

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

## 2021–22 Annual Report

## 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 and provide Ontarians with the greatest opportunities for social mobility and economic success.

## Values

**Continuously pursue 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. By remaining attentive to emerging trends, HEQCO has the agility to pursue promising new avenues of research as opportunities arise.

**Engage with leaders and practitioners worldwide:** HEQCO’s work is strengthened through relationships with postsecondary institutions, non-profit agencies and community organizations. Through these connections, 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. HEQCO’s global perspective on higher education research, policy and practice brings the best ideas, findings and insights to Ontario. Many of Ontario’s postsecondary education (PSE) challenges are shared by jurisdictions across Canada and worldwide.

**Communicate with our audiences in accessible and meaningful ways:** HEQCO contributes to the effective movement of evidence-based solutions into policy development and best practice, through understandable and direct communication. To help bridge the gap between complex research knowledge and its active use in the PSE sector, HEQCO’s work is written in an accessible style and publicly available.

**Advocate for data collection and transparency:** HEQCO remains an advocate for a more transparent, open and holistic approach to higher education data, in partnership with educational institutions, organizations and governments. Data is the lifeblood of evidence-based policy decision-making and HEQCO will continue to seek out solutions to the significant and persistent data gaps that exist at both the provincial and national level.

**Recognize that accountability is a foundational tool for system improvement:** HEQCO explores system design models across the globe to improve postsecondary access and quality in Ontario.

**Respond 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.

**Be 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 CEO

As we look back at the first full year of our research plan in action, it is both fulfilling and encouraging to see new research that informs policy, helps navigate the challenges of the moment and supports a sector that is as critical as ever.

In 2021-22, HEQCO produced more than 20 research products and commentary pieces, that touched on a wide range of issues connected to our core mandate of access, quality, sustainability and system design. Reports on topics such as microcredentials, the experiences of students with disabilities, access support programs and the challenging pathways for students to postsecondary during the pandemic, provided valuable insights for policymakers, institutional leaders, faculty and support staff to strengthen the sector and improve student experiences. Through ongoing collaboration with sector leaders from colleges and universities, student associations, government, educational agencies and not-for-profit groups, we committed to ensuring HEQCO's work remains relevant to the challenges and opportunities that lie ahead. We know that policy development is not simply a top-down process, and that impactful change comes from active engagement with government as well as innovation and advocacy from our institutions.

As excited as we are about our research projects, we are equally excited about the organizational changes we have made to strengthen our future work. The quality of HEQCO's work is only as strong as the data and evidence available to analyze. We established new data sharing arrangements with the provincial government, school boards, institutions and partners in the college and university sectors to allow us to examine critical questions in ways that were previously not possible. We also increased our research talent over the past 18 months with new team members, which supported the shift to producing more internally researched and written HEQCO reports. This shift was challenging, but it will allow for improved quality of analyses, insights and recommendations that meet the specific needs identified by our partners as well as leaders in government and the sector.

Our staff continues to thrive in a remote environment, and I am encouraged by their adaptability throughout our organizational changes and consolidation as a digital agency. I want to thank the Board of Directors for their ongoing support and guidance, and in particular, Sue Herbert, who recently completed her second term on the Board and acted as Board Chair for much of the past year. Additionally, thanks to Patricia Lang for stepping into the Interim Chair position. Our Board, now led by Chair Karin Schnarr, is positioning us for success for years to come.



Janice Deakin

President and CEO

## **2021-22 Research Project Highlights**

### **COVID-19 Pandemic**

Over the past two years, the COVID-19 pandemic has been the dominant news story, and this was reflected in HEQCO's 2021-22 publications. A series of reports were published that examined the impacts of pandemic-related closures on students, both as they graduated from high school and as they applied and transitioned to postsecondary education. The far-reaching effects of the pandemic were also explored in blog posts that discussed mental health, economic recovery and student support professionals.

### **Microcredentials**

The higher education landscape is constantly evolving and must adapt to best meet the needs of students, institutions and employers. One of the ways this is happening is through the rise of microcredentials, which were a frequent topic of research and commentary for HEQCO this past year. In addition to an in-depth report providing clarity to this new and constantly changing credential type, HEQCO also published several blog posts focused on pragmatic opportunities. One example is a work of commentary done in partnership with the Ontario Centre of Innovation/Autonomous Vehicle Innovation Network on how this type of credential may benefit the auto industry.

### **Equity of Access for Underrepresented Groups**

Access to higher education has long been a pillar of HEQCO's research, and this past year was an excellent illustration. Projects in 2021-22 included reports on postsecondary credential attainment and labour market outcomes for students with disabilities, as well as evaluations of programs in Ontario that focus on facilitating postsecondary access. Additionally, there were blog posts on access-related issues such as Universal Design for Learning, the need for improved data collection to support students with disabilities, and the benefits of a strength-based lens to shift the access framework of higher education. The issue of access overlaps frequently with that of equity, which was also touched on in HEQCO commentary. Topics included the need to address the K-shaped learning recovery as well as the need for increased resources for student support professionals who identify as Black, Indigenous or people of colour (BIPOC).

### **Women in Academia**

Despite advocacy efforts, collective bargaining, targeted funding and legislation, gaps for women academics persist in representation, promotion and earnings. These inequalities are especially prevalent in male-dominated disciplines, such as science, technology, engineering and mathematics (STEM). The Women in Academia project is a multi-faceted resource that includes research reports, briefs and data visualizations and examines gender disparities among faculty in the STEM disciplines at Ontario universities. HEQCO is planning to publish a final report focused on findings from a series of interviews with women in academic STEM and recommendations for moving forward.

### **Changes to Credential Offerings**

As the Ontario government considers making changes to credential offerings in the province, and in particular, as it considers expanding college degree options, HEQCO was asked by the

Minister of Colleges and Universities to prepare an early report on the findings of upcoming projects on the topic. A report to the Minister's Office focused on potential cost and access implications, labour market motivations and impacts, considerations for managing concerns of quality and the tools and options best suited to help the government meet its objectives. The full range of HEQCO reports on these topics will be published in 2022-23.

### **Freedom of Speech on Campus**

The Minister of Colleges and Universities requires that publicly funded colleges and universities develop, implement and comply with a free speech policy that meets the minimum standard set by the ministry. The objective of the Ontario Campus Free Speech Policy is to ensure that all colleges and universities have a strong and clear policy that is consistent across institutions. Regulations under the HEQCO Act were amended, requiring HEQCO to report on how free speech is addressed by postsecondary institutions and provide reports and recommendations to the minister based on the results of its review. Institutions are required to submit annual reports detailing the implementation of their free speech policies. The 2021 Freedom of Speech on Campus Annual Report to the Ontario Government was published in November 2021.

## Agency Performance Metrics

HEQCO's performance metrics capture the impact and scope of the research agenda and the responsible, efficient use of public funds. These metrics are intended to provide transparent, output-driven measures that are relevant and straightforward. The use of reporting metrics on research performance is a fraught process and adjustments will be required moving forward.

In 2021-22, HEQCO achieved all agency performance targets identified in the 2021-2024 Business Plan.

Performance Metric	Target	2021-22 Performance
Research output	12 annually based on current staffing FTE	25
Knowledge mobilization and sector outreach	10 annually based on current staffing FTE	25
Percentage of administrative overhead	<10%	6.64%
Management within budget	<10% underspent	8.62%
Percentage of subscriber growth/Readership per product growth percentage	>7% growth from previous year	Subscriber growth: 8.47%, Readership per product growth: >15%
Distribution	18 products based on current FTE and research framework.	28

### Research:

Research is at the core of HEQCO's work. The metrics below offer a starting point for capturing both the research output and the activities of research staff in sharing information with stakeholders and collaborating on new projects and initiatives. Metrics for reporting research impact are challenging to develop and strict quantitative measures may not capture the scope and reach of HEQCO's work. Efforts are currently underway to develop an additional qualitative metric that can be included in future business plans.

Research output: Number of HEQCO authored publications, including research reports, government evaluations (including the freedom of speech annual review) and assessment projects, briefing notes, research summaries and opinion pieces.

- **Target: 12 annually based on current staffing FTE**
- ✓ **2021-22 Performance: 25 (see 2021-22 Publications list)**

Knowledge mobilization and sector outreach: The number of times HEQCO staff present at conferences, roundtables and seminars on HEQCO research projects, or serve as a convener for sector stakeholders. These include virtual/remote conferences or events.

- **Target: 10 annually based on current staffing FTE**
- ✓ **2021-22 Performance: 25 (see 2021-22 Presentations by HEQCO Research Staff list)**

## **Administration:**

As a government agency HEQCO works to use public funds in a responsible and efficient way that provides value to the government and people of Ontario. The metrics included for operational performance capture the success of HEQCO in making effective use of its allocated financial resources.

Percentage of administrative overhead: Ratio of administrative overhead to total budget. This includes salaries, benefits, IT, office equipment and operations costs of non-research staff.

- **Target: <10%**
- ✓ **2021–22 Performance: 6.64%**

Management within budget: Deliver the mandate of HEQCO consistent with the annual operating budget and minimizing underspend. (Note: as a provincial agency HEQCO is prohibited from operating with costs beyond allocated revenues)

- **Target: <10% underspent**
- ✓ **2021–22 Performance: 8.62%**

## **Communications:**

Addressing the challenges facing higher education requires more than government policy. HEQCO's commitment to sharing its work publicly helps inform the Ministry of Colleges and Universities as well as institutional leaders, faculty, students, employers and the general public and facilitates informed discussions to help solve the difficult problems facing the sector. The metrics for assessing communications help capture not only individual report readership, but how many are interested in continuing to read HEQCO's work. These metrics reflect the knowledge mobilization goals of HEQCO's communications activities.

In 2020, HEQCO launched a new website with improved design, functionality and accessibility along with an increased focus on making research products more adaptable to digital delivery. Moving forward, this focus will expand to leveraging this new platform to adapt to remote workplaces and educational environments and expand the range of ways HEQCO engages with stakeholders including potential virtual gatherings and events.

Percentage of subscriber growth: The growth percentage of the collective subscribers to HEQCO's email mailing list, Twitter account, Facebook page, LinkedIn page and any future social media platforms.

Readership per product growth percentage: The average pageview count of research publications, blog posts and research-specific web content based on HEQCO's website analytics.

- **Target: >7% growth from previous year**
- ✓ **2021-22 Performance: Subscriber growth 8.47%, Readership per product growth >15%<sup>1</sup>**

---

<sup>1</sup> \*Please note that HEQCO updated its website in November 2020 and this allowed for more accurate analytics for website usage tracking. This makes precise year to year comparisons with the previous system inaccurate, but the data suggest growth well in excess of 15%.



Distribution: All research products (as defined in the research performance metrics) will be distributed to identified target audiences through accessible, bilingual products with a focus on digital formats on the HEQCO website.

- **Target: 18 products based on current FTE and research framework.**
- ✓ **2021-22 Performance: 28**

## 2021-22 Publications

<b>Research Reports</b>	<b>Date</b>
Making Sense of Microcredentials	May 5, 2021
Postsecondary Credential Attainment and Labour Market Outcomes for Ontario Students with Disabilities	June 2, 2021
The Impact of School Closures and Emergency Remote Learning on Grade 12 Students in Spring 2020: Preliminary Findings from Toronto	July 14, 2021
The Impact of School Closures and Emergency Remote Learning on Postsecondary transitions in 2020/21: Findings from Toronto	November 3, 2021
Access Programs in Ontario: OPAIP and Pathways to Education	January 26, 2022
Canadian Academia and the Faculty Gender Gap	February 16, 2022
Gendered Trends in Ontario University Faculty Employment	February 16, 2022
Trends in the Gender Pay Gap at Ontario Universities (supplemental resource)	February 16, 2022
Women's Career Transitions and the Leaky Pipeline in Ontario Universities (supplemental resource)	February 16, 2022
Ontario Learning During the COVID-19 Pandemic: Experiences of Ontario First-year Postsecondary Students in 2020–21	March 30, 2022

<b>Evaluations for Government</b>	<b>Date</b>
Freedom of Speech on Campus Annual Report to the Ontario Government	November, 2021

<b>Blog Posts</b>	<b>Date</b>
Janice Deakin, Julia Colyar & Jackie Pichette — Microcredentials: Short, Focused Learning that Responds to Emerging Demands	April 7, 2021
Jessica Rizk and Jennifer Han — Improving the Accessibility of Higher Education with Universal Design for Learning: An Example from One Ontario College	April 14, 2021
Work-Integrated Learning at HEQCO: Student Perspectives	May 26, 2021
Ken Chatoor and Victoria Barclay — To Address the K-shaped Economic Recovery, We Must Also Address the K-shaped Learning Recovery	June 9, 2021
Ken Chatoor and Victoria Barclay — Better Data will Help Research and Policy Reflect the Lived Experiences of People with Disabilities	June 16, 2021
Jeffrey Napierala — Are More Highly Educated Workers Coming to Rural and Northern Ontario?	July 7, 2021
Janice Deakin and Julia Colyar — Introducing the New HEQCO Research Roadmap	August 4, 2021
Natalie Pilla: How Increased Access to WIL Can Support Ontario's Post-pandemic Recovery	August 18, 2021
Jennifer Han – Shifting the Access Framework of Higher Education: Benefits of a Strength-based Lens	September 1, 2021
Jackie Pichette, Dua Abdelqader and Mona Eghanian — Unlike Cars, Microcredentials Won't Drive Themselves	September 8, 2021
Victoria Barclay and Ken Chatoor — BIPOC Student Support Professionals Doing Anti-racist Work Need Support Too	September 22, 2021

Lena Balata and Ken Chatoor — Fostering a Culture of Care: Proactive and Inclusive Mental Health in Postsecondary Institutions	October 13, 2021
Closing Education Attainment Gaps with the Power of Connected Data	November 17, 2021
Creating a University 'Graduation Predictor'	February 9, 2022

## 2021-22 Presentations by HEQCO Research Staff

April 13, 2021: Colleges and Institutes Canada (CICan) [Perspectives on the Canadian Microcredentials Landscape](#), webinar

May 18, 2021: Ontario Undergraduate Student Alliance (OUSA) Conference, stakeholder roundtable

May 26, 2021: University of Guelph accessibility conference

June 17, 2021: Pan-Canadian Consortium on Admissions and Transfer (PCCAT), Microcredentials panel

August 24, 2021: [Nipissing Teaching Talks](#), Season 3, Episode 4: Microcredentials

September 9, 2021: [Non-degree Credentials Research Network](#) (NCRN), presentation on microcredentials

September 28, 2021: Hamilton Community Foundation Board Presentation on Community Research Partnership

October 1, 2021: HEQCO Skills Consortium partners meeting

October 21, 2021: Experiential & Work-Integrated Learning Ontario (EWO) Virtual Conference “The Road to Economic Recovery” interactive presentation/discussion session on HEQCO WIL research “HEQCO Wants to Hear from You! Share Your Perspective on the Current State of WIL in Ontario”

November 1, 2021: Brock University, Exploring Careers in Law, Security and Government, presentation

November 4, 2021: UDL Dialogue Event

November 8, 2021: Sheridan College, [Exploring a \(New\) Praxis for Internationalization: Equity, Diversity, Inclusion and Decolonization \(EDID\)](#), presentation

November 9-10, 2021: Strategic Enrolment Marketing and Management (SEMM) Forum on COVID decision-making, presentation with OCAS

November 18, 2021: Humber College RAP Research Forum 2021, hosted a breakout room for students and industry partners

November 18, 2021: Ontario Undergraduate Student Alliance (OUSA), Student Advocacy Conference

November 19, 2021: Newcomer Students’ Association, The Role of Higher Education in Responding to the Global Refugee Crisis, presentation

December 9, 2021: HEQCO UDL Townhall #1

December 15, 2021: CMH: CUPA – HEQCO – MCU, presentations

January 28, 2022: Wilfrid Laurier University and the Canadian Council on Rehabilitation and Work, “What’s Next? Are We Ready? The Transition to a Post-COVID World for Students with Disabilities or Mental Health Challenges” (Session 2: The New Reality of University Life in a Post-COVID World)

February 25, 2022: University of Toronto’s Working for Change Symposium, presentation

March 1, 2022: Society for Teaching and Learning in Higher Education (STLHE), Taking Stock 2.0

March 3, 2022: Co-operative Education and Work-Integrated Learning Canada (CEWIL Canada), Virtual Research Symposium, presentation

March 3, 2022: HEQCO UDL Townhall #2

March 14, 2022: Cable 14, Hamilton - [Vital Signs](#), appearance to discuss PSE access (recorded Feb 24)

March 31, 2022: HEQCO UDL Design Thinking Workshop

## **Board of Directors, 2021–22**

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.

### **Karin Schnarr (Board Chair)**

Appointed: June 17, 2021

Expiration Date: June 16, 2024

2021-22 Remuneration: \$700.00

### **Beverly Brooks**

Appointed: January 21, 2021

Expiration Date: January 20, 2023

2021–22 Remuneration: \$800.00

### **Deborah Dubenofsky**

Appointed: December 2, 2021

Expiration Date: December 1, 2024

2021-22 Remuneration: \$200.00

### **Suzanne B. Herbert**

Appointed: October 18, 2017 (first term), November 26, 2020 (second term)

Expiration Date: October 17, 2020 (first term), November 25, 2021 (second term)

2021–22 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)

2021–22 Remuneration: \$1,200.00

### **Shelley McGill**

Appointed: March 4, 2022

Expiration Date: March 3, 2025

2021–22 Remuneration: \$200.00

### **Daniel Woolf**

Appointed: April 24, 2020 (first term), April 24, 2021 (second term)

Expiration Date: April 23, 2021 (first term), April 23, 2023 (second term)

2021–22 Remuneration: \$900.00

# **Higher Education Quality Council of Ontario**

**Financial Statements**

**For the Year Ended March 31, 2022**

## MANAGEMENT REPORT

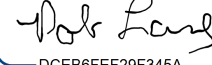
### Management's Responsibility for the Financial Statements

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.

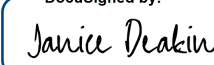
The Council meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

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.

DocuSigned by:  
  
DCEB6FEF29F345A...

---

**Patricia Lang**  
Chair, Audit Committee

DocuSigned by:  
  
4E82292B898141C

---

**Janice Deakin**  
President and CEO

---

**June 20, 2022**

DATE

## INDEPENDENT AUDITOR'S 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, 2022 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, 2022, 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 20, 2022  
Toronto, Ontario

**Higher Education Quality Council of Ontario**  
**Statement of Financial Position**  
**As at March 31, 2022**

	2022	2021
<b>Financial Assets</b>		
Cash	\$ 668,868	\$ 958,595
HST recoverable	44,061	50,276
Interest receivable	419	131
	<b>713,348</b>	<b>1,009,002</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	389,332	274,333
Due to Ministry of Colleges and Universities (Note 3)	353,530	757,925
Deferred capital contributions (Note 4)	20,778	38,945
	<b>763,640</b>	<b>1,071,203</b>
<b>Net Debt</b>	<b>(50,292)</b>	<b>(62,201)</b>
<b>Non-Financial Assets</b>		
Tangible capital assets (Note 5)	20,778	38,945
Prepaid expenses	29,514	23,256
	<b>50,292</b>	<b>62,201</b>
<b>Accumulated Surplus</b>	<b>\$ -</b>	<b>\$ -</b>

Approved by the Board  DCFB6FFF29E345A

Chair, Audit Committee

 E05528CC0779437

Board Chair

**Higher Education Quality Council of Ontario**  
**Statement of Operations**  
**Year Ended March 31, 2022**

	Budget 2022	Actual 2022	Actual 2021
<b>Revenue</b>			
Provincial funding	\$ 3,675,000	\$ 3,733,800	\$ 2,785,363
Amortization of deferred capital contributions (Note 4)	61,375	19,281	23,504
Interest income	2,433	1,858	2,438
	3,738,808	3,754,939	2,811,305
<b>Expenses (Note 6)</b>			
Governance	364,407	369,823	441,685
Research	3,145,099	3,135,712	2,205,154
Administration	229,302	249,404	164,466
	3,738,808	3,754,939	2,811,305
<b>Surplus for the year</b>	-	-	-
<b>Accumulated surplus, beginning of year</b>	-	-	-
<b>Accumulated surplus, end of year</b>	\$ -	\$ -	\$ -

**Higher Education Quality Council of Ontario**  
**Statement of Changes in Net Debt**  
**Year Ended March 31, 2022**

	Budget 2022	Actual 2022	Actual 2021
<b>Net debt, beginning of year</b>	\$ 62,201	\$ <b>62,201</b>	\$ 63,815
Acquisition of tangible capital assets	15,000	<b>12,670</b>	31,712
Amortization of tangible capital assets	(61,375)	<b>(19,281)</b>	(23,504)
Disposition of tangible capital assets	-	<b>2,269</b>	1,085,222
Other adjustments - prepaid expenses	-	<b>6,258</b>	(9,822)
Loss on writeoff of tangible capital assets	-	<b>(13,825)</b>	(1,085,222)
<b>Net debt, end of year</b>	\$ 15,826	\$ <b>50,292</b>	\$ 62,201

**Higher Education Quality Council of Ontario**  
**Statement of Cash Flows**  
**Year Ended March 31, 2022**

	2022	2021
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Surplus for the year	\$ -	\$ -
Items not affecting cash		
Amortization of deferred capital contributions	(19,281)	(23,504)
Amortization of tangible capital assets	19,281	23,504
Net changes in non-cash working capital		
HST recoverable	6,215	(20,275)
Interest receivable	(288)	549
Prepaid expenses	(6,258)	9,822
Accounts payable and accrued liabilities	114,999	36,285
Due to Ministry of Colleges and Universities	(404,395)	(15,326)
	<b>(289,727)</b>	11,055
<b>Capital activities</b>		
Acquisition of tangible capital assets	(12,670)	(31,712)
<b>Financing activities</b>		
Contributions for purchase of tangible capital assets	12,670	31,712
<b>Increase (decrease) in cash for the year</b>	<b>(289,727)</b>	11,055
<b>Cash, beginning of year</b>	<b>958,595</b>	947,540
<b>Cash, end of year</b>	<b>\$ 668,868</b>	\$ 958,595

## **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 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, 2022**

---

**4. DEFERRED CAPITAL CONTRIBUTIONS**

During the year, the Council utilized \$12,670 (2021 - \$31,712) 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.

	<b>2022</b>	2021
Balance, beginning of year	\$ 38,945	\$ 30,737
Contributions received	12,670	31,712
Less: amounts recognized in revenue	(19,281)	(23,504)
Less: write-off of equipment	(11,556)	-
	<b>\$ 20,778</b>	<b>\$ 38,945</b>

**5. TANGIBLE CAPITAL ASSETS**

<b>Cost</b>	<b>Computer Equipment</b>	<b>Leasehold Improvements</b>	<b>Furniture and Equipment</b>	<b>Total 2022</b>	<b>Total 2021</b>
Balance, beginning of the year	\$ 171,777	\$ -	\$ 11,556	\$ 183,333	\$ 1,236,843
Additions	12,670	-	-	12,670	31,712
Dispositions	(2,269)	-	(11,556)	(13,825)	(1,085,222)
<b>Balance, end of year</b>	<b>\$ 182,178</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 182,178</b>	<b>\$ 183,333</b>

<b>Accumulated Amortization</b>	<b>Computer Equipment</b>	<b>Leasehold Improvements</b>	<b>Furniture and Equipment</b>	<b>Total 2022</b>	<b>Total 2021</b>
Balance, beginning of the year	\$ 144,388	\$ -	\$ -	\$ 144,388	\$ 1,206,106
Additions	19,281	-	-	19,281	23,504
Dispositions	(2,269)	-	-	(2,269)	(1,085,222)
<b>Balance, end of year</b>	<b>\$ 161,400</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 161,400</b>	<b>\$ 144,388</b>

<b>Net book value</b>	<b>\$ 20,778</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 20,778</b>	<b>\$ 38,945</b>
-----------------------	------------------	-------------	-------------	------------------	------------------

The cost and accumulated amortization of leasehold improvements and furniture and equipment was written off as they will not be taken to the new premises. Fully amortized furniture and equipment in the amount \$11,556 (2021 - \$36,351) was also written off.

**Higher Education Quality Council of Ontario**  
**Notes to Financial Statements**  
**March 31, 2022**

---

**6. EXPENSES BY OBJECT**

	Governance	Research	Administration	Total 2022	Total 2021
Salaries and benefits	\$ 345,122	\$ 2,055,739	\$ 235,582	\$ 2,636,443	\$ 1,853,550
Research activities	-	778,354	-	778,354	257,936
Consulting contracts	210	1,982	4,020	6,212	109,194
Other operating expenses	24,491	299,637	9,802	333,930	590,625
	\$ 369,823	\$ 3,135,712	\$ 249,404	\$ 3,754,939	\$ 2,811,305

**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 2021/2022 were 7.4% (2021 - 7.4%) of the Year's Maximum Pensionable Earnings ("YMPE") plus 10.5% (2021 - 10.5%) on earnings above the YMPE.

Contributions in the amount of \$132,109 (2021 - \$94,564) are included in expenses in the statement of operations, and \$4,819 (2021 - \$10,547) is included in accounts payable and accrued liabilities.

**8. 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.