



OVERSIGHT OF INTERNATIONAL EDUCATION PROGRAMS IN OFFSHORE AND GROUP 4 SCHOOLS

An independent audit report

November 2020



The Honourable Raj Chouhan
Speaker of the Legislative Assembly
Province of British Columbia
Parliament Buildings
Victoria, British Columbia
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Dear Mr. Speaker:

I have the honour to transmit to the Speaker of the Legislative Assembly of British Columbia the report *Oversight of International Education Programs in Offshore and Group 4 Schools*.

We conducted this audit under the authority of section 11(8) of the *Auditor General Act*. All work in this audit was performed to a reasonable level of assurance in accordance with the Canadian Standard on Assurance Engagements (CSAE) 3001—Direct Engagements, set out by the Chartered Professional Accountants of Canada (CPA Canada) in the *CPA Canada Handbook—Assurance*.

A handwritten signature in black ink, appearing to read "Michael A. Pickup". The signature is fluid and cursive, with a large initial "M" and "P".

Michael A. Pickup, FCPA, FCA
Auditor General of British Columbia
Victoria, B.C.
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The Office of the Auditor General of British Columbia would like to acknowledge with respect that we conduct our work on Coast Salish territories. Primarily, this is on the Lkwungen-speaking people's (Esquimalt and Songhees) traditional lands, now known as Victoria, and the WSÁNEĆ people's (Pauquachin, Tsartlip, Tsawout, Tseycum) traditional lands, now known as Saanich.

REPORT HIGHLIGHTS

Effective oversight is critical to ensuring schools meet ministry expectations and maintain B.C.'s positive international education reputation.



MINISTRY OVERSIGHT IS EFFECTIVE with limitations:

Offshore schools

-  The ministry does not get enough long-term business planning information from operators to assess their capacity to sustainably deliver B.C. education programs
-  The ministry does not collect enough information on foreign regulations to understand how schools will demonstrate they are meeting ministry expectations

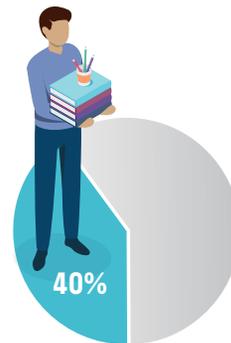
Group 4 schools

-  The ministry does not get enough long-term business planning information from operators to assess their capacity to sustainably deliver B.C. education programs

Offshore and Group 4 schools are important to international education in B.C.



Graduation from a B.C. K-12 education program is a pathway to post-secondary international education in B.C.



Offshore and Group 4 schools enrol over 40% of international students learning B.C. K-12 education programs



The delivery of international education services is a top export area for B.C.



Over **\$4.7 billion** contributed to the economy



Over **35,000 jobs** supported





AUDITOR GENERAL'S COMMENTS

MICHAEL A. PICKUP, FCPA, FCA
Auditor General of British Columbia

International education has become increasingly important to B.C.'s economy and educational goals over the past 20 years. In 2017, more than 150,000 international students studied in B.C. spending \$4.7 billion on tuition and living expenses, directly supporting more than 35,000 jobs in the province.

During the 2018/19 school year, more than 30,000 international students were enrolled in Kindergarten to Grade 12 (K–12) education programs. Graduation from a K–12 education program is a pathway to a post-secondary education in B.C.

There are two types of B.C.-certified schools that cater almost exclusively to K–12 international students: offshore and Group 4.

- **Offshore schools** provide B.C. education programs outside Canada
- **Group 4 schools** are independent schools operating in B.C.

About this report

Protecting the quality and reputation of B.C.'s education system is critical to preserving both the flow of international students into B.C. and the continuation of economic benefits to the province from international education. We chose to audit offshore and Group 4 schools at the same time because they are the only types of K–12 schools that operate with a for-profit business model and because more than 40% of international students participating in B.C. education programs at the K–12 level are enrolled in one of these types of schools. By examining them together, there was an opportunity to review and learn from differences in the certification requirements for each type of school.

What we found

We found that the Ministry of Education's oversight of both offshore and Group 4 schools was effective, except for identified limitations in certification requirements related to obtaining business information from applicant school operators. This means that ministry certification and monitoring processes are effective in ensuring that certified offshore and Group 4 schools are delivering B.C. education programs that meet ministry expectations.

However, the ministry needs more business information to be able to assess whether applicant school operators have the capacity to sustainably deliver quality B.C. education programs in the competitive international education environment.

We made eight recommendations: four to improve oversight of offshore schools and four to improve oversight of Group 4 schools. Our recommendations include:

- Requiring both offshore and Group 4 school operators to provide more comprehensive business plan information to demonstrate their ability to sustainably deliver B.C. education programs over time
- Reviewing and updating the compliance monitoring model for both offshore and Group 4 schools to focus on key risks
- Monitoring and assessing the overall performance of offshore schools and Group 4 schools to identify and compare performance trends

For more information, see [Audits at a Glance](#).

Looking ahead

After reading this report, you may want to consider asking the following questions of government:

1. Will the COVID-19 pandemic have long-term impacts on the delivery of B.C. education programs to international students in offshore and Group 4 schools?
2. Given their similar business models and risks, should the ministry work to better align the financial requirements for offshore and Group 4 schools?
3. Are the bonding requirements for Group 4 schools sufficient to protect the interests of international students and school staff in the event of a school closure?

Acknowledgements

I would like to thank the ministry staff for their assistance throughout the audit, and their commitment to continuous improvement in their oversight processes. We are particularly grateful for the patience and co-operation from the ministry as we worked through the challenges posed by the pandemic.



Michael A. Pickup, FCPA, FCA
Auditor General of British Columbia
Victoria, B.C.
November 2020

AUDITS AT A GLANCE

Why we did these audits

- K–12 schools are a pathway for international students to B.C. post-secondary institutions
- The quality of this education can impact the reputation of the B.C. education system
- Offshore and Group 4 schools enrol over 40% of all K–12 international students
- During the period of our audit, there were 45 offshore schools with 11,650 students and 24 Group 4 schools with 2,622 students

Purpose of the audits

- To determine whether the Ministry of Education provides effective oversight of the delivery of education programs by offshore schools
- To determine whether the Ministry of Education provides effective oversight of the delivery of education programs by Group 4 schools

Overall audit conclusions

- The Ministry of Education's oversight of offshore and Group 4 schools is effective
- The audits identified minor shortcomings and incomplete oversight of business risks for both types of schools

We made eight recommendations: four to improve oversight of offshore schools and four to improve oversight of Group 4 schools. The ministry has accepted all recommendations.

What we found

Offshore schools		
Certification	Compliance monitoring	Performance monitoring
<p>Ministry confirms new schools meet certification requirements before being certified, but does not adequately assess business capacity of school operators</p> <ul style="list-style-type: none"> ▪ Certification requirements cover school educational responsibilities and operator responsibilities ▪ School operators are not required to submit enough long-term business information ▪ School operators are not required to provide enough information on local regulatory processes ▪ School operators do not always fully translate compliance documents 	<p>Ministry monitors schools for ongoing compliance with requirements</p> <ul style="list-style-type: none"> ▪ 3-step annual monitoring completed: schools report, on-site inspection, ministry follow-up of compliance issues needing correction ▪ Schools inspected as required by qualified Inspection Chair ▪ School corrections followed up and confirmed before certificate renewed ▪ Pending teacher certifications and priority suggestions not identified for follow-up ▪ Growth in number of schools impacting time for review 	<p>Ministry monitors school performance</p> <ul style="list-style-type: none"> ▪ Ministry tells schools the annual performance reporting requirements ▪ Schools provide information on student achievement, graduation and transition rates ▪ 5-year trend data shared with schools to support better delivery of education programs ▪ Data used to evaluate individual schools ▪ Ministry not assessing progress on goals of B.C. Global Education Program
RECOMMENDATIONS 1, 2	RECOMMENDATION 3	RECOMMENDATION 4

Group 4 schools		
Certification	Compliance monitoring	Performance monitoring
<p>Ministry confirms new schools meet certification requirements before being certified, but does not adequately assess business capacity of school operators</p> <ul style="list-style-type: none"> ▪ Certification requirements cover school educational responsibilities and school operator responsibilities ▪ School operators provide information on municipal compliance, financial surety bonds ▪ School operators are not required to submit business plans or longer-term financial information ▪ Schools are not required to assess English language proficiency of new students 	<p>Ministry monitors schools for ongoing compliance with requirements</p> <ul style="list-style-type: none"> ▪ 3-step annual monitoring completed: schools report, on-site inspection, ministry follow-up of compliance issues needing correction ▪ Schools inspected as required by qualified Inspection Chair ▪ School corrections followed up and confirmed before certificate renewed ▪ High volume of documents makes critical review of school responses to inspection issues challenging 	<p>Ministry monitors school performance</p> <ul style="list-style-type: none"> ▪ Ministry tells schools the annual performance reporting requirements ▪ Schools provide information on student achievement, graduation and transition rates ▪ 5-year trend data shared with schools to support better delivery of education programs ▪ Data used to evaluate individual schools ▪ Ministry does not regularly evaluate the collective performance of Group 4 schools
RECOMMENDATIONS 5, 6	RECOMMENDATION 7	RECOMMENDATION 8

SUMMARY

In the past 20 years, the market for international education has grown significantly and become increasingly profitable and competitive. The reported benefits of international education—for students, host countries and countries of origin—are many, including economic benefits for host countries, cultural exchange, establishing relationships and furthering knowledge and skill development. However, the social and economic opportunities of international education are also susceptible to external shocks from changes in the global landscape.

To succeed in such a market, schools that deliver international education must both earn and maintain an international reputation for high educational standards. British Columbia has proven itself to be a top competitor in attracting international students. Approximately one-quarter of all international students, at all levels of study across Canada, study in B.C. In 2017, according to the most current data available, more than 150,000 international students studied in B.C. and spent \$4.7 billion on tuition and living expenses. The majority (86%) were enrolled at the post-secondary level, with a smaller number (14%) studying at the Kindergarten to Grade 12 (K–12) level in public and independent schools in B.C. In addition, international students were studying in B.C.-certified offshore schools.

There are only two types of K–12 schools that operate with a for-profit business model: B.C.-certified offshore schools that operate outside Canada, and Group 4 independent schools (Group 4 schools) that operate in B.C. These schools recruit and cater almost exclusively to K–12 international students and are certified by the Ministry of Education to deliver B.C. education programs. The first B.C.-certified offshore school was founded in 1998 in Dalian, China, under the authority of the *School Act*. The first Group 4 school was certified in 1989, when the *Independent School Act* came into force. During the 2018/19 school year, the Ministry of Education was responsible for regulating the delivery of B.C. education programs at 45 offshore schools, operating in seven countries, and 24 Group 4 schools operating in B.C.

Although offshore and Group 4 schools operate under the authority of different legislation, the process for becoming certified and the ongoing monitoring processes are similar. Both types of schools are subject to inspections, by ministry-qualified school inspectors, to ensure they are delivering the B.C. curriculum and operating in a way that meets the ministry's expectations. Where these schools differ is in their financial relationship with the Ministry of Education.

Offshore schools pay a licensing fee to deliver the B.C. curriculum and an annual fee for each student participating in the education program. They are also required to reimburse the ministry for all school inspection costs. Group 4 schools do not pay any fees to deliver the

B.C. curriculum and, as with all independent schools in B.C., are not required to reimburse the ministry for school inspection costs. However, Group 4 schools are required to place a minimum \$100,000 financial bond with the ministry to provide some protection for students should the school close for any reason. Because offshore schools operate outside Canada, no similar bonding requirement has been established for offshore schools.

Although offshore and Group 4 schools are certified to deliver the K–12 curriculum, most focus on delivering the curriculum for Grades 10 to 12 as part of a graduation program. Graduation from a B.C. education program is seen as a pathway to post-secondary education in the student's destination of choice.

Why we did these audits

We carried out these audits to determine whether the Ministry of Education provides effective oversight of the delivery of B.C. education programs in offshore and Group 4 schools. We chose to audit the ministry's oversight of offshore schools and Group 4 schools at the same time because of the similarity in their for-profit business models and because of the importance of these schools to developing pathways for international students to B.C. post-secondary institutions.

Both types of schools also face similar financial risks and operational challenges, and conducting the audits concurrently provided an opportunity to identify similarities and differences in certification requirements. The insights from these two audits provide the ministry with an opportunity to consider the impact of differences in certification requirements, including how the different fee structures and bonding requirements work to support effective ministry oversight and protect the interests of international students and school staff.

Effective oversight is central to ensuring that certified offshore and Group 4 schools are delivering education programs that meet ministry expectations and support the positive international reputation that B.C.'s education system enjoys. The failure of an offshore or Group 4 school, whether for financial reasons, non-compliance with local licensing laws or non-compliance with ministry requirements, would negatively impact students and B.C.-certified teachers, and could potentially affect the reputation of the Ministry of Education. Rigorous oversight by the ministry, and the ability to revoke a school's certification, can serve to maintain the ministry's reputation. Protecting the quality and reputation of B.C.'s education system is critical to preserving both the flow of international students into B.C. and the continuation of economic benefits to the province from international education.

What we found

In each audit, we found that the ministry's oversight focused on ensuring the delivery of B.C. education programs through processes to:

- confirm that new schools meet ministry business and educational requirements before they are certified
- monitor ongoing compliance with certification requirements
- monitor school performance

We concluded that, except for the limitations in initial certification requirements related to obtaining business and financial information, the ministry's oversight of both offshore and Group 4 schools was effective. Our findings and observations regarding ministry processes for certification, compliance monitoring and performance monitoring are presented in the following three sections.

Certification

An important element in the effective oversight of schools is clearly defined requirements that must be met before a school can be certified to deliver a B.C. education program. We looked to see, for both offshore schools and Group 4 schools, whether the Ministry of Education had:

- established certification requirements that address the five areas of responsibility for schools delivering B.C. education programs, as listed in the Statement of Education Policy Order
- established certification requirements that address the responsibilities of applicant school operators to be in good standing and to have the business plans and financial resources to operate their school
- confirmed that applicant schools met certification requirements before certifying them for the first time

Certification requirements for schools address key educational areas of responsibility

For both offshore and Group 4 schools, we found that the ministry had established requirements that address the five areas of responsibility for schools delivering B.C. education programs, as listed in the Statement of Education Policy Order:

- school finance and facilities
- program direction, development and implementation

- student access and achievement
- teaching performance
- system evaluation and public accountability

We did note one important difference between the certification requirements for offshore schools and Group 4 schools. Offshore schools are required to have a process for assessing new students' English language abilities, but Group 4 schools are not. A requirement to assess the English language abilities of international students entering a Group 4 school would provide schools with information on what English language learning supports are necessary to set their students up to successfully complete their programs.

Certification requirements address school operator responsibilities but do not provide enough information to adequately assess business risks

For both offshore and Group 4 schools, we found that the ministry has established certification requirements that address the responsibility of school operators to be in good standing with local regulations and to have the financial resources to open their schools. We looked at documents that demonstrated school compliance with local laws and licensing requirements, and business information such as planned enrolment levels and financial statements. However, we found that the ministry does not require sufficient detailed information from applicant school operators to inform an assessment of the business and financial risks that could impact the capacity of school operators to deliver B.C. education programs over the longer term, consistent with the ministry's goals and expectations.

In recent years, with the growth in the number of both offshore and Group 4 schools, competition for students and teachers has increased. Today, international school operators are running a business in a highly competitive international education market and need to be in a position to enrol enough students, recruit and retain enough B.C.-certified teachers, and invest funds where necessary to support delivery of a quality education program. In this competitive environment, both offshore and Group 4 school operators are at risk of not being able to maintain the financial capacity to sustain school operations.

Offshore schools

We found that the business and financial information required from offshore school operators is not sufficient for the ministry to assess the financial sustainability of schools or to understand local laws and licensing requirements relevant to each offshore school.

Although applicant offshore school operators are required to provide the ministry with annual business plans, audited financial statements and some financial forecasts, we found these were not sufficient for the ministry to assess whether applicant school operators were in a position to sustainably deliver B.C. education programs in the competitive international education environment.

Further, school operators are not required to provide the ministry with detailed information von local regulatory processes. Without this information, it is difficult for the ministry to understand how unique local regulations relate to ministry requirements and to determine what evidence is required from each school to demonstrate compliance with ministry requirements, both at the time of initial certification and in subsequent years. For example, local regulations for building safety and criminal record checks are unique to each foreign jurisdiction, so the evidence necessary to demonstrate compliance with ministry safety requirements will be unique for each offshore school.

Group 4 schools

We found that the ministry has established certification requirements that address school operator responsibilities, including that a Group 4 school operator be in good standing with the Registrar of Companies and in compliance with municipal zoning requirements. However, the ministry does not gather enough business and financial information from applicant Group 4 school operators to assess whether they have the business plans and financial resources to sustainably deliver B.C. education programs.

The ministry confirms that schools meet certification requirements before certifying them for the first time

We examined the initial certification documents for 12 offshore schools and six Group 4 schools. Despite some gaps in ministry records, we concluded that the ministry's initial certification processes for both offshore and Group 4 schools confirm that new school operators meet established requirements before they are certified for the first time.

Compliance monitoring

Two important elements of effective oversight are a process to monitor ongoing compliance with certification requirements, and a mechanism to initiate corrective action when issues are identified. We looked to see whether the ministry monitors both offshore and Group 4 schools for compliance with certification requirements. We also looked to see whether the ministry takes corrective action when a school is not compliant with those requirements.

Offshore schools

We found that the ministry monitors compliance through regular reporting from offshore schools and annual on-site school inspections that are completed by qualified inspection teams. When issues are reported by school inspectors for follow-up, the ministry takes corrective actions to bring schools into compliance. However, we did observe that current reporting procedures for offshore school inspections result in inspector suggestions for improvement and pending teacher certifications not being tracked and followed up. We also found that with the growth in the number of offshore schools over time, the monitoring process has become more administratively onerous, reducing ministry time available for critical review of areas of concern or risk.

Group 4 schools

The ministry monitors compliance through regular reporting from Group 4 schools and on-site school inspections. We found that all external evaluations and monitoring inspections were completed as expected and carried out by qualified inspection teams. When issues are reported by school inspectors for follow-up, we found that the ministry takes corrective actions to bring schools into compliance. However, the inspection and follow-up process involves a significant volume of documents, and the increase in the number of Group 4 schools since 1989 has resulted in an administrative burden that limits the staff time available to critically review the information submitted, and to identify potential risks to the ongoing success of schools.

Performance monitoring

An important element of effective oversight is monitoring school performance data to understand how schools are doing and to identify opportunities for improvement. We looked to see if the Ministry of Education had established and communicated performance reporting requirements for offshore and Group 4 schools, and whether the ministry used reported performance data to evaluate the delivery of B.C. education programs by offshore and Group 4 schools.

Offshore schools

We found that the ministry has established and communicated performance reporting requirements for offshore schools, and that schools consistently submit required performance reports, including information on student achievement, graduation rates and transitions to post-secondary schools. We also found that the ministry uses reported performance data to evaluate the delivery of education programs by individual offshore schools.

While the ministry uses performance data to assess offshore schools as a program area, it does not assess the performance of offshore schools against the goals of the B.C. Global Education Program (Offshore School Program).

Group 4 schools

We found that the ministry has established and communicated performance reporting requirements for Group 4 schools, and that schools consistently submit required performance reports, including information on student achievement, graduation rates and transitions to post-secondary schools. We also found that the ministry uses reported performance data to evaluate the delivery of education programs by individual Group 4 schools but does not formally evaluate the performance of Group 4 schools as a unique group within the independent school sector.

SUMMARY OF RECOMMENDATIONS

Offshore schools

We recommend that the Ministry of Education:

- 1 as part of the offshore school application process:
 - expand current information requirements to include a comprehensive five-year business plan, with detailed financial forecasts based on projected student enrolment and B.C.-certified teacher staffing levels, and
 - enhance its review of submitted business plans and financial forecasts to confirm that school operators have demonstrated their capacity to deliver B.C. education programs over an extended period, consistent with the ministry's goals and expectations
- 2 require offshore school operators to provide detailed, translated information on local regulatory processes so that the ministry is able to understand how local regulations relate to ministry requirements and to determine what evidence is required from each school to demonstrate compliance, both at the time of initial certification and in subsequent years
- 3 review and update its compliance monitoring model for offshore schools to:
 - require inspectors to report pending teacher certifications and any significant suggestions for improvement as requirements to ensure they are tracked and resolved before the next inspection cycle
 - rationalize the volume of documents required in order to reduce administrative effort, and
 - ensure sufficient time is allocated to review business issues that could impact the sustainability and quality of education programs delivered
- 4 use available performance data to evaluate progress in meeting the stated goals of the B.C. Global Education Program

Group 4 schools

We recommend that the Ministry of Education:

- 5 require Group 4 schools to conduct assessments of the English language ability of all new students to ensure that necessary learning supports are put in place
- 6 as part of the Group 4 school application process:
 - require applicant Group 4 school operators to provide a comprehensive five-year business plan, with forecasted student enrolment and teacher recruitment strategies, and
 - establish a process to review submitted business plans to confirm that school operators have demonstrated their capacity to deliver B.C. education programs over an extended period, consistent with the ministry's goals and expectations
- 7 review and update its compliance monitoring model for Group 4 schools to:
 - rationalize the volume of documents required in order to reduce administrative effort, and
 - ensure sufficient time is allocated to review business issues that could impact the sustainability and quality of education programs delivered
- 8 establish a regular process for evaluating the performance of Group 4 schools as a unique group of independent schools

RESPONSE FROM THE AUDITEE

The Ministry of Education would like to thank the Auditor General and staff for the *Report on the Oversight of International Education Programs in Offshore and Group 4 Schools* (the Report). I appreciate the work of the Auditor General and staff and for the insight provided from their thorough review.

The Ministry has overseen the delivery of the British Columbia educational program in certified offshore schools since 1998. Originally starting in 1998 with one school in northeast China, the Offshore Schools Program has steadily grown and now oversees the delivery of the BC K-12 curriculum to more than 11,000 students in 8 different countries. Within BC, Group 4 independent schools create uniquely internationalized learning environments through their enrolment of both local and international students. Over time, ongoing improvements to both the Offshore School Program, and the certification/regulation of Group 4 schools, have been implemented to enhance program oversight and support student success.

International education enriches the BC K-12 education system and our communities by providing students, teachers and citizens with opportunities and access to diverse perspectives. It also makes significant contributions to BC's economy. In keeping with its commitment to continuous improvement, the Ministry will continue to pursue every opportunity to further enhance educational excellence and administrative rigour across all its international education programs.

The Report's finding that the Ministry of Education provides effective oversight of both offshore schools and Group 4 schools acknowledges and validates these efforts. The Report also remarks on the Ministry's work to continuously evolve and improve program oversight, which will continue in the spirit of ensuring the intent of the Report's recommendations is achieved.

RECOMMENDATION 1: We recommend that the Ministry of Education, as part of the offshore school application process:

- expand current information requirements to include a comprehensive five-year business plan, with detailed financial forecasts based on projected student enrolment and B.C.-certified teacher staffing levels, and
- enhance its review of submitted business plans and financial forecasts to confirm that school operators have demonstrated their capacity to deliver B.C. education programs over an extended period, consistent with the ministry's goals and expectations.

RECOMMENDATION 6: We recommend that the Ministry of Education, as part of the Group 4 school application process:

- require applicant Group 4 school operators to provide a comprehensive five-year business plan, with forecasted student enrolment and teacher recruitment strategies, and
- establish a process to review submitted business plans to confirm that school operators have demonstrated their capacity to deliver B.C. education programs over an extended period, consistent with the ministry's goals and expectations.

RECOMMENDATIONS 1 AND 6 RESPONSE – ACCEPTED: The Ministry has already taken action to introduce more robust business planning requirements as part of its Offshore School and Group 4 School application processes. Offshore School applicants are now required to submit a 5-year growth plan which includes details about the school's projected enrolment, teacher recruitment plans, grade level expansion and, for purpose-built facilities, a timeline for completion of the campus.

Group 4 school applicants are now similarly required to submit 5-year business plans that include a Market Feasibility Study, 5-year Sustainability Plan, Financial Plan, Human Resources Plan (including ensuring an adequate supply of BC certified teachers), and Marketing and Student Recruitment Plan.

Independent school certification (for all groups of independent schools) verifies compliance with the requirements of the *Independent School Act (ISA)* and regulations, including demonstration of the delivery of a sound educational program. As per the ISA, certification is not contingent on a school's continued financial viability. In response to *Recommendation Six*, the Ministry will, however, review the amount of bonding required by Group 4 schools and current policy regarding licensing and inspection fees for Group 4 schools to determine what is in the best interest of BC citizens.

RECOMMENDATION 2: We recommend that the Ministry of Education require offshore school operators to provide detailed, translated information on local regulatory processes so that the ministry is able to understand how local regulations relate to ministry requirements and to determine what evidence is required from each school to demonstrate compliance, both at the time of initial certification and in subsequent years.

RECOMMENDATION 2 RESPONSE – ACCEPTED: The Ministry is committed to reviewing this recommendation while continuing to recognize and respect local business and cultural practices. The Ministry already requires confirmation of this compliance and will continue to require Offshore Schools to submit documents and translations that demonstrate schools meet local regulatory requirements. The Ministry will also continue to require that offshore schools provide copies of local teacher certification documents and criminal record checks for local teachers and teacher assistants.

RECOMMENDATION 3: We recommend that the Ministry of Education review and update its compliance monitoring model for offshore schools to:

- require inspectors to report pending teacher certifications and any significant suggestions for improvement as requirements to ensure they are tracked and resolved before the next inspection cycle
- rationalize the volume of documents required in order to reduce administrative effort, and
- ensure sufficient time is allocated to review business issues that could impact the sustainability and quality of education programs delivered.

RECOMMENDATION 7: We recommend that the Ministry of Education review and update its compliance monitoring model for Group 4 schools to:

- rationalize the volume of documents required in order to reduce administrative effort, and
- ensure sufficient time is allocated to review business issues that could impact the sustainability and quality of education programs delivered.

RECOMMENDATIONS 3 AND 7 RESPONSE – ACCEPTED: The Ministry now requires Offshore Schools to report monthly on the status of pending teacher certifications. The Ministry is also exploring business solutions that would enable more efficient collection and analysis of school level data. The Ministry agrees there is an opportunity to further streamline administrative efforts to ensure sufficient capacity exists for the thorough review of issues identified via inspections and/or submitted documentation from Offshore and Group 4 schools.

RECOMMENDATION 4: We recommend that the Ministry of Education use available performance data to evaluate progress in meeting the stated goals of the B.C. Global Education Program.

RECOMMENDATION 8: We recommend that the Ministry of Education establish a regular process for evaluating the performance of Group 4 schools as a unique group of independent schools.

RECOMMENDATIONS 4 AND 8 RESPONSE – ACCEPTED: The Ministry agrees with the principle of using Offshore School Program and Group 4 Independent School data to evaluate the performance of Group 4 and Offshore Schools as unique groups of schools. For both areas of operation, the Ministry will explore ways to further augment its existing program evaluation practices.

For Offshore Schools, the Ministry already encourages and tracks the development of partnerships between offshore schools and schools throughout BC, as well as transitions of offshore school graduates to BC public post-secondary institutions. For all independent schools, including Group 4 schools, the Ministry has historically analyzed sector outcomes, including international student outcomes.

RECOMMENDATION 5: We recommend that the Ministry of Education require Group 4 schools to conduct assessments of the English language ability of all new students to ensure that necessary learning supports are put in place.

RECOMMENDATION 5 RESPONSE – ACCEPTED: The Ministry will introduce this requirement for all Group 4 schools for the 2021/22 school year. The Ministry agrees that requiring Group 4 schools to conduct assessments of English language ability for all new students will further advance the Ministry’s mandate of improving student outcomes.

Overall, the Report’s recommendations align with the Ministry’s strategic direction and priority initiatives, including the Ministry Strategic Framework (2020/21), the Policy for Student Success, and the Framework for Enhancing Student Learning – all of which prioritize

evidence-informed decision-making within the education sector to support and improve student outcomes.

We thank the Office of the Auditor General for a report that confirms the Ministry's effective oversight of Offshore and Group 4 schools, and for its specific recommendations that will support and advance continuous program improvement.

ABOUT THE AUDITS

Background

International education in B.C.

International education—the two-way flow of students, educators and ideas between countries—has the potential to open doors to learning and establish positive relationships around the world. The reported benefits of international education—for students, host countries and countries of origin—are many, including economic benefits for host countries, cultural exchange, establishing relationships and furthering knowledge and skill development.

In the past 20 years, the market for international education has grown significantly and become increasingly profitable and competitive. However, the social and economic opportunities of international education are also susceptible to external shocks from changes in the global landscape. Political events or disagreements can cause a country to withdraw its support of a program operating within its authority or recall its students from their studies abroad, as when Saudi Arabia announced its plans to withdraw all of its government-funded post-secondary students studying in Canada in 2018.

Reliance on a single source of international students may expose an educational provider to sudden loss of income if business, economic or political forces cause a significant decline in enrolment from that region.

In November 2019, a major offshore school operator, Maple Leaf Education Systems, announced that 12 of its B.C.-certified offshore schools would transition out of the program over the next three school years, beginning in September 2020. This change will reduce the total number of B.C. offshore schools by close to a third and the related student population by about 5,500, or nearly 50%. This will result in an estimated loss of \$2.1 million in program recoveries to the ministry.

World economic or health events can cause a global decline in demand for international education if students can no longer afford the fees or are no longer free to travel. The current COVID-19 pandemic is a good example of such an event.

The declaration of the COVID-19 pandemic on March 11, 2020, has impacted the number of international students enrolling in B.C. for the 2020/21 school year. According to a news article published in the *Vancouver Sun* on May 8, 2020, it is difficult to forecast how many international students will return to Canada and when. It is expected that global competition for international students will become fiercer.

Schools that deliver international education must both earn and maintain an international reputation for high educational standards to succeed in such a market. British Columbia has proven itself to be a top competitor in attracting international students. Approximately one-quarter of all international students at all levels of study across Canada study in B.C. In 2010, the provincial government implemented a five-year International Education Strategy as part of its BC Jobs Plan. According to this plan, international education was B.C.'s fifth-largest export at that time and offered potential for significant economic growth. The five-year update to the BC Jobs Plan reported that the economic benefits to the province from international education were:

- \$3.5 billion spent by international students in 2015
- \$2.0 billion contributed to the B.C. economy in 2015
- 29,300 jobs generated in 2015

In 2017, according to the most current data available, more than 150,000 international students studied in B.C. and spent \$4.7 billion on tuition and living expenses. The majority (86%) were enrolled at the post-secondary level, with a smaller number (14%) studying at the Kindergarten to Grade 12 level (K–12) in public and independent schools in B.C. In addition, international students were studying in B.C.-certified offshore schools that operate outside Canada. In the context of B.C. K–12 schools, international students are defined as those students who are not normally resident in the province.

Public schools, most independent schools and all offshore schools deliver B.C. education programs. For the purposes of this report, the term “B.C. education program” means an education program that must meet the B.C. curriculum and graduation requirements as determined by the Minister of Education and must be delivered by B.C.-certified teachers. B.C. education programs must also be delivered in appropriate facilities and supported by staff that meet the Ministry of Education’s requirements for the physical safety and personal well-being of students.

There are only two types of K–12 schools that operate with a for-profit business model: B.C.-certified offshore schools that operate outside Canada, and Group 4 independent schools (Group 4 schools) that operate in B.C. Both offshore and Group 4 schools recruit and cater almost exclusively to K–12 international students and are certified by the Ministry of Education to deliver B.C. education programs.

Offshore schools

Through the B.C. Global Education Program (Offshore School Program), the Ministry of Education licenses for-profit offshore school operators to deliver the B.C. curriculum to international students in their home countries. The ministry's role in overseeing these schools includes setting goals for the B.C. Global Education Program, establishing educational and operational requirements for offshore schools and developing policy for the administration of the program. The B.C. Global Education Program aims to:

- increase recognition of B.C.'s high-quality education brand
- create opportunities for B.C. schools to develop international partnerships
- attract more international students to study and eventually work and live in B.C.

A 2017 study of the B.C. Global Education Program reported that the socio-economic contributions of the program extend beyond the quantifiable economic activities and include long-term, broader social and economic benefits enabled by the program, including:

- supporting employment of B.C. teachers
- enhancing B.C. teachers' intercultural knowledge and skills
- contributing to local businesses in B.C.
- attracting international students to B.C. and Canada
- facilitating international trade and partnerships
- enhancing B.C.'s reputation abroad

The first B.C.-certified offshore school was founded in 1998 in Dalian, China, and until 2005 there were only two offshore schools operating. During the 2018/19 school year, there were 45 offshore schools operating in seven countries. Thirty-nine of these schools were in China, and there was one each in Japan, Colombia, Egypt, France, Qatar and Thailand. A total of 11,650 students attended these schools, and they employed 747 B.C.-certified teachers. In 2018/19, the program was expected to continue to expand; two new schools were added in the 2019/20 school year, and another is tentatively scheduled to open in September 2020. Most offshore

schools focus their educational programs on the Grades 10 to 12 curriculum, although a few schools deliver Kindergarten to Grade 12 curriculum.

The Minister of Education is authorized to enter into an agreement with a school authority outside B.C. under section 168(3) of the *School Act*. Before an offshore school is legally permitted to deliver the B.C. curriculum, it must undergo a formal application and certification process. Offshore schools are also subject to ongoing inspections to ensure they are delivering the B.C. curriculum and operating in a way that meets the ministry's expectations. The Ministry of Education is responsible for regulating the delivery of B.C. education programs at offshore schools.

Offshore schools pay a licensing fee to deliver the B.C. curriculum and an annual fee for each student participating in the education program. They are also required to reimburse the ministry for the costs of all school inspections. Offshore schools are for-profit businesses operated by private entrepreneurs. In this report, we refer to these offshore school business operators as school operators.

Overseeing the delivery of B.C. education programs in such a wide variety of foreign jurisdictions is complex and challenging. One example from Korea illustrates the complexities.

In the spring of 2017, due to reported teacher visa irregularities, the Korean authorities abruptly detained 14 teachers from one of five B.C.-certified offshore schools operating in that country. All foreign teachers holding an E-2 visa, including most of the B.C.-certified teachers in Korea, were ordered to leave the country immediately. After a four-month review of the situation, the ministry removed certification from all five B.C.-certified offshore schools in Korea. There were indications at the time that the departure orders were related to increasing enforcement of restrictions on foreign teachers working in Korea with incorrect visas.

Group 4 schools

The *Independent School Act* specifies four different classifications for independent schools in British Columbia: Groups 1, 2, 3 and 4.

Both Group 1 and Group 2 schools are run by non-profit societies (authorities) and deliver the B.C. curriculum mostly to students who are B.C. residents. They receive funding from the ministry. Group 3 schools are also run by non-profit societies and teach mostly B.C.-resident students, but they do not necessarily deliver the B.C. curriculum and they do not receive any funding from the ministry.

Group 4 schools are operated as for-profit businesses; in practice, most cater to international students. Group 4 schools receive no funding from the ministry. The ministry refers to the operators of all independent schools as school authorities. For the purposes of this report, we refer to Group 4 school authorities as school operators, consistent with the terminology used for offshore schools.

Group 4 schools have been certified by the ministry since the *Independent School Act* came into force in 1989. For the 2018/19 school year, 24 Group 4 schools were operating in B.C., with a total enrolment of 2,622 students. Most of these schools are concentrated in the Lower Mainland.

Before a Group 4 school is legally permitted to deliver the B.C. curriculum, it must undergo a formal application and certification process. Group 4 schools, like all independent schools, are regulated by the Ministry of Education. They must meet a common set of requirements and are subject to annual school inspections to ensure they are delivering the B.C. curriculum and operating in a way that meets the ministry's expectations.

Group 4 schools do not pay any fees to deliver the B.C. curriculum and are not required to reimburse the ministry for the cost of school inspections. This is consistent with the policy for all independent schools in B.C. However, unique to Group 4 schools, operators are required to post financial guarantees and maintain valid bonds while they are operating, as well as for two years after operations cease, in order to protect international students from financial loss should a school suddenly close.

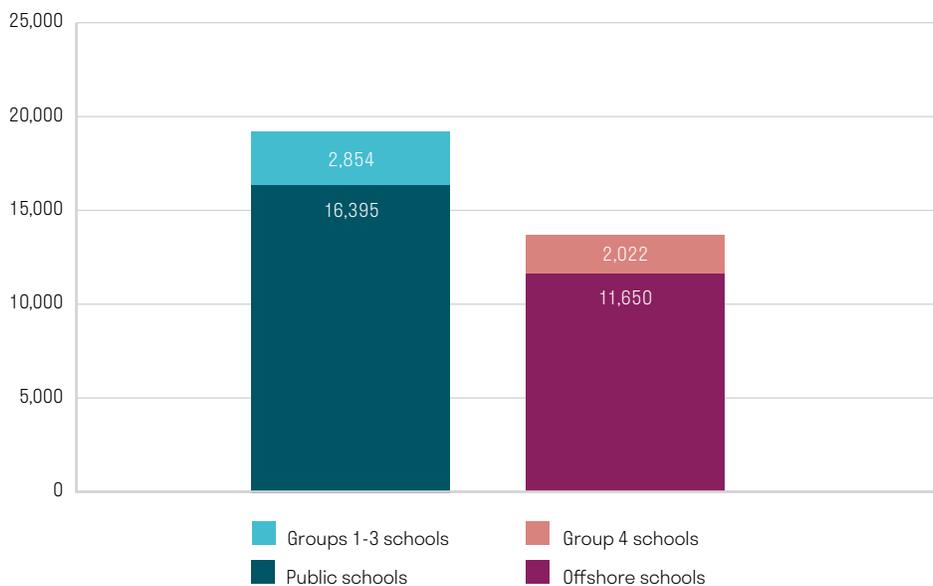
Recently, some offshore school operators have begun to partner with public post-secondary institutions in B.C. to open Group 4 independent schools on their campuses. For example, Maple Leaf Education Systems—one of the oldest and largest of the offshore operators—has opened two Group 4 schools on post-secondary campuses in B.C.: one at Kwantlen Polytechnic University and the other at Thompson Rivers University.

Why we did these audits

For international students, graduation from a B.C. education program is seen as a pathway to post-secondary education in their destination of choice. Although offshore and Group 4 schools are certified to deliver the K–12 curriculum, most focus on delivering the curriculum for Grades 10 to 12 as part of a graduation program. To meet B.C. graduation requirements and be awarded a British Columbia Certificate of Graduation (Dogwood Diploma), students must earn required credits in Grade 10, 11 and 12 courses and write provincial numeracy and literacy assessments. A Dogwood Diploma is recognized by post-secondary institutions in B.C., in other Canadian provinces and around the world. The K–12 sector, and particularly offshore and Group 4 schools, have the potential to contribute to the number of international students coming to provincial post-secondary-level programs. International students who’ve earned a Dogwood Diploma are provided with a clear pathway by which to enter B.C. post-secondary institutions and to then possibly stay and work in B.C.

Together, offshore schools and Group 4 schools enrol over 40% of all K–12 international students in B.C. education programs, as seen below.

EXHIBIT 1: Number of K–12 international students (2018/19)



Source: Office of the Auditor General of British Columbia, per Ministry of Education data

The economic contributions from international education, at both the post-secondary and K–12 level, are significant to B.C.'s economy. The quality of education programs delivered by offshore and Group 4 schools can significantly impact the reputation of the B.C. education system worldwide. They are central to B.C.'s efforts to promote the province as a destination of choice for international students entering post-secondary studies. At the same time, operators of offshore and Group 4 schools are running businesses in a highly competitive international market, and their ability to attract and retain students, recruit B.C.-certified teachers and invest funds where necessary to maintain quality is key to their success.

We decided to audit the ministry's oversight of offshore schools and Group 4 schools at the same time because of the importance of these schools to developing pathways for international students into B.C. post-secondary institutions, and because of the similarity in their business models: both operate as for-profit businesses that deliver B.C. education programs to international students. Effective oversight is critical to ensuring that certified offshore and Group 4 schools are delivering education programs that meet the expectations of the ministry and support the positive international reputation that B.C.'s education system enjoys. The failure of an offshore or Group 4 school, whether for financial reasons, non-compliance with local licensing requirements or non-compliance with ministry requirements, would negatively impact students and B.C.-certified teachers, and could potentially affect the reputation of the Ministry of Education. Rigorous oversight by the ministry, and the ability to revoke a school's certification, can serve to maintain the ministry's reputation. Protecting the quality and reputation of B.C.'s education system is critical to preserving both the flow of international students into B.C. and the continuation of economic benefits to the province from international education as a whole.

Audit scope

In these performance audits, we focused on the Ministry of Education's certification and oversight of both offshore schools and Group 4 independent schools, as they are the primary providers of B.C. education and graduation programs at the K–12 level for international students. The audits looked at initial certification requirements, ongoing monitoring of compliance with ministry requirements, and the collection and use of school data to help the ministry evaluate the delivery of education programs by these schools. We did not include B.C. public schools and other B.C. independent schools that also serve international students in the scope of these two audits. We also did not look at international education provided through post-secondary institutions in the province.

Although certification of offshore and Group 4 schools requires that most teachers be certified by the Teacher Certification Branch (TCB), we did not include the activities of the TCB in our audit scope. Further, we did not include in the scope of this audit any other B.C. government entities or agents operating in the field of international education.

The period of our audits covered three inspection years for Group 4 schools (2015/16 to 2018/19) and four inspection years for offshore schools (2014/15 to 2018/19). The differences in audit periods reflect a difference in school inspection cycles for the two categories of schools. The six Group 4 schools in our sample were first certified between 1989 and 2018, and the 12 offshore schools in our sample were first certified between 2004 and 2018. To understand the initial certification process for each school in our sample, the audit team obtained and reviewed documentation that covered a time frame of almost 30 years.

Audit method

Our work for both audits consisted of three main activities:

1. Walk-throughs of business processes to understand Ministry of Education activities as they relate to establishing certification requirements, initial certification and ongoing monitoring of offshore and Group 4 schools.
2. Inspection of relevant documents from a sample of offshore and Group 4 schools to verify whether the ministry's certification, monitoring and reporting processes had been followed consistently throughout the period of our audit. We reviewed over 3,000 ministry documents.

The sample offshore and Group 4 schools were selected from those identified by the ministry as operating in the 2018/19 school year:

- From a total of 45 offshore schools, we selected 12, or about 25% of all offshore schools. This sample included schools from all seven countries where the ministry had certified schools, and about 40% of the total offshore student population.
- From a total of 24 Group 4 schools, we selected six, or 25% of all Group 4 schools. This sample covered about 40% of the Group 4 student population and included schools from six different municipalities—three in the Lower Mainland, two on Vancouver Island and one in the rural community of Lillooet.

3. Interviews with key staff and a sample of school inspectors.

We developed seven audit criteria, based on ministry legislation and policy documents, to assess oversight processes related to certification, compliance monitoring and performance monitoring, which are listed in [Appendix A](#). These criteria were applied to both audits.

The report is dated November 5, 2020. This is the date on which the audit team finished obtaining the evidence used to determine the findings and conclusions of the report.

OFFSHORE SCHOOLS—AUDIT OBJECTIVE AND CONCLUSION

Audit objective

To determine whether the Ministry of Education provides effective oversight of the delivery of education programs by offshore schools.

Audit conclusion

We concluded that, except for the identified limitations in certification requirements, the Ministry of Education provides effective oversight of the delivery of education programs by offshore schools.

The ministry's oversight focuses on ensuring delivery of the B.C. curriculum by B.C.-certified teachers through processes to:

- confirm that new offshore schools meet ministry business and educational requirements before they are certified
- monitor ongoing compliance with certification requirements
- monitor school performance

However, we found that certification requirements addressing the responsibilities of applicant offshore school operators did not result in the ministry having the business and financial information necessary to provide effective oversight. Specifically:

- School operators must provide the ministry with business information, including an annual business plan, audited financial statements and a three-year forecast of revenues and expenses. However, as the ministry does not require projected enrolment and staffing levels beyond the first year of operations, the information is not sufficient for the ministry to assess whether the school operator has the business plans and financial capacity to deliver B.C. education programs over an extended period, consistent with the ministry's goals and expectations.
- School operators are required to confirm their compliance with local laws and licensing requirements (local regulations). They must also demonstrate that they meet ministry safety and regulatory requirements by providing evidence of compliance in areas

including building safety, local teacher credentials and criminal record checks for local staff. Local regulations are unique to each foreign jurisdiction, so the evidence provided to meet ministry requirements will be unique for each offshore school. A limitation with the current application process is that school operators are not required to provide the ministry with detailed information on local regulations. Without this information, it is difficult for the ministry to determine what evidence is required from each offshore school to demonstrate compliance with ministry requirements, whether at the time of certification or in subsequent years.

The closure of an offshore school for business or compliance reasons could be sudden, would negatively impact students and staff, and could potentially affect the international reputation of B.C.'s education system.

OFFSHORE SCHOOLS—KEY FINDINGS AND RECOMMENDATIONS

Certification

An important element in the effective oversight of offshore schools is clearly defined requirements that must be met before a school can be certified to deliver a B.C. education program.

We looked to see whether the Ministry of Education had:

- established certification requirements that address the five areas of responsibility for schools delivering B.C. education programs, as listed in the Statement of Education Policy Order
- established certification requirements that address the responsibilities of applicant school operators to be in good standing and to have the business plans and financial resources to operate their school
- confirmed that applicant offshore schools met certification requirements before certifying them for the first time

We found that certification requirements for offshore schools did cover the five key areas listed in the Statement of Education Policy Order.

We also found that the ministry has established certification requirements that address offshore school operator responsibilities to be in good standing and to have the resources necessary to open an offshore school, with some limitations. Specifically, the business and financial information required from school operators is not sufficient to support effective ministry oversight.

Finally, despite some gaps in ministry records, we concluded that the ministry's certification process confirms that new school operators meet established requirements before they are certified for the first time.

Certification requirements for offshore schools address key educational areas of responsibility

The Ministry of Education established certification requirements for offshore schools, under the authority of the *School Act*, with the opening of the first offshore school in 1998.

The current application process for the initial certification of offshore schools includes seven key steps:

1. Expression of interest
2. In-person interview with ministry to assess operator motivations, experience, familiarity with provincial curriculum requirements and capacity to start an offshore school that will meet the ministry's requirements
3. Formal application (including submission of business plan)
4. On-site application verification inspection (including payment of fees) to determine level of readiness and what improvements/additional documents are required before pre-certification can be granted and the school can begin delivering the B.C. curriculum (this was a new step for 2018/19 applicants, introduced to enhance the rigour of the application process)
5. Acceptance as a candidate for certification, and execution of pre-certification agreement
6. Certification inspection (including payment of fees) to determine level of readiness and what improvements/additional documents are required before full certification can be granted
7. Signing of certification agreement and issuance of certificate confirming qualification as a B.C.-certified school (includes payment of program and student fees)

Detailed certification requirements related to the delivery of B.C. education programs by offshore schools are documented in the *Operating Manual for Offshore Schools* and formalized in the signed certification agreement between the Minister of Education and the offshore school operator. Through detailed examination of these primary documents, we found that the ministry certification requirements cover the five key areas of responsibility for schools delivering B.C. education programs, as identified in the Statement of Education Policy Order:

- finance and facilities
- program direction, development and implementation
- student access and achievement

- teaching performance
- system evaluation and public accountability

Certification requirements address offshore school operator responsibilities, but do not provide enough information to adequately assess business risks

A school operator must be in good standing and have the business plans and financial resources necessary to open an offshore school before the ministry will certify the school to deliver B.C. education programs.

Applicant offshore school operators must provide:

- written confirmation, from the government entity responsible for education in the jurisdiction in which they are operating, that they are approved to operate a school, hire teachers and deliver B.C. education programs
- confirmation that they are operating in compliance with local laws and licensing requirements, including relevant labour and employment laws
- a business plan for the first year of operations, including projected enrolment and staffing levels, audited financial statements and a three-year forecast of revenues and expenses

In recent years, with the growth in the number of offshore and Group 4 schools, competition for qualified students and B.C.-certified teachers has increased. Today, offshore school operators are running a business in a highly competitive international education market and need to be in a position to enrol enough students, recruit and retain enough B.C.-certified teachers, and invest funds where necessary to support delivery of a quality education program. In this competitive environment, school operators are at risk of not being able to maintain the financial capacity to sustain school operations. Further, the increase in the number of offshore schools and the number of countries in which they operate has added complexity to ministry oversight as legal requirements vary in each jurisdiction.

To support effective oversight, the ministry needs to gather enough business information from school operators to be able to assess whether they have the business plans and financial capacity to sustainably deliver B.C. education programs. Also, given that offshore schools operate in foreign jurisdictions, the ministry needs to have enough understanding of local laws and licensing requirements to verify whether school operators remain in compliance with ministry certification requirements for offshore schools.

The reputation of school operators and the long-term success of offshore schools directly impacts the reputation of the Ministry of Education.

Information to assess financial sustainability of school operators is limited

Although applicant offshore school operators are required to provide the ministry with annual business plans, audited financial statements and some financial forecasts, we found these were not sufficient for the ministry to assess whether applicant school operators were in a position to sustainably deliver B.C. education programs in the competitive international education environment.

As part of the application process, offshore school operators are required to submit an annual business plan that includes projected first-year enrolment figures, plans for marketing the school and recruiting students, and strategies for hiring and retaining B.C.-certified teachers. They must also provide audited financial statements for the most recent two years available, as well as a three-year forecast of revenues and expenses. School operators are not asked to provide forecasts of enrolment and staffing levels beyond the school's first year of operations. As such, the business plan information is focused on the first year of operations.

The ministry reviews the financial statements and forecasts provided to assess whether an applicant school has sufficient funds to deliver its B.C. education programs over the one-year term of the certification agreement. This review also looks at the three-year forecast to see if the school expects to be profitable within the first three years of operations. However, because this forecast is not substantiated with projected enrolment and staffing levels, the information is not enough to enable the ministry to assess whether the financial forecasts are reasonable or sustainable.

A requirement for applicant school operators to provide a five-year business plan, with financial forecasts that are supported by projected enrolment and staffing levels, would give the ministry more of the information it needs to assess a school's ability to establish, and sustainably deliver, its B.C. education programs.

Since the 2016/17 school year, the ministry's certification agreement for offshore schools has required that schools make reasonable efforts to enrol at least 60 students per grade. However, based on a review of enrolment levels for our sample schools, we found the ministry accepts a wide range of enrolment levels for offshore schools, including many well below the stated goal of at least 60 students per grade. The ministry has allowed lower enrolment levels if it has determined that an operator's business plans support the operator's capacity to sustainably deliver B.C. education programs in the school. Each school is unique, and the ability to assess each applicant's capacity to deliver the program over the long term is critical to ensuring quality and stability of the program offshore.

In discussions with the ministry on this topic, we heard that there are two main reasons for setting a goal of 60 students per grade. The first is that having more students per grade allows for more electives for students in the higher grades, which means students are given more educational opportunities. Also, having more students in a school will generally require more teachers to be employed, which increases opportunities for collegial interchange and support amongst staff. This is particularly important for staff teaching in remote areas. These conditions enable a school to deliver education programs consistent with the ministry's goals and expectations.

The second reason for setting an enrolment goal is that the ministry does not want instability in the program. For example, it does not want operators to open an offshore school thinking they can increase enrolment but not having the requisite business planning to support that enrolment growth, and then exiting the program a few years later because they do not have enough students to be financially viable.

When an offshore school operator applies for certification, it is important the ministry receives the information necessary to understand how the school plans to recruit and retain students over the long term and how the operator plans to be competitive in recruiting and retaining qualified teachers. A five-year business plan, including detailed financial forecasts of enrolment and staffing levels, is a tool that can give the ministry more information on how an operator plans to attain financial sustainability with the students and staff necessary to deliver B.C. education programs, initially and over time.

RECOMMENDATION 1: We recommend that the Ministry of Education, as part of the offshore school application process:

- expand current information requirements to include a comprehensive five-year business plan, with detailed financial forecasts based on projected student enrolment and B.C.-certified teacher staffing levels, and
- enhance its review of submitted business plans and financial forecasts to confirm that school operators have demonstrated their capacity to deliver B.C. education programs over an extended period, consistent with the ministry's goals and expectations.

Ministry understanding of local laws and licensing requirements is limited

Each offshore school operates within a unique foreign regulatory environment. As part of the certification process, applicant school operators are required to confirm their compliance with the laws and licensing requirements in their local jurisdiction (local regulations). Local regulations may include:

- building standards and safety inspections
- inspections for food service operations
- teacher classifications and certification requirements
- criminal record check processes
- educational governance
- foreign teacher visa requirements

At the same time, each school operator must demonstrate that it meets ministry safety and regulatory requirements, including those related to building safety, local teacher credentials and criminal record checks for local staff. As local regulations are unique to each foreign jurisdiction, the evidence provided to demonstrate compliance with ministry requirements will be unique for each offshore school.

A limitation in the current application process is that school operators are not required to provide the ministry with detailed information on local regulatory processes. Without this information, it is difficult for the ministry to understand how local regulations relate to ministry requirements and to determine what evidence is required from each school to demonstrate compliance, both at the time of initial certification and in subsequent years. For example, in one country, building inspections may be conducted annually; in another, there may only be an original building occupancy inspection with no subsequent inspections performed. The evidence required to demonstrate compliance with ministry building safety requirements will be different for each school operator.

In our review of annual report documents submitted by the 12 sample offshore schools, we found several areas where confirming compliance with ministry requirements was difficult, including requirements for criminal record checks and local teacher credentials.

The ministry requires each school to have a current criminal record check on file for each local staff person who interacts with minors. We found that for seven of our 12 sample schools, it was stated or implied that criminal record checks for local staff were conducted as part of a local credentials process, such as teaching certification or work permit issuance. To meet

this ministry requirement, these schools provided copies of the relevant credentials for all staff needing criminal record checks. However, for four of these schools, the ministry files did not include any independent information to verify that criminal record checks were in fact completed as part of the credential process. In the absence of clear and reliable information on how and why criminal record checks are performed in the local regulatory environment, we were unable to verify that the documents provided were sufficient evidence that the school was in compliance with the ministry's criminal record check requirements.

Another ministry requirement is that local teachers hired to deliver exempted courses must be licensed by local authorities. We found that school documents sometimes included only a diploma from a college as proof of teaching credentials. A diploma in a subject area, such as visual arts, does not necessarily mean that the individual is licensed to teach art. We found that due to incomplete translation or a lack of documents to support local teacher qualifications, we could not always verify that the ministry was doing enough to confirm compliance with its requirement that local teachers possess the required local certification to teach exempted courses.

The ministry does not consistently enforce its requirement that all official documents from foreign jurisdictions be translated. Through our review of documents related to our sample of 12 offshore schools, we found that official documents from foreign jurisdictions were not always fully or independently translated, making interpreting them difficult. As a result, in these cases we could not verify that these documents satisfied the ministry's requirements for which they were provided.

Before certifying an offshore school, the ministry needs to understand and document how the local regulatory framework operates and how it relates to ministry certification requirements. Currently, school operators are not required to give the ministry detailed, translated information on local regulatory processes as part of the application process. Without this information it is difficult for the ministry to understand how local regulations relate to ministry requirements or to determine what evidence is required from each school to demonstrate compliance, whether at the time of certification or in subsequent years. The closure of five offshore schools in Korea in 2017 as a result of non-compliance with local regulations highlights the importance of understanding the unique regulatory environment of each offshore school.

RECOMMENDATION 2: We recommend that the Ministry of Education require offshore school operators to provide detailed, translated information on local regulatory processes so that the ministry is able to understand how local regulations relate to ministry requirements and to determine what evidence is required from each school to demonstrate compliance, both at the time of initial certification and in subsequent years.

The ministry confirms that offshore schools meet certification requirements

Using ministry records, we looked for evidence that the ministry had confirmed that all offshore schools in our sample met certification requirements before they were certified for the first time. We observed that, in all cases, the ministry had a documented process in place to verify that schools met requirements before certifying them for the first time. We also saw that these requirements evolved over time, demonstrating continuous efforts by the ministry to improve the effectiveness of its oversight of offshore schools.

The 12 offshore schools in our sample were first certified between 1998 and 2018. In our document review, we found that initial certification documentation was incomplete for all 12 schools. We also found many gaps in ministry files for school documents submitted as part of the certification application process. As a result, we could not verify that all certification requirements had been met prior to initial certification for any of the 12 schools.

However, we recognize that most of our sample schools were certified more than 10 years ago. Based on interviews and consideration of all available documentation for each school, we determined that these gaps did not indicate that the ministry had failed to confirm certification requirements, but rather were symptomatic of the fact that these were old records. In addition, these 12 schools are still operating and were meeting ongoing certification requirements at the time of our audit.

Compliance monitoring

Two important elements of effective oversight are a process to monitor ongoing compliance with certification requirements, and a mechanism to initiate corrective action when issues are identified.

In this audit, we looked to see whether the ministry monitors offshore schools for compliance with certification requirements. We also looked to see whether the ministry takes corrective action when an offshore school is not compliant with those requirements.

Overall, we found that the ministry monitors compliance through regular reporting from offshore schools and on-site school inspections. When issues are reported by school inspectors for follow-up, the ministry takes corrective actions to bring schools into compliance. However, we did observe that current reporting procedures for offshore school inspections result in some issues not being flagged for follow-up.

The ministry monitors ongoing compliance with certification requirements

The Ministry of Education has a robust and documented process to confirm that offshore schools continue to meet certification requirements. The ministry requires annual reporting by schools and ensures that all required documents are submitted. All schools undergo extensive annual on-site inspections that detail how they are doing in key compliance areas. Schools then must respond to any findings of non-compliance made by inspectors before their certificates are renewed. Finally, to maintain certification, all schools must submit the required annual program information, student enrolment data and inspection fees, as invoiced, on time.

In reviewing compliance documents for offshore schools, we noted many gaps in the ministry's records. We also saw that with the increase in the number of offshore schools, from two to 45 between 2005 and 2018, the monitoring process has become more administratively onerous, reducing ministry time available for critical review of areas of concern or risk.

Completing annual inspections

We reviewed documents for three annual inspections for each of the 12 sample offshore schools, looking for evidence that the ministry monitored for compliance in six specific areas:

- All required documents for inspections were submitted to the ministry on time by each school.
- An inspection was completed as required.
- The inspection was conducted consistent with the current inspection catalogue.
- The chair of the inspection team was qualified to conduct the inspection.
- Compliance issues were identified in the inspection report.
- The ministry followed up with each school to ensure that it had responded to the compliance issues identified in the inspection report before renewing its certificate.

We also tested payment data to see whether schools were paying the required fees in full and on time.

We found that ministry records were not complete. As a result, we could not verify that all sample schools had submitted all annually required documents on time. In particular, we found that out of the 36 annual report submissions, ministry records for 19 submissions were either missing documents or had documents that did not clearly comply with our understanding of the requirements for one or more of the 18 annual reporting areas. For example:

- four school submissions had multiple missing documents
- seven school submissions had missing or inadequately translated documents
- seven school submissions had missing or inadequate evidence of criminal record checks for local staff
- four school submissions had issues with documents supporting teacher credentials, either Teacher Certification Branch (TCB) or local certifications

While not all documents were available, we found that the ministry conducted all inspections as designed and scheduled. We also found that all fees were being paid as expected. However, we found some areas where the overall monitoring processes could be improved to focus on key risks. At the time of the audit, the ministry was working to improve its records management processes.

Monitoring processes do not always focus on key risks

When a school inspector identifies issues of non-compliance, these issues are documented in a section of the inspection report called “Requirements.” The information in this section is made public, and all reported issues of non-compliance are flagged for follow-up and tracked by the ministry until it is satisfied that the school has resolved the issues.

We found that 28 compliance issues (requirements) were identified by inspectors in the 36 inspection reports we reviewed for our 12 sample offshore schools. All 28 issues were recorded and monitored by the ministry to ensure that the schools had responded satisfactorily before their certificates were renewed.

However, during the audit we identified two areas where potentially significant issues were not reported in the “Requirements” section of an inspection report, and as a result were not included in the ministry’s tracking and follow-up process. The first area relates to suggestions made by school inspectors, and the second relates to pending teacher certifications.

Inspectors document their suggestions for improvements, including actions needed to ensure compliance in future inspections, in a section of the inspection report called “Suggestions.” Items listed as suggestions are not tracked and followed up by the ministry. We reviewed all suggestions made in the 36 inspections covered under our sample to assess whether any suggestions related to specific compliance or safety issues might have been more appropriately included in the requirements section of the report. We found that 52 of the 164 suggestions reviewed related to either compliance or safety issues, or to the quality of the education programs being delivered. Further, the inspectors had indicated the issues needed to be addressed before the next inspection, even though there was no formal tracking and follow-up. Given this finding, we concluded that many of the suggestions might have been more appropriately reported and tracked as requirements.

The second area we identified relates to the ongoing status of teachers not certified by the Teacher Certification Board (TCB) at the time of an inspection. If an employed teacher is in the process of applying for certification, the school will request a letter of exemption from the ministry. This letter of exemption temporarily exempts the offshore school from the requirement that the teacher be B.C.-certified. When an exemption is in place at the time of the school inspection, the inspector does not report an uncertified teacher as a compliance issue. As a result, these pending certificates—a compliance issue—are not flagged for formal follow-up.

The ministry has its own process, separate from the inspection process, to track these letters of exemption, which are usually valid for four to six weeks, and has its own process to follow up if the letters have expired. For nine of the 36 inspections we examined, involving four different schools, TCB certification was pending for a total of 57 teachers at the time of the inspections. Of these teachers, we confirmed that 19, or one-third, were never subsequently certified.

Ministry records provided evidence that four of these teachers were given additional letters of exemption and two teachers were confirmed to have left the school mid-year. For the remaining 13 cases, ministry records did not contain evidence that these teachers had stopped delivering B.C. education programs once their letters of exemption had expired, even though they did not receive additional letters of exemption. A key element of a B.C. education program is that it is delivered by B.C.-certified teachers. Improved tracking of pending certifications, as part of reported compliance issues, would reduce the risk of non-certified teachers delivering B.C. education programs.

RECOMMENDATION 3: We recommend that the Ministry of Education review and update its compliance monitoring model for offshore schools to:

- require inspectors to report pending teacher certifications and any significant suggestions for improvement as requirements to ensure they are tracked and resolved before the next inspection cycle
- rationalize the volume of documents required in order to reduce administrative effort, and
- ensure sufficient time is allocated to review business issues that could impact the sustainability and quality of education programs delivered.

Performance monitoring

An important element of effective oversight is monitoring school performance data to understand how schools are doing and to identify opportunities for improvement.

We looked to see if the Ministry of Education had established and communicated performance reporting requirements for offshore schools, and if performance reporting included information on student achievement, graduation rates and transitions to post-secondary schools. We also looked to see if schools complied with performance reporting requirements.

We then looked to see if the ministry used reported performance data to evaluate the delivery of education programs at the individual school level and at the group or program level.

We found that the ministry has established and communicated performance reporting requirements for offshore schools, and that schools consistently submit required performance reports, including information on student achievement, graduation rates and transitions to post-secondary schools. We also found that the ministry uses reported performance data to evaluate the delivery of education programs by individual offshore schools.

While the ministry uses performance data to assess offshore schools as a program area, it does not assess the performance of offshore schools against the goals of the B.C. Global Education Program (Offshore School Program).

The ministry monitors performance reporting by offshore schools

Performance reporting requirements for offshore schools are documented in eight key documents:

- the Offshore School Certification Agreement
- the *Operating Manual for Offshore Schools*
- the annual report template
- the *B.C. Graduation Program Handbook of Procedures*
- the Offshore School TRAX Requirements and Procedures document
- “Kindergarten–12 Data Collections” (ministry webpage)
- Reports, Records and Data Submission Order
- Student Progress Report Order
- B.C. Performance Standards

We assessed these eight documents and determined that the ministry does communicate performance reporting requirements to offshore schools, including requirements for data on student achievement, graduation rates and transition statistics.

Through review of ministry and sample school documents, we verified that all key performance reporting requirements, as communicated through the various source documents, were being met by offshore schools. In this way, we verified that schools understood the reporting requirements and reported back to the ministry as expected.

Evaluating performance of offshore schools

We found that the ministry uses reported performance data to evaluate the delivery of education programs by offshore schools at the individual school level. The ministry compiles performance data received from schools to provide inspection teams with data reports to inform performance conversations during annual inspections. These reports include key school and student data for the most recent five years, such as:

- enrolment levels by grade
- differences between course and exam marks for individual offshore schools and how these results compare with those of other offshore schools
- graduation rates compared with those of public and independent schools in B.C.
- transition rates to B.C. public post-secondary institutions

Offshore school inspectors found these data reports to be very useful, both for themselves and for offshore schools, and used them as a key reference when discussing potential strategies to improve student outcomes.

Through our review of documents, we verified that the ministry uses reported performance data to:

- routinely report student outcomes for offshore schools against other school types
- brief ministry executive on offshore student outcomes in comparison with other school types, English language learners in other schools and all international students studying in B.C.
- periodically brief ministry executive on other performance measures related to the B.C. Global Education Program, including program recoveries and indirect economic benefits to the province
- verify possible trends or areas of concern, as identified by inspectors, stakeholders and/or the media, to improve processes or inform policy decisions
- identify professional development needs in order to support the delivery of the education programs by offshore school administrators and teachers

Through annual reporting from offshore schools, the ministry collects data that could be used to regularly assess its progress in meeting the stated goals of the B.C. Global Education Program:

- to increase recognition of B.C.'s high-quality education brand
- to create opportunities for B.C. schools to develop international partnerships
- to attract more international students to study and eventually work and live in B.C.

RECOMMENDATION 4: We recommend that the Ministry of Education use available performance data to evaluate progress in meeting the stated goals of the B.C. Global Education Program.

GROUP 4 SCHOOLS—AUDIT OBJECTIVE AND CONCLUSION

Audit objective

To determine whether the Ministry of Education provides effective oversight of the delivery of education programs by Group 4 independent schools.

Audit conclusion

We concluded that, except for the identified limitation in certification requirements, the Ministry of Education provides effective oversight of the delivery of education programs by Group 4 independent schools.

The ministry's oversight focuses on ensuring delivery of the B.C. curriculum by B.C.-certified teachers through processes to:

- confirm that new Group 4 schools meet business and educational requirements before they are certified
- monitor ongoing compliance with certification requirements
- monitor school performance

However, we found that certification requirements addressing the responsibilities of applicant Group 4 school operators did not result in the ministry having the business and financial information necessary to provide effective oversight. Specifically, school operators are not required to provide a business plan and financial information that would enable the ministry to assess their financial capacity to deliver B.C. education programs over an extended period, consistent with the ministry's goals and expectations.

The closure of a Group 4 school for financial reasons could be sudden, would negatively impact students and staff, and could potentially affect the international reputation of B.C.'s education system.

GROUP 4 SCHOOLS—KEY FINDINGS AND RECOMMENDATIONS

Certification

An important element in the effective oversight of Group 4 schools is clearly defined requirements that must be met before a school can be certified to deliver a B.C. education program.

We looked to see whether the Ministry of Education had:

- established certification requirements that address the five areas of responsibility for schools delivering B.C. education programs, as listed in the Statement of Education Policy Order
- established certification requirements that address the responsibilities of applicant school operators to be in good standing and to have the business plans and financial resources to operate their school
- confirmed that applicant Group 4 schools met certification requirements before certifying them for the first time

We found that certification requirements for Group 4 schools did cover the five key areas listed in the Statement of Education Policy Order, in detail.

We also found that the ministry has established certification requirements that address school operator responsibilities, including that a Group 4 school operator be in good standing with the Registrar of Companies and in compliance with municipal zoning requirements. However, the ministry does not gather enough business and financial information from applicant Group 4 school operators to assess whether they have the business plans and financial resources to deliver B.C. education programs over an extended period, consistent with the ministry's goals and expectations.

Finally, despite some gaps in ministry records, we concluded that the ministry's certification process confirms that new school operators meet established requirements before they are certified for the first time.

Certification requirements for Group 4 schools address key educational areas of responsibility

The Ministry of Education established certification requirements for Group 4 schools in 1989, when the first Group 4 schools were established under the authority of a new *Independent School Act*.

Certification process for a Group 4 school:

1. School operator submits expression of interest (this was a new step for 2018/19 applicants)
2. In-person interview with ministry to assess operator motivations, experience, familiarity with provincial curriculum requirements and capacity to start an independent school that will meet the ministry's requirements (this was a new step for 2018/19 applicants)
3. School operator submits formal application for interim certification
4. Inspector of independent schools issues interim Group 4 certificate when the operator meets application requirements (includes posting of financial bond)
5. School opens and school policies finalized
6. Ministry conducts external evaluation to verify that all requirements for delivery of education programs are being met
7. Inspector of independent schools issues a certificate of Group 4 classification, which certifies the Group 4 school to deliver B.C. education programs

The external evaluation catalogue used by inspectors expands on the certification requirements related to the delivery of B.C. education programs by Group 4 independent schools, as documented in the *Independent School Act*. Through detailed examination of the *Act* and the evaluation catalogue, we found that the ministry certification requirements cover the five key areas of responsibility for schools delivering a B.C. education program, as identified in the Statement of Education Policy Order:

- finance and facilities
- program direction, development and implementation
- student access and achievement
- teaching performance
- system evaluation and public accountability

Group 4 schools are not required to assess English language proficiency of new students

We did identify an opportunity to enhance certification requirements related to the delivery of B.C. education programs for Group 4 schools. As most students enrolled in Group 4 schools are international, their level of English language skills will vary. A requirement that Group 4 schools assess the English language proficiency of new students could help support student success in the program.

The ministry requires, as part of its certification process, that offshore schools have a process for assessing the English language ability of new students. The requirement is included in the certification agreement, which is established under the authority of the *School Act*.

There is no requirement in the *Independent School Act* for Group 4 schools, or any independent school, to assess the English language ability of international students. However, we noted that the inspector of independent schools, under the authority of section 4(l) of the *Independent School Act*, has the discretion to establish requirements related to the issuing or renewal of certification of an independent school.

There is a risk that Group 4 schools, as for-profit international education providers, will enrol students who do not have the language skills to complete the B.C. Graduation Program within the usual three years. Students also risk not being entitled to a B.C. Graduation Certificate if they are not able to complete the program before the end of the school year in which they turn 19.

A requirement to assess English language abilities of international students entering a Group 4 school would provide the school with information on what English language learning supports are necessary to set their students up to successfully complete their programs within the expected time frame.

RECOMMENDATION 5: We recommend that the Ministry of Education require Group 4 schools to conduct assessments of the English language ability of all new students to ensure that necessary learning supports are put in place.

Certification requirements address Group 4 school operator responsibilities, but do not provide enough information to adequately assess business risks

A school operator must be in good standing and have the financial resources necessary to open a Group 4 school before the ministry will certify the school to deliver B.C. education programs.

Applicant Group 4 school operators must provide:

- a declaration that all teachers are properly certified and that all employees working with students have current criminal record checks
- confirmation that the school is operating in compliance with municipal requirements (zoning, building, fire and health)
- confirmation that they are in good standing with the Registrar of Companies
- evidence of compliance with the bonding requirements for the current school year

In recent years, with the growth in the number of offshore and Group 4 schools, competition for qualified students and B.C.-certified teachers has increased. Today, Group 4 school operators are running a business in a highly competitive international education market and need to be in a position to enrol enough students, recruit and retain enough B.C.-certified teachers, and invest funds where necessary to support delivery of a quality education program. In this competitive environment, school operators are at risk of not being able to maintain the financial capacity to sustain school operations.

To support effective oversight, the ministry needs to gather enough detailed information from school operators to be able to assess whether they have the business plans and financial capacity to sustainably deliver B.C. education programs. The reputation of school operators and the long-term success of Group 4 schools directly impact the reputation of the Ministry of Education.

Information to assess financial sustainability of Group 4 schools is limited

The requirement for Group 4 school operators to place a financial bond with the ministry provides some protection for students in the event that an operator closes a Group 4 school, but it does not replace the importance of a school operator maintaining the financial capacity to sustain school operations.

We found that the ministry does not require applicant Group 4 school operators to provide information on forecasted student enrolment levels and strategies for recruiting

and retaining B.C.-certified teachers as part of their application process. A plan to attract and retain enough students and the necessary B.C.-certified teachers is key to a school successfully establishing and sustaining delivery of its B.C. education programs.

Although an independent school is defined in legislation as having a minimum of 10 students, Group 4 schools may need to attract more students to generate the tuition revenue required to sustain their operations, to allow for a variety of electives and extracurricular activities, and to promote a richer intellectual exchange among students.

The recruitment and retention of B.C.-certified teachers is also critical to the sustainable delivery of education programs by Group 4 schools. Group 4 schools are in competition with public schools for B.C.-certified teachers, but public schools are often able to pay higher salaries. There is also competition between offshore schools and Group 4 schools for B.C.-certified teachers with experience in delivering the B.C. curriculum to international students. Regular turnover of teaching staff and administrators creates risks for both the long-term viability and the quality of the education programs delivered by Group 4 schools.

We found that school operators applying for Group 4 certification are not required to submit a business plan as part of their application process. When a Group 4 school operator applies for certification, it is important for the ministry to understand how the school plans to recruit and retain students and qualified teachers, including whether its business plan anticipates the ability to pay competitive salaries. A five-year business plan is a tool that can give the ministry information on how an operator will maintain both financial sustainability and the staff necessary to deliver education programs, initially and over time.

RECOMMENDATION 6: We recommend that the Ministry of Education, as part of the Group 4 school application process:

- require applicant Group 4 school operators to provide a comprehensive five-year business plan, with forecasted student enrolment and teacher recruitment strategies, and
- establish a process to review submitted business plans to confirm that school operators have demonstrated their capacity to deliver B.C. education programs over an extended period, consistent with the ministry's goals and expectations.

The ministry confirms that Group 4 schools meet certification requirements

Using ministry records, we looked for evidence that the ministry had confirmed that all Group 4 schools in our sample met certification requirements before they were certified for the first time. The six Group 4 schools in our sample were first certified between 1989 and 2018. We observed that throughout this time frame the ministry had a documented process in place to verify that schools met requirements before certifying them for the first time. We also observed that certification processes were continuously being adjusted, demonstrating ongoing efforts by the ministry to improve the effectiveness of its oversight of Group 4 schools.

For the three schools certified in 1991 and earlier, there were not enough documents available for the audit team to verify that all areas of compliance had been met before the ministry certified them. Given the passage of time, and changes in ministry records management practices over the years, not all initial certification or inspections records were saved or could be easily found.

For the three schools certified after 1991, ministry records were sufficient to demonstrate that the ministry had confirmed that these schools met certification requirements before certifying them.

Despite the lack of documents for three of the six schools in our sample, we found that this deficiency did not show a failure in the ministry's certification processes and did not reflect current practice, but rather was a result of historic records management issues observed at the ministry. These three schools were still operating and were meeting ongoing certification requirements at the time of our audit.

Compliance monitoring

Two important elements of effective oversight are a process to monitor ongoing compliance with certification requirements, and a mechanism to initiate corrective action when issues are identified.

In this audit, we looked to see whether the ministry monitors Group 4 schools for compliance with certification requirements. We also looked to see whether the ministry takes corrective action when a Group 4 school is not compliant with those requirements.

Overall, we found that the ministry monitors compliance through regular reporting from Group 4 schools and on-site school inspections. When issues are reported by school inspectors for follow-up, the ministry takes corrective actions to bring schools into compliance.

The ministry monitors ongoing compliance with certification requirements

The Ministry of Education has a robust and documented process to confirm that Group 4 schools continue to meet certification requirements. The ministry requires Group 4 schools to renew their certification every two years, based on an external evaluation (comprehensive inspection). In the interim year, schools undergo a monitoring inspection that covers all the same areas an external evaluation would, but in slightly less detail. Schools then must respond to any statutory and policy requirements, reported by inspectors, before they have their certificates renewed.

School inspections involve a three-step process:

1. Each Group 4 school prepares and submits all required documentation supporting the claims it makes in the inspection report template.
2. The ministry hires education experts to conduct in-person inspections to verify the veracity and accuracy of all related documentation and claims. The inspection also identifies any statutory or policy-related compliance issues that need to be remedied before the school can have its certificate renewed.
3. Each school is required to respond to the identified compliance issues by a specific deadline, and the ministry ensures that it is satisfied with these responses before permitting the school to renew its certification.

We reviewed the two most recent monitoring inspections and two most recent external evaluations for each of the six sample Group 4 schools, looking for evidence that the ministry monitored for compliance in six specific areas:

- All required documents for inspections were submitted to the ministry on time by each school.
- An inspection was completed as required.
- The inspection was conducted consistent with the current inspection catalogue.
- The chair of the inspection team was qualified to conduct the inspection.
- Compliance issues were identified in the inspection report.
- The ministry followed up with each school to ensure that it had responded to the compliance issues identified in the inspection report before renewing its certificate.

According to ministry staff, annual submissions are consistently provided on time but are not always complete. Staff diligently follow up with schools to ensure all required documents are submitted. As part of this process, ministry staff confirm that documents have been received

and the school is ready for the inspection. A critical review of the content of these submission documents is the responsibility of the inspection team, not ministry staff.

We found that all external and monitoring inspections were completed as expected and carried out by qualified inspection teams, with each inspection chair having extensive experience in the B.C. education sector.

We also found that the ministry takes corrective action when a school is not in compliance with a requirement. Specifically, we found that the ministry monitors both statutory and policy issues identified in inspection reports that require corrective action. The ministry then follows up before renewing school certificates.

Monitoring processes do not always focus on key risks

Non-compliance with statutory or ministry policy requirements identified through school inspections is recorded in a ministry database. This ministry system is used to track each school's inspection status and whether the school has resolved each reported issue. Our review of this documentation verified that inspection findings and the required school responses were tracked for resolution prior to the schools having their certificates renewed.

However, we found that ministry staff do not always critically review the substance of school responses. This is often because effort is focused on managing the volume of paperwork related to the inspection process. In the absence of a critical review of school responses and supporting documents, there is a risk that the ministry may accept a school's assertion that an issue has been resolved, when it has not been. Each year a small group of schools will be flagged for a follow-up inspection when there are significant concerns. In these cases, the substance of each school's response to resolve issues of non-compliance will be reviewed by inspectors.

It was not clear from our testing whether the ministry requires inspectors in the following inspection cycle to confirm that a Group 4 school has put in place the reported changes in response to the previous year's inspection. However, schools will be inspected against the same criteria as the previous year, so any unresolved issues would be noted.

We determined that the ministry does take corrective actions when schools are not compliant with certification requirements. However, implementing more efficient processes to ensure that adequate time is available for a critical review of all school responses to compliance issues would improve the ministry's corrective activities.

The inspection and follow-up process involves a significant volume of documents, and the

increase in the number of Group 4 schools since 1989 has resulted in an administrative burden that limits the staff time available to critically review the information submitted, and to identify potential risks to the ongoing success of schools.

The ministry should review its current processes to ensure the effort, and documentation, is focused on key areas of risk and concern. Currently, the volume of documents being submitted means some areas of heightened risk may not be getting the attention they deserve. A risk-based approach to monitoring compliance would enable the ministry to focus on areas of concern identified by school inspectors and to monitor a school's enrolment and staffing levels against its business plans.

RECOMMENDATION 7: We recommend that the Ministry of Education review and update its compliance monitoring model for Group 4 schools to:

- rationalize the volume of documents required in order to reduce administrative effort, and
- ensure sufficient time is allocated to review business issues that could impact the sustainability and quality of education programs delivered.

Performance monitoring

An important element of effective oversight is monitoring school performance data to understand how schools are doing and to identify opportunities for improvement.

We looked to see if the Ministry of Education had established and communicated performance reporting requirements for Group 4 schools, and if performance reporting included information on student achievement, graduation rates and transitions to post-secondary schools. We also looked to see if schools complied with performance reporting requirements.

We then looked to see if the ministry used reported performance data to evaluate the delivery of education programs at the individual school level and for all Group 4 schools collectively.

We found that the ministry has established and communicated performance reporting requirements for Group 4 schools, and that schools consistently submit required performance reports, including information on student achievement, graduation rates and transitions to post-secondary schools. We also found that the ministry uses reported performance data

to evaluate the delivery of education programs by individual Group 4 schools, but does not formally evaluate the performance of Group 4 schools as a unique group within the independent school sector.

The ministry monitors performance reporting by Group 4 schools

Performance reporting requirements for Group 4 schools are documented in eight key documents:

- Reports, Records and Data Submission Order
- the *B.C. Graduation Program Handbook of Procedures*
- the *Independent School Act*
- the Policy on Reporting Requirements and Data Collection for Independent Schools
- Monitoring Inspection and External Evaluation Report templates
- “Kindergarten–12 Data Collections” (ministry webpage)
- Student Progress Report Order
- B.C. Performance Standards

We assessed these eight documents and determined that the ministry does communicate performance reporting requirements to Group 4 schools, including requirements for data on student achievement, graduation rates and transitions. We found that the ministry also asks for many other performance measures.

Through review of ministry and sample school documents, we verified that all key performance reporting requirements, as communicated through the various source documents, were being submitted by Group 4 schools. In this way, we verified that schools understood the reporting requirements and reported back to the ministry as expected.

Evaluating performance of Group 4 schools

We found that the ministry uses reported performance data to evaluate the delivery of education programs by Group 4 schools at the individual school level. The ministry compiles performance data received from schools to provide inspection teams with data reports to inform performance conversations during annual inspections. These reports include key school and student data for the most recent five years, such as:

- enrolment levels by grade
- comparisons between course and exam marks for individual schools and for other schools

- graduation rates compared with those of public and independent schools
- transition rates to B.C. public post-secondary institutions

In discussions with school inspectors, we heard that these reports are highly valued by both inspectors and school administrators, and they form an important part of inspection discussions. They are used to help highlight areas where schools might need to make changes in the way they deliver their programs, and they provide an opportunity for discussions regarding possible strategies to improve student outcomes.

We found that the ministry does not generally evaluate the performance of Group 4 schools collectively, as a unique international education program. The *Independent School Act* governs all independent schools, including Group 4 schools. Because all types of independent schools fall under the same legislation, the ministry inspection process and performance management activities are generally inclusive of all independent schools.

However, in 2016/17 the ministry assigned the inspection of virtually all Group 4 schools to a single inspection team so that the ministry might get a greater sense of key performance issues related specifically to this type of school. At the conclusion of the inspection cycle, the ministry requested a compilation of the inspection lead's personal observations and recommendations. This initiative provided information on the performance of Group 4 schools collectively, as well as several recommendations from the inspector that were considered by the ministry, including recommendations to:

- adjust bonding deadlines
- establish fees for inspections
- require Group 4 schools to provide professional development for their staff
- require Group 4 schools to assess language skills of applicant students

Because Group 4 schools operate so differently from other independent schools, a regular evaluation of the collective performance of Group 4 schools would give the ministry information on performance trends—both successes and challenges. In addition, regular evaluation of Group 4 schools as a program would provide an opportunity to compare trends and issues with the performance of offshore schools.

RECOMMENDATION 8: We recommend that the Ministry of Education establish a regular process for evaluating the performance of Group 4 schools as a unique group of independent schools.

AUDIT QUALITY ASSURANCE

We conducted this audit under the authority of section 11(8) of the *Auditor General Act*. All work in this audit was performed to a reasonable level of assurance in accordance with the Canadian Standard on Assurance Engagements (CSAE) 3001—Direct Engagements, set out by the Chartered Professional Accountants of Canada (CPA Canada) in the *CPA Canada Handbook—Assurance*. These standards require that we comply with ethical requirements and conduct the audit to independently express a conclusion on whether the subject matter complies in all significant respects to the applicable criteria.

The Office applies the CPA Canadian Standard on Quality Control 1 (CSQCI) and, accordingly, maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. In this respect, we have complied with the independence and other requirements of the code of ethics applicable to the practice of public accounting issued by the Chartered Professional Accountants of B.C., which are founded on the principles of integrity, objectivity and professional competence, as well as due care, confidentiality and professional behaviour.

APPENDIX A: COMPLETE AUDIT CRITERIA

Certification

Criterion 1: The ministry has established certification requirements that address the responsibilities of schools delivering the B.C. education program, including:

- finance and facilities
- program direction, development and implementation
- student access and achievement
- teaching performance
- system evaluation and public accountability

Criterion 2: The ministry has established certification requirements that address the responsibilities of applicant school operators to be in good standing and to have the business plans and financial resources to sustainably operate their school.

Criterion 3: The ministry confirms that schools meet certification requirements before certifying them.

Compliance monitoring

Criterion 4: The ministry monitors schools for compliance with certification requirements.

Criterion 5: The ministry takes corrective action when a school is not compliant.

Performance monitoring

Criterion 6: The ministry communicates performance reporting requirements to schools, including:

- student achievement
- graduation rates
- transition rates

Criterion 7: The ministry uses reported performance data to evaluate the delivery of education programs by Group 4/offshore schools.



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