

Chapter 3

Ministry of Training, Colleges and Universities

Section 3.02

Employment Ontario

Standing Committee on Public Accounts Follow-Up on Section 3.04, 2016 Annual Report

The Committee held a public hearing on May 3, 2017, on our 2016 audit of Employment Ontario. The Committee tabled a report on this hearing in the Legislature in December 2017. The report can be found at www.auditor.on.ca/en/content/standingcommittee/standingcommittee.html.

The Committee made 14 recommendations and asked the then Ministry of Advanced Educa-

tion and Skills Development, currently known as the Ministry of Training, Colleges and Universities (Ministry) to report back by April 2018. The Ministry formally responded to the Committee on April 3, 2018. A number of the issues raised by the Committee were similar to the audit observations in our 2016 audit. The status of the Committee's recommended actions is shown in **Figure 1**.

Figure 1: Summary Status of Actions Recommended in December 2017 Committee Report

Prepared by the Office of the Auditor General of Ontario

	# of Actions Recommended	Status of Actions Recommended				
		Fully Implemented	In Process of Being Implemented	Little or No Progress	Will Not Be Implemented	No Longer Applicable
Recommendation 1	1		1			
Recommendation 2	1		1			
Recommendation 3	2	1	1			
Recommendation 4	1			1		
Recommendation 5	1			1		
Recommendation 6	1		1			
Recommendation 7	1			1		
Recommendation 8	4	0.5	2	0.5	1	
Recommendation 9	3		3			
Recommendation 10	1		1			
Recommendation 11	3			3		
Recommendation 12	2		1.5	0.5		
Recommendation 13	2			2		
Recommendation 14	1					1
Total	24	1.5	11.5	9	1	1
%	100	6	48	38	4	4

We conducted assurance work between April 3, 2018 and July 10, 2018, and obtained written representation from the Ministry that, effective October 31, 2018, it has provided us with a complete update of the status of the recommendations made by the Committee in its report.

Overall Conclusion

At the time of the follow-up, the Ministry had developed Ontario's Apprenticeship strategy in February 2018 and was developing an evaluation framework to develop key performance indicators across all employment and training programs.

As of July 10, 2018, the Ministry has fully implemented or was in the process of implementing 54% of the Committee's recommended actions. Little progress was made on implementing 38% of the committee's recommendations, 4% would not be implemented and 4% are no longer applicable.

Although the Ministry had taken some action on most recommendations, in many cases the work was still at a preliminary stage. For example, more action was needed to minimize the amount

of unrecovered overpayments to Second Career clients; identify common deficiencies among service providers during its monitoring activities and address them system-wide; improve regular monitoring of on-the-job and in-class training provided to apprentices; establish yearly reportable outcome measures for employment and skills development programs; and publicly report information useful to those upgrading their skills or seeking employment.

Also, the Ministry will not be implementing a standard methodology for calculating apprenticeship completion rates across Canada, as other provinces are not in agreement with how it should be measured, and a consensus is needed.

Detailed Status of Recommendations

Figure 2 shows the recommendations and the status details that are based on responses from the Ministry, and our review of the information provided.

Figure 2: Committee Recommendations and Detailed Status of Actions Taken

Prepared by the Office of the Auditor General of Ontario

Committee Recommendation	Status Details
<p>Recommendation 1</p> <p>The Ministry of Advanced Education and Skills Development should establish specific outcome measures and associated targets for each Employment Ontario program, and take corrective action where program outcomes do not meet targets.</p> <p>Status: In the process of being implemented by April 2020.</p>	<p>The 2016 audit found that the Ministry had not established internal outcome measures for two employment and training programs: Ontario Job Creation Partnership and Ontario Employment Assistance.</p> <p>At the time of this follow-up, the Ministry was integrating and replacing the Ontario Employment Assistance program with the Supported Employment Program, which was introduced in April 2018 as part of the government's employment strategy for people with disabilities. The Ministry established the following employment outcome measures for the Supported Employment Program:</p> <ul style="list-style-type: none"> • 50% of participants achieve a desired employment outcome, which is measured at three months after transitioning to employment; and • 40% of participants achieve a desired employment outcome, which is measured at 12 months after transitioning to employment. <p>With respect to the Ontario Job Creation Partnership program, the Ministry said it plans to review the Employment Service program's job matching and placement features to potentially apply them to the Job Creation Partnership Program by April 2020.</p> <p>We noted that program outcomes were consistent or slightly better since the 2016 audit for the following programs—Employment Service, Second Career and Targeted Initiatives for Older Workers. As well, all three programs met their respective performance targets regarding effectiveness for 2017/18.</p> <p>The Ministry described actions taken to deal with individual service providers that were not meeting performance targets. In May 2017, the Ministry issued notices to 24 of 28 service providers delivering Employment Service or Literacy and Basic Skills programs that did not meet their 2016/17 performance targets, and requested that they submit action plans to address their performance issues. At the time of this follow-up, two-thirds of the action plans were completed. The Ministry informed us that it would be assessing whether the action plans successfully addressed the initial issues. The Ministry expected to issue notices to service providers that did not meet their 2017/18 performance targets by the end of December 2018. We noted that 24 service providers did not meet their performance targets in 2017/18 and of those, 10 had also not met their targets for the previous year.</p>
<p>Recommendation 2</p> <p>The Ministry of Advanced Education and Skills Development should ensure follow-ups are conducted with Employment Ontario program participants at three, six, and 12 months after receiving services.</p> <p>Status: In the process of being implemented by March 2019.</p>	<p>At the time of this follow-up, the Ministry was considering various ways of increasing the amount of data it gathers from participants after they complete various Employment Ontario programs. Options being considered included revising contracts with service providers to require them to follow-up with more clients, and outsourcing the follow-ups to various third parties. The Ministry's focus is to increase the response rate from a representative sample of program participants rather than increase the number of participants from whom data is collected.</p> <p>The Ministry is piloting new approaches for following up with participants with a new program called Skills Advance Ontario. The pilot is scheduled for completion in August 2018 and the Ministry expects to fully implement this recommendation by March 2019.</p>

Committee Recommendation	Status Details
<p>Recommendation 3 The Ministry of Advanced Education and Skills Development should:</p> <p>a) establish specific outcome measures and associated targets for each Employment Ontario program, and take corrective action where program outcomes do not meet targets; Status: In the process of being implemented by April 2020.</p> <p>b) ensure that funding to service providers reflects the actual level of services provided. Status: Fully implemented.</p>	<p>To ensure that funding indicators for the Employment Service program reflect current conditions across the province, the Ministry informed us that it was updating relevant information by using new census data as it is made available.</p> <p>However, the Ministry said it could not use census data released in November 2017 because it was not detailed enough. As a result, in January 2018 the Ministry purchased custom data sets from Statistics Canada that will be available in the 2018/19 fiscal year. The Ministry expects this data to be used for the 2020/21 business plan.</p> <p>For the 2017/18 fiscal year, the Ministry reduced intake targets for certain service providers, which resulted in decreased funding to 32 service providers of the Employment Service program and 53 service providers of the Youth Job Connect program. The reductions were limited to a 10% reduction of intake targets for providers of Employment Service and \$100,000 in funding for each provider of Youth Job Connect.</p> <p>The Ministry said it would also adjust the intake targets and funding amount in the 2018/19 contracts with service providers for the Employment Service program. In addition, to better align service provider funding with the actual number of clients served, the Ministry developed a new evidence-based assessment tool in September 2016 and trained staff on the use of this tool.</p>
<p>Recommendation 4 The Ministry of Advanced Education and Skills Development should assess the advantages of providing funding to clients in advance of getting receipts for only the initial one or two months of instalments, and then require receipts prior to providing funds for remaining instalments. Status: Little or no progress.</p>	<p>In August 2017, the Ministry sent reminders to staff responsible for delivering the Second Career program to use available monitoring tools to minimize the number of overpayments to Second Career clients. All these monitoring tools were available at the time of the 2016 audit.</p> <p>In this follow-up, the Ministry said it consulted with external partners in March 2018 to evaluate the benefits of requiring receipts prior to receiving funding. According to the Ministry, the parties said requiring receipts from clients first would drastically diminish access to Second Career training for Ontario Works recipients, Ontario Disability Support Program recipients and newcomers.</p> <p>The Ministry indicated that it expects to consider our recommendation in September 2018, after it assesses the impact of its monitoring efforts and stakeholder consultations.</p>

Committee Recommendation	Status Details
<p>Recommendation 5</p> <p>The Ministry of Advanced Education and Skills Development should incorporate long-term outcomes of clients' employment or training status into the measure of service provider effectiveness.</p> <p>Status: Little or no progress.</p>	<p>In March 2018, the Ministry developed a plan to redesign the Second Career program. This plan included developing longer-term employment and training outcome measures. At the time of this follow-up, the Ministry had not developed a plan to redesign the Employment Service program. Ministry staff informed us that it would wait for an analysis of the redesign of the Second Career program and use that information to guide changes to the Employment Service program.</p>
<p>Recommendation 6</p> <p>The Ministry of Advanced Education and Skills Development should employ enhanced monitoring methods for all service sites that fail to meet either the minimum provincial quality standard or their targeted service quality scores; and ensure corrective action is taken within established timelines.</p> <p>Status: In the process of being implemented by January 2019.</p>	<p>In November 2017, the Ministry implemented practices to improve its monitoring of service providers' performance across the province in the Employment Service and Literacy and Basic Skills programs. Enhancements were made to the Ministry's electronic tracking tool used to track service providers who are non-compliant with their contractual obligations. The enhancements include a drop-down menu to identify non-compliance issues; history fields to track action plan completion and revision dates; and action plan follow-up reminders.</p> <p>For the 2017/18 fiscal year, we followed up on all Employment Service provider sites and Literacy and Basic Skills sites that did not meet minimum provincial service quality standards and noted that the Ministry placed all Employment Service sites and 12 of 18 Literacy and Basic Skills sites on directed improvement. This means that they must create an action plan within 10 days of receiving notice and have the plan completed within six months.</p> <p>At the time of this follow-up, the Ministry was developing additional training to help staff better understand the Directed Improvement and Official Review processes and apply them appropriately. This training is expected to be completed by January 2019.</p> <p>As well, the Ministry plans to review the Youth Job Connection program in January 2019 to include it in its enhanced monitoring process.</p>
<p>Recommendation 7</p> <p>During monitoring of service providers, the Ministry of Advanced Education and Skills Development should identify any common deficiencies and address these system-wide.</p> <p>Status: Little or no progress.</p>	<p>At the time of this follow-up, the Ministry had analyzed site compliance files from the 2015/16 and 2016/17 fiscal years and had grouped deficiencies into five general categories: file documentation; data integrity; service quality; financial management; and service co-ordination. However, these categories are too broad to identify specific issues common to service providers, which then could be addressed system-wide, such as no justification for client referrals to other services.</p>

Committee Recommendation	Status Details
<p>Recommendation 8 The Ministry of Advanced Education and Skills Development should:</p> <p>a) develop methods to gain more insight into the factors causing apprentices to withdraw from apprenticeships and implement strategies to address these factors; Status: Fully implemented regarding developing methods to gain more insight on factors causing apprentices to withdraw (0.5); Little or no progress regarding developing strategies to address the factors (0.5).</p>	<p>Since the audit, the Ministry has taken several steps to better understand factors contributing to apprentices withdrawing from their programs.</p> <ul style="list-style-type: none"> For the 2016/17 academic year, the Ministry expanded the annual Apprenticeship Survey to include seven questions about barriers to completion, difficulties with apprenticeship, and reasons for withdrawal. Respondents were asked to identify the main reason for withdrawing and were given 17 reasons to choose from. In April 2018, the Ministry developed a report to examine current apprenticeship system data and identify clients who fit into one of the three risk criteria. The risk categories are the apprentice has been in the program for more than 12 months beyond standard program duration; the apprentice has not progressed to the next level of in-class training in 18 months; and the apprentice is without a Registered Training Agreement for more than six months. Also in April 2018, the Ministry analyzed data from the Employment Ontario Information System to determine completions by employer and by training delivery agent. By December 2018, the Ministry plans to determine whether there are correlations between in-class training, employer training and apprenticeship completions, and develop recommendations to address these. <p>In April 2018, the Ministry created a quarterly report that identifies apprentices who fit into one of the three risk criteria discussed above. Regional Ministry staff use this quarterly listing to follow up with either the apprentice, the sponsor, or both within the same quarter. According to the monitoring strategy, follow-up by Ministry staff includes having a discussion with the employer about why or whether they or their apprentice are having difficulty progressing through their apprenticeship program and providing support and making recommendations. Although these are useful measures in supporting individual apprentices who are classified as at-risk, the Ministry has not begun to address the reasons apprentices withdraw from the program on a system-wide basis.</p>
<p>b) implement strategies to improve completion rates for apprentices in both compulsory and voluntary trades; Status: In the process of being implemented by September 2018.</p>	<p>The Ministry completed a review in November 2017 of the current completion supports (examination preparation courses, financial incentives, and monitoring strategies) to identify success factors. From this analysis, the Ministry's Ontario Apprenticeship Strategy was released in February 2018. The strategy outlines five main focus areas, one of which is to support and retain apprentices.</p> <p>Examples of actions the Ministry has taken or is planning include making the examination preparation courses in 11 high demand trades mandatory for all students in those trades (January 2017); replacing the Apprenticeship Training Tax Credit with the Graduated Apprenticeship Grant for Employers to encourage employers to help their apprentices complete their training (fall 2018); developing supports to improve matching between apprentices and employers, including a website (September 2018); and updating its apprenticeship sponsor policy to support more participation by small- and medium-sized businesses (September 2018).</p>

Committee Recommendation	Status Details
<p>c) evaluate whether it should change the funding allocated to apprenticeship training in voluntary trades; Status: In the process of being implemented by March 2020.</p> <p>d) take a leadership role in working with other provinces to develop a standard methodology for calculating apprenticeship completion rates across Canada. Status: Will not be implemented.</p>	<p>During this follow-up, the Ministry said it established an internal working group in May 2018 to review its funding to training agents to provide in-class training in both compulsory and voluntary trades. The review has been organized into three phases. The first two phases began in May 2018. The Ministry expects to implement recommendations resulting from the second phase beginning in fiscal 2019/20. The Ministry expects to implement recommendations resulting from the third phase beginning in fiscal 2020/21.</p> <p>During this follow-up, the Ministry said that one of the challenges to achieving a unified apprentice completion rate across Canada is that Ontario's apprenticeship system is much larger and more complex than the other provinces and territories. According to the Ministry, other jurisdictions across the country have not expressed an interest in revisiting the completion rate methodology work as part of the Canadian Council of Directors of Apprenticeship research agenda at this time, despite Ontario's request to do so. The Ministry informed us that this recommendation cannot be implemented without the consensus of the other provinces.</p>
<p>Recommendation 9 The Ministry of Advanced Education and Skills Development should:</p> <p>a) evaluate the outcome of expanding the examination preparation course to more high-demand trades and, if positive results are found, further expand it to other compulsory trades; Status: In the process of being implemented by December 2018.</p> <p>b) consider making the examination preparation course mandatory for apprentices who have previously failed their trade certificate exam; Status: In the process of being implemented by March 2019.</p> <p>c) review and adjust funding for the examination preparation course to ensure it is comparable to rates paid to training delivery agents for regular in-class training courses. Status: In the process of being implemented by April 2019.</p>	<p>In February 2018, the Ministry conducted a preliminary analysis of exam pass rates in compulsory versus voluntary trades, and when exam prep courses are provided with in-class training versus stand-alone exam preparation courses. This analysis showed that the pass rate of exam preparation clients in compulsory trades was 16% higher than that in voluntary trades, and the pass rate of combined regular in-class training and exam preparation classes was 5% lower than that of stand-alone exam prep classes.</p> <p>At the time of this follow-up, the Ministry indicated that it was planning to expand the examination preparation course to another one to two trades beginning in October 2018, but had not decided which trades it would be.</p> <p>The Ministry told us that it also expects to work with the Ontario College of Trades to evaluate outcomes of current examination preparation courses in summer 2018. Based on the results of the evaluation, additional course offerings might be provided starting in December 2018.</p> <p>At the time of this follow-up, the Ministry was planning to request data from the Ontario College of Trades, including pass and fail rates of apprentices and those writing trade equivalency exams for the past five years (by person), and how many apprentices wrote the exam each year and how many attempts they made. Based on the results of this collaboration, the Ministry is aiming to have new processes in place by March 2019 to improve access to the exam prep course for apprentices who have previously failed their trade certification exam.</p> <p>In January 2017, the Ministry began requiring training delivery agents who provide final-level in-class training courses for 11 high-demand trades to extend these classes by one week to include five days of exam preparation. As a result, the examination preparation component would be funded at the same daily rate as the regular in-class training. In 2017/18, 85% of exam preparation classes for full-time final-level courses in the 11 high-demand trades were offered combined with the in-class training. The Ministry expects to be funding all exam preparation courses for any trade at the same daily rate as the corresponding regular in-class training by April 2019.</p>

Committee Recommendation	Status Details
<p>Recommendation 10</p> <p>The Ministry of Advanced Education and Skills Development should redesign the financial incentives offered to employers in order to encourage both program registration and completion.</p> <p>Status: In the process of being implemented by December 2018.</p>	<p>The government is replacing the Apprenticeship Training Tax Credit with the new Graduated Apprenticeship Grant for Employers.</p> <p>Under the Apprenticeship Training Tax Credit, employers could receive a tax credit of up to \$15,000 for each apprentice they hired and trained, with all funds being received within the first 36 months of training. These tax credits will only be available to employers for apprentices already registered in an apprenticeship program on or before November 14, 2017.</p> <p>Under the Graduated Apprenticeship Grant for Employers, employers can receive up to \$16,700 in total grants, portions of which are received at different stages of the apprentice's completion:</p> <ul style="list-style-type: none"> • \$2,500 upon the apprentice's completion of level one and again at level two; • \$3,500 upon the apprentice's completion of level three and again at level four; and • \$4,700 upon the apprentice's certification (either through a certificate of apprenticeship or certificate of qualification if applicable). <p>An employer can also receive up to an additional \$2,500 when it trains an apprentice from an under-represented group. The Ministry expects these grants to be available to employers for apprentices registration in the fall of 2018 and payments to begin in December 2018.</p>
<p>Recommendation 11</p> <p>The Ministry of Advanced Education and Skills Development should:</p> <p>a) implement policies and guidelines for ongoing monitoring of on-the-job and in-class training of apprentices; Status: Little or no progress.</p> <p>b) regularly analyze completion rates by training delivery agents and employers to identify trends and take corrective action; Status: Little or no progress.</p> <p>c) identify and address factors that may be preventing apprentices from passing the final qualification exam. Status: Little or no progress.</p>	<p>The Ministry stated it expects to consult with the Ontario College of Trades between October 2018 and December 2019 on appropriate approaches to monitor on-the-job and in-class training. At the time of this follow-up, the Ministry said it would be establishing an Employer Monitoring Working Group, and was considering the scope and terms of reference for the group's work.</p> <p>In March 2018, the Ministry generated reports on apprentice completion rates by training delivery agent and by employer, and conducted some preliminary analysis. The Ministry informed us that it would consult with the Ontario College of Trades to develop an appropriate approach to analyze completion rates by training delivery agent and employer. The Ministry also stated that as issues are identified, it would collaborate with the College and training delivery agents to address the issues.</p> <p>The Ministry plans to complete an analysis by October 2018 of correlations between in-class training and successful apprenticeship completions. Based on this analysis, the Ministry stated it will develop recommendations through consultation with the Ontario College of Trades and training delivery agents by March 2019.</p>

Committee Recommendation	Status Details
<p>Recommendation 12 The Ministry of Advanced Education and Skills Development should:</p> <p>a) regularly collect forecast labour force data by region and occupation, factoring in new graduates and migration trends, and use longer projected forecasts (such as 10 years); Status: In the process of being implemented by December 2018.</p> <p>b) evaluate the work of the Workforce Planning Boards, and use the findings of the evaluations of the Local Employment Planning Councils pilot project, in informing decision-making, and take corrective action where needed. Status: Little or no progress regarding the 26 local boards (0.5); In the process of being implemented by fall 2018 for the local employment planning councils (0.5).</p>	<p>At the time of the audit, the Ministry was reporting on the likelihood of people finding employment in about 200 occupations every four years. At the time of this follow-up, the Ministry had updated the labour market information on its website to depict job outlooks over a five-year period for 500 jobs. However, the forecast does not factor in new graduates and forecast migration trends, only net new openings and attrition such as through retirements and deaths. New search functionality was also added to the system to allow the user to sort the jobs by annual income, growth rate and number of job openings.</p> <p>The 2016 audit also noted that the Ministry did not have regional information on labour force supply and skills demand. In February 2018, the Ministry obtained preliminary occupational projections for five sub-provincial regions covering Ontario and was assessing that information for suitability. The Ministry said it is working with the Ministry of Finance and the Ministry of Citizenship and Immigration to obtain new sub-provincial occupational projections. The Ministry expects to produce long-term occupational outlooks (10 years) for five regions by December 2018.</p> <p>At the time of this follow-up, the Ministry had no plans to evaluate the activity of the 26 local community-based boards.</p> <p>With respect to the Employment Planning Councils, in January 2017 the councils began reporting labour market information to the Ministry on a quarterly basis. In our follow-up, we found that the Ministry had concerns with the information provided and the councils' ability to build local labour market information capacity. For example:</p> <ul style="list-style-type: none"> • Some reports/products contained limited analysis and interpretation. • A considerable number of reports repackaged Statistics Canada data with little analysis and did not appear to add to the body of evidence on local labour market needs. • Engagement with employers was uneven across the councils. While some councils were relatively strong in engaging employers, in most cases there was limited involvement with employers. • Issues with data collection techniques such as using open-ended survey questions that were difficult to analyze and interpret, and sampling methods and response rates were unclear. <p>In November 2017, the Ministry engaged a third-party consultant to evaluate the effectiveness of the councils. According to the contract, the evaluation was to be completed by the end of June 2018. At the time of this follow-up, a draft report was not available for our review.</p>

Committee Recommendation	Status Details
<p>Recommendation 13</p> <p>To assist job-seekers and those considering apprenticeships and/or education for employment purposes, the Ministry of Advanced Education and Skills Development should:</p> <p>a) establish yearly reportable outcome measures for employment and skills development programs; Status: Little or no progress.</p> <p>b) publicly report information useful to job-seekers and those seeking skills training, apprenticeships, or upgrading such as the number of Employment Service clients who find employment in (or outside) their fields, or who take further training, as well as apprenticeship pass rates and the percentage of apprentices who find employment in their fields. Status: Little or no progress.</p>	<p>At the time of this follow-up, the Ministry informed us that it was developing a monitoring and evaluation framework to develop key performance indicators that would be consistent across all employment and training programs, pilots and system features. The Ministry expected to get approval for the framework in the coming months, at which time it would start to develop a plan but it did not have an expected completion date.</p> <p>In February 2017, the Ministry released the Employment Ontario Geo Hub, providing access to statistics regarding employment services and the apprenticeship program. We reviewed the website during this follow-up and found that the information would not provide a job seeker or apprentice with information outlined in the 2016 audit. For example, with respect to apprenticeships, it provided the number of certificates issued by region and number of new registrations by region and trade. With respect to employment services, the website provided funding, expenditure and performance information by service providers.</p>
<p>Recommendation 14</p> <p>The Ministry of Advanced Education and Skills Development should establish timelines for streamlining and integrating employment and training services offered by Employment Ontario and by the Ministry of Citizenship, Immigration and International Trade. Status: No longer applicable.</p>	<p>On June 29, 2018, the government decided to transfer the immigration training programs from the Ministry of Citizenship, Immigration, and International Trade to the Ministry of Training, Colleges and Universities. However, the Ministry told us it does not consider there to be an overlap in services offered between immigration programs, such as the Ontario Bridge Training projects, and Employment Ontario. The Ministry noted that Ontario Bridge Training projects delivered by the Ministry of Citizenship, Immigration, and International Trade are specialized for specific high-skill occupations for immigrants, whereas Employment Ontario programs target a broader range of generic employment and training needs for clients. Therefore, the Ministry does not plan to integrate the services offered by the two ministries.</p>