy experts from government, universities and colleges. The workshop was an important first step toward advancing numeracy education in Ontario's colleges and universities and a research publication will soon be published by HEQCO.

HEQCO's Performance Measures 2019–20

Informed by the Ministry of Colleges and Universities, HEQCO has developed a list of operational performance measures to ensure our strategic direction is clear and leading to work that furthers postsecondary education in Ontario. HEQCO is continually reviewing these performance measures to make them as outcomes-based as possible.

1. High-quality research informed by government priorities

Target: Conduct high-quality research that is aligned with the priorities outlined in the agency's mandate letter.

HEQCO continues to pursue meaningful research in our main areas of focus: access, learning outcomes and skills assessment, and system design as well as an ongoing evaluation of free speech on campuses and other evaluation requests from the Minister of Colleges and Universities. HEQCO's published research is peer reviewed by subject experts in order to ensure that it is high quality and provides value to the sector. Due to budget considerations and mandate priorities, HEQCO has shifted away from reliance on externally written research projects and consortia to more internally produced research products. HEQCO maintains the option to terminate external research contracts at any time without financial penalty if the work does not meet an appropriate standard of quality. HEQCO published 19 reports and blog posts between April 1, 2019 and March 31, 2020.

Risk events: As part of cost-saving measures by the Ontario government, HEQCO's operating budget was reduced to approximately \$4.1 million for the 2019–20 fiscal year. This led to the cancellation of existing external research contracts, including the Learning Outcomes Assessment Consortium and the Access and Retention Consortium.

2. Policy impact and government engagement

Target: Provide assistance to the Minister and Ministry of Colleges and Universities in the development of policy and improvement of the province's higher education system.

HEQCO's core legislative mandate is to assist the Minister and Ministry of Colleges and Universities (MCU) and make recommendations that contribute to the formulation of government policy. As part of our mandate, HEQCO annually reviews institutional freedom of speech reports and summarizes the findings. In 2019, the first Freedom of Speech on Campus Annual Report was published. Also in 2019,

the Minister of Colleges and Universities instructed HEQCO to conduct a review and evaluation of digital education strategies. A report on this evaluation was published on January 6, 2020.

In partnership with eCampusOntario, HEQCO published two reports in 2019 assessing usage of Lynda.com, now known as LinkedIn Learning, as part of the Ontario government's three-year pilot providing free access for college and university students, faculty and administration.

Currently, HEQCO is conducting Minister requested evaluation research on individuals facing barriers in transitioning to and completing higher education, including the Ministry of Colleges and Universities' special-purpose grants supporting services for students with disabilities.

3. Partnerships and sector engagement

Target: Engage with leaders in the sector and develop/maintain partnerships that facilitate HEQCO's research priorities.

HEQCO maintains a unique position as the only organization of its type in Canada. Since our inception, HEQCO has built and maintained partnerships with universities, colleges, school boards, government ministries, not-for-profit groups and research organizations in order to more effectively work toward our goal of an improved postsecondary system in Ontario through access to data, expanded opportunities for research and new discussions. In 2019–20, HEQCO worked with a number of different organizations and groups including the Hamilton Community Foundation, People for Education, Employment and Social Development Canada, the Fields Institute and the Hamilton-Wentworth Public and Catholic School Boards. This is in addition to continuing research partnerships with a number of Ontario colleges and universities.

HEQCO also engages with its audience through events. In 2019–20 HEQCO held two events for targeted stakeholders and partners:

Student Success Pathways | December 10 and 11, 2019

This two-day event hosted by HEQCO in partnership with People for Education brought together educators, researchers, government officials and other stakeholders with an interest in improving access to postsecondary education, especially for students who are typically underrepresented (e.g., students from low-income families, racial minorities, students with disabilities and those whose parents did not attend PSE). Researchers and practitioners shared evidence relating to structural and systemic changes that can alter educational pathways and improve access to higher education.

Upgrading Numeracy Skills of Postsecondary Students | December 5, 2019

This one-day workshop hosted by HEQCO in partnership with the Fields Institute gathered numeracy experts from Ontario's college, university, government and non-profit sectors to discuss the problem of deficient numeracy skills among Ontario higher education students and graduates. Attendees shared promising practices, discussed challenges and brainstormed recommendations for government and institutions to systematically upgrade the numeracy skills of postsecondary students in ways that serve them well in their personal and professional lives.

Risk events: The Research Initiative on Education + Skills (RIES) was a research partnership between HEQCO, Education and Social Development Canada, the Ministry of Colleges and Universities and the Mowat Centre. Due to the elimination of provincial funding the Mowat Centre closed in mid 2019, ending the first phase of RIES. The completed reports were published by HEQCO. A future phase of RIES is planned through the University of Toronto and HEQCO will remain an advising partner.

HEQCO also had significant turnover in its senior management staff with the President and CEO as well as two research directors leaving the agency. HEQCO's senior leadership are key for building and developing relationships within the sector and the transition to a new leadership team can create challenges for these essential partnerships. Interim President and CEO David Trick and other HEQCO research staff continued to engage with organizations and institutions through the leadership transition and several new partnerships are underway heading into the new fiscal year. Janice Deakin was announced as incoming President and CEO, beginning August 1, 2020.

4. Audience engagement

Target: Improve audience engagement with HEQCO research and build readership of HEQCO research and commentary.

In terms of digital impact, our web and social media analysis reflects not only an engaged audience of dedicated followers here in Ontario, but also an emerging national and international audience, casting a global spotlight on Ontario's commitment to evidence-based policy-making and providing HEQCO with access to best practices in higher education across Canada and around the world. In recent years, HEQCO has strategically reduced the total number of annual publications and emphasized our more focused projects in order to maximize impact. In 2019–20, HEQCO published some of the most widely read publications in our history including a series of papers exploring access issues for underrepresented

groups, critical metrics to consider for performance-based funding, assessments of student usage of Lynda.com and the potential for lifelong learning within colleges and universities.

Through an email subscription list and social media channels HEQCO has built a significant dedicated audience. Email subscribers to our weekly research, news and event updates number in excess of 3,000 and social media channels like Twitter, Facebook and LinkedIn have shown steady growth with more than 4,800 followers collectively — a growth of approximately 10% over the previous year.

5. Responsible financial management

Target: Achieve a clean annual audit from external auditors.

HEQCO is subject to internal and external audit. While HEQCO meets all relevant requirements of government legislation, regulations, directives and guidelines, HEQCO also seeks to achieve a clean audit annually from our external auditors. This means that HEQCO's financial statements and reports are transparent, thorough and do not hide important facts. In 2019–20, HEQCO achieved a clean audit.

Risk event: The reduction in HEQCO's budget was successfully managed through the cancellation of external research contracts and internal staffing changes. A significant amount of the research budget had been set aside for a large-scale assessment research study, however the Ontario government's announced plans for a performance-based funding model made this initiative somewhat redundant and that money was ultimately unspent in the 2019–20 fiscal year.

Board of Directors, 2019–20

HEQCO's board of directors is responsible for approving the overall strategic direction of the council and ensuring that its activities remain firmly aligned with its mandate.

To meet these responsibilities, the board works closely with management to develop and approve the organization's annual business plan and budget.

Board members are appointed by the Lieutenant Governor in Council pursuant to the Higher Education Quality Council of Ontario Act, 2005. Board members draw on their backgrounds in business, academia and government to guide and support the success of HEQCO's initiatives.

A. Scott Carson (Acting Chair)

Appointed: June 6, 2019

Expiration: March 26, 2021

Annual Remuneration: \$2,810

Suzanne B. Herbert

Appointed: October 18, 2017

Expiration Date: October 17, 2020

Annual Remuneration: \$0

Patricia Lang

Appointed: February 8, 2018 (first term), February 20, 2020 (second term)

Expiration Date: February 7, 2020 (first term), February 19, 2023 (second term)

Annual Remuneration: \$2,460

Nobina Robinson

Appointed: May 30, 2019

Expiration Date (Resigned): August 6, 2019

Annual Remuneration: \$930

Denis Mayer

Appointed: January 5, 2015 (first term), January 5, 2017 (second term)

Expiration Date: January 4, 2017 (first term), January 4, 2020 (second term)

Annual Remuneration: \$3,030

Appendix: Publications

The following research reports and blog posts were published in 2019–20:

Publications
Is Postsecondary Education the Great Equalizer? (Blog post)
Postsecondary Education Metrics for the 21 st Century
Lifelong Learning in Ontario: Improved Options for Mid-career, Underserved Learners
Scaling Up: Value-added Cognitive Assessment Redesign Network for the Development of Higher-order Thinking
Early Supports for Accessing Postsecondary Education: Good, Bad or Indifferent?
Scaling the Development and Measurement of Transferable Skills: Assessing the Potential of Rubric Scoring in the Context of Peer Assessment
Postsecondary Participation and Household Income
Freedom of Speech on Campus - 2019 Annual Report to the Ontario Government
Great Divide or Small Fissure? A Comparison of Skills, Education and Earnings across Standard and Non-standard Workers
Evaluating Lynda.com Platform Usage: An Analysis of 2018–19 User Data
High School Success and Access to Postsecondary Education
Government’s Role in Digital Learning: Review and Recommendations for the Ontario Ministry of Colleges and Universities
Strengthening Numeracy Skills in University and College students: What’s the Best Way Forward? (Blog post)
Creating Pathways, Removing Roadblocks (Blog post)
Academic Probation: Evaluating the Impact of Academic Standing Notification Letters on the Experience and Retention of Students, Followup Report
Gendered Returns to Cognitive Skills in Canada
Immigrant Labour Market Outcomes and Skills Differences in Canada
Skills, Signals and Labour Market Outcomes: An Analysis of the 2012 Longitudinal and International Study of Adults
Micro Mania: Making Sense of Microcredentials in Ontario (Blog post)
TOTAL: 19

Higher Education Quality Council of Ontario

Financial Statements

For the Year Ended March 31, 2020

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying financial statements of Higher Education Quality Council of Ontario (the "Council") are the responsibility of the Council's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in Note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Council's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Council meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by RSM Canada LLP, independent external auditors appointed by the Council. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Council's financial statements.



Matthew Ross
Acting President and CEO



A. Scott Carson
Acting Chair

June 17, 2020



INDEPENDENT AUDITORS' REPORT

To the Directors of Higher Education Quality Council of Ontario

Opinion

We have audited the financial statements of Higher Education Quality Council of Ontario, (the "Council"), which comprise the statement of financial position as at March 31, 2020 and the statements of operations, changes in net debt, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2020, and results of its operations, its remeasurement gains and losses, its changes in net debt and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
June 17, 2020
Toronto, Ontario

Higher Education Quality Council of Ontario

Statement of Financial Position As at March 31, 2020

	2020	2019
Financial Assets		
Cash	\$ 947,540	\$ 948,836
HST recoverable	30,001	30,236
Interest receivable	680	1,868
	978,221	980,940
Liabilities		
Accounts payable and accrued liabilities	238,048	973,450
Due to Ministry of Colleges and Universities (Note 3)	773,251	50,130
Deferred capital contributions (Note 4)	30,737	37,687
	1,042,036	1,061,267
Net Debt	(63,815)	(80,327)
Non-Financial Assets		
Tangible capital assets (Note 5)	30,737	37,687
Prepaid expenses	33,078	42,640
	63,815	80,327
Accumulated Surplus	\$ -	\$ -

Commitments (Note 8)



Approved by the Board

Suzanne Herbert
Director

A. Scott Carson
Director

Higher Education Quality Council of Ontario

Statement of Operations Year Ended March 31, 2020

	Budget 2020	Actual 2020	Actual 2019
Revenue			
Provincial funding	\$ 4,169,880	\$ 3,305,852	\$ 5,166,519
Non-provincial funding	-	-	5
Amortization of deferred capital contributions (Note 4)	25,731	27,846	27,816
Conference revenue	-	-	101,840
Interest income	9,250	9,903	12,031
	4,204,861	3,343,601	5,308,211
Expenses (Note 6)			
Governance	535,313	489,580	463,430
Research	3,486,642	2,660,836	4,670,401
Administration	182,906	193,185	174,380
	4,204,861	3,343,601	5,308,211
Surplus for the year	-	-	-
Accumulated surplus, beginning of year	-	-	-
Accumulated surplus, end of year	\$ -	\$ -	\$ -

Higher Education Quality Council of Ontario

Statement of Changes in Net Debt Year Ended March 31, 2020

	Budget 2020	Actual 2020	Actual 2019
Net debt, beginning of year	\$ 80,327	\$ 80,327	\$ 146,585
Acquisition of tangible capital assets	5,000	20,896	3,950
Amortization of tangible capital assets	(25,731)	(27,846)	(27,816)
Disposition of tangible capital assets	-	4,770	10,070
Other adjustments - prepaid expenses	-	(9,562)	(42,392)
Loss on writeoff of tangible capital assets	-	(4,770)	(10,070)
Net debt, end of year	\$ 59,596	\$ 63,815	\$ 80,327

Higher Education Quality Council of Ontario

Statement of Cash Flows Year Ended March 31, 2020

	2020	2019
Cash provided by (used in)		
Operating activities		
Surplus for the year	\$ -	\$ -
Items not affecting cash		
Amortization of deferred capital contributions	(27,846)	(27,816)
Amortization of tangible capital assets	27,846	27,816
Net changes in non-cash working capital		
HST recoverable	235	(2,390)
Interest receivable	1,188	(458)
Accounts receivable	-	900
Prepaid expenses	9,562	42,392
Accounts payable and accrued liabilities	(735,402)	(151,305)
Deferred revenue	-	(99,090)
Due to Ministry of Colleges and Universities	723,121	26,740
	(1,296)	(183,211)
Capital activities		
Acquisition of tangible capital assets	(20,896)	(3,950)
Financing activities		
Contributions for purchase of tangible capital assets	20,896	3,950
Increase (decrease) in cash for the year	(1,296)	(183,211)
Cash, beginning of year	948,836	1,132,047
Cash, end of year	\$ 947,540	\$ 948,836

1. THE ORGANIZATION

Formation and Status

The authority to create the Higher Education Quality Council of Ontario (the "Council") was established in the Higher Education Quality Council of Ontario Act, 2005 (the "Act"). The Council is a Crown Agency of the Ministry of Colleges and Universities ("MCU") (formerly Ministry of Training, Colleges and Universities or "MTCU") and is classified as an operational services agency.

The Higher Education Quality Council is a corporation without share capital and is not subject to the Corporations Act or the Corporation Information Act. The Council is subject to section 132, subsection 134(1) and section 136 of The Business Corporations Act. As an agent of the Crown, the Council is not subject to income tax.

The Council is, and exercises its powers only as an agent of the Crown. Limits on the Council's ability to undertake certain activities are set out in both the Act and The Memorandum of Understanding between the Council and MTCU dated December 6, 2006 and as renewed in The Memorandum of Understanding dated January 9, 2013.

Council Operations

The objective of the Council is to assist the Ministry of Colleges and Universities in improving all aspects of the post-secondary education sector, including improving the quality of education provided in the sector, access to post-secondary education and accountability of post-secondary educational institutions.

The Council is governed by a Board of Directors who is appointed by Order-in-Council.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Higher Education Quality Council of Ontario are the representations of management prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board. No statement of remeasurement gains or losses has been presented as no remeasurement gains or losses have occurred during the year.

Significant accounting policies followed by the Council are as follows:

Accrual Basis of Accounting

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the year in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the year the goods or services are acquired, a legal liability is incurred or transfers are due.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Government Transfer Payments

The Council is funded solely by the Province of Ontario in accordance with budget arrangements established by the MCU. These financial statements reflect agreed funding arrangements approved by the MCU.

Government transfer payments from the MCU are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and reasonable estimates of the amount can be made.

Allocation of Expenses

The Council engages in providing research, support and advocacy for improvement of all aspects of the postsecondary education sector. The cost of each object includes salaries and benefits, research activities, and other operating expenses that are directly related to providing the services. Salaries and benefits are allocated to governance, research and administration based on the activity to which they relate or benefit. Research related contracts and projects have been allocated to research. Other operating expenses have been charged to governance, research and administration based on head count at year-end.

Deferred Contributions

Certain amounts, including transfer payments from the MCU, are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the completion of specific work. Funding is only recognized as revenue in the fiscal year the related expenses are incurred or services performed.

Any amounts received that are used to fund the acquisition of tangible capital assets are recorded as deferred capital contributions and are recognized over the useful life of the asset reflective of the provision of its services. Deferred capital contributions are amortized into revenue in accordance with the amortization policy applied to the related capital asset recorded.

Tangible Capital Assets

Tangible capital assets are recorded at historical cost. The cost of tangible capital assets contributed is recorded at the estimated fair value on the date of contribution. Where an estimate of fair value cannot be made, the tangible capital asset would be recognized at nominal value.

Maintenance and repair costs are recognized as an expense when incurred. Betterments or improvements that significantly increase or prolong the service life or capacity of a tangible capital asset are capitalized. Computer software license fees are recognized as an expense when incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Tangible Capital Assets (Cont'd)

Tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer equipment	3 years
Furniture and equipment	5 years
Leasehold improvements	life of lease

Expenditures for tangible capital assets that are less than \$1,000 are expensed as incurred.

The Council reviews the carrying amount, amortization and useful lives of its capital assets regularly. If the capital asset no longer has any long-term service potential to the Council, the excess of the net carrying amount over any residual value is recognized as an expense in the statement of operations.

Financial Assets and Liabilities

The Council initially measures its financial assets and liabilities at fair value. The Council subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, accounts receivable and interest receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and due to Ministry of Colleges and Universities.

Leases and Rent Expense

Leases are accounted for as operating leases wherein rental payments are initially recorded in the statement of operations and are adjusted to a straight-line basis over the term of the related lease. The difference between the straight-line rent expense and the rental payments, as stipulated under the lease agreement, is included in accounts payable and accrued liabilities.

Use of Estimates

The preparation of these financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates relate primarily to amortization of tangible capital assets and related amortization of capital contributions, which are based on the estimated useful lives of the tangible capital assets.

3. DUE TO THE MINISTRY OF COLLEGES AND UNIVERSITIES

In accordance with the Council's Memorandum of Understanding, funding received in excess of expenditures may be required to be repaid and is recorded as due to MCU.

Higher Education Quality Council of Ontario
Notes to Financial Statements
March 31, 2020

4. DEFERRED CAPITAL CONTRIBUTIONS

During the year, the Council utilized \$20,896 (2019 - \$3,950) of its MCU funding for additional capital asset purchases. The MCU funds used to purchase these capital assets have been included as part of deferred capital contributions and are to be amortized into revenue on the same basis as the amortization of the purchased assets.

	2020	2019
Balance, beginning of year	\$ 37,687	\$ 61,553
Contributions received	20,896	3,950
Less: amounts recognized in revenue	(27,846)	(27,816)
Balance, end of year	\$ 30,737	\$ 37,687

5. TANGIBLE CAPITAL ASSETS

Cost	Computer Equipment	Leasehold Improvements	Furniture and Equipment	Total 2020	Total 2019
Balance, beginning of the year	\$ 160,290	\$ 911,925	\$ 148,502	\$ 1,220,717	\$ 1,226,837
Additions	20,896	-	-	20,896	3,950
Dispositions	(4,770)	-	-	(4,770)	(10,070)
Balance, end of year	\$ 176,416	\$ 911,925	\$ 148,502	\$ 1,236,843	\$ 1,220,717

Accumulated Amortization	Computer Equipment	Leasehold Improvements	Furniture and Equipment	Total 2020	Total 2019
Balance, beginning of the year	\$ 157,389	\$ 906,334	\$ 119,307	\$ 1,183,030	\$ 1,165,284
Additions	13,758	3,946	10,142	27,846	27,816
Dispositions	(4,770)	-	-	(4,770)	(10,070)
Balance, end of year	\$ 166,377	\$ 910,280	\$ 129,449	\$ 1,206,106	\$ 1,183,030

Net book value	\$ 10,039	\$ 1,645	\$ 19,053	\$ 30,737	\$ 37,687
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Higher Education Quality Council of Ontario
Notes to Financial Statements
March 31, 2020

6. EXPENSES BY OBJECT

	Governance	Research	Administration		Total 2020	Total 2019
				\$		
Salaries and benefits	\$ 309,870	\$ 1,593,452	\$ 154,442	4	2,057,76	\$ 2,509,224
Research activities	-	479,559	-	9	479,55	2,125,035
Consulting contracts	70,579	68,579	22,414	2	161,57	-
Other operating expenses	109,131	519,246	16,329	6	644,70	673,952
				\$		
	\$ 489,580	\$ 2,660,836	\$ 193,185	1	3,343,60	\$ 5,308,211

7. PENSION AGREEMENTS

The Council makes contributions on behalf of its staff to the Public Service Pension Plan administered by the Ontario Pension Board, which is a multi-employer plan. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The contribution rates in 2019/2020 were 7.4% (2019 - 6.9%) of the Year's Maximum Pensionable Earnings ("YMPE") plus 10.5% (2019 - 10.0%) on earnings above the YMPE.

Contributions in the amount of \$101,804 (2019 - \$125,281) are included in expenses in the statement of operations, and \$5,904 (2019 - \$17,043) is included in accounts payable and accrued liabilities.

8. LEASE OBLIGATIONS AND OTHER COMMITMENTS

The Council entered into a lease of 7,670 rentable square feet of office space on the 24th floor of 1 Yonge Street, Toronto, negotiated by the Ontario Realty Corporation, for a term of five years beginning on May 15, 2007. Rentable square feet increased to 7,717 as a result of the landlord's improvements to meet requirements in the Council's lease. Rent is payable monthly.

The Council renewed the lease for an additional five years commencing May 15, 2012 and expiring on May 14, 2017. The new net rate was \$17.00 per square foot (\$15.00 per square foot for May 2007 - May 2012).

The Council renewed the second lease extension (final option) from May 15, 2017 until August 31, 2020. Base rent is \$21.00 per square foot from May 2017 to 2018, and \$22.00 per square foot from May 2018 to August 2020.

Minimum future lease payments under operating leases are as follows:

Higher Education Quality Council of Ontario
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March 31, 2020

	Rent	Equipment
2020 - 2021	\$ 70,739	\$ -

The gross rent rate was \$42.34 per square foot or \$326,701 for the period from April 1, 2019 to March 31, 2020.

9. FINANCIAL RISK MANAGEMENT

The Council is exposed to financial risks, including credit and liquidity risk. The Council has adopted an integrated risk management framework. The framework provides a consistent methodology to manage risks. Management believes exposure to other risks, including interest rate and market risks, is minimal.

Credit Risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Council is subject to credit risk related to its cash. Credit risk with respect to cash is managed by holding cash balances at a high credit quality financial institution in Canada.

Liquidity Risk

Liquidity risk results from the Council's potential inability to meet its obligations associated with financial liabilities as they come due. The Council manages its liquidity risk by forecasting cash flows from operations and anticipating investing and financing activities to ensure it has sufficient available funds to meet current and foreseeable financial requirements. The Council's exposure to liquidity risk relates to the amount of accounts payable and accrued liabilities. The Council is dependent on the continued support of the MCU for its continued operations.

10. COVID-19

On March 11, 2020, the World Health Organization assessed the coronavirus outbreak (COVID- 19) as a pandemic. The outbreak has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The extent to which COVID-19 impacts the Organization's results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and actions taken to contain the virus or its impact, among others.