

Enterprise and Advanced Education— Medicine Hat College International Education Division

SUMMARY

What we examined

Since 2001, Medicine Hat College has sought to bring an international focus to its campus. Through its International Education Division, the college offers courses at campuses in other countries and seeks to draw international students to its campus in Medicine Hat. The college has agreements with three partner institutions in China to offer courses for students who wish to begin their studies in China and then transfer to Medicine Hat College to complete their programs.

The objective of our audit was to assess if Medicine Hat College has effective systems to deliver, evaluate and report on the International Education Division's success and cost effectiveness. We examined:

- reporting and governance processes within the International Education Division and at the board level
- the division's strategic and operational plans and how they aligned with actual operations
- offshore partnership arrangements, including quality control processes and the program outcomes achieved
- international travel by International Education Division staff and college executives

What we found

We found the college does not have effective systems to deliver international programming and manage its risks appropriately. The International Education Division operated independently and largely outside of the college's control systems. Board oversight of international education has failed.

The college's international education activities were the sole focus of this audit. Our conclusions are specific to those activities.

Governance

We assessed the processes for providing oversight of the college's international activities and found that the Board of Governors failed to recognize the risks or took no effective action to limit the risks; and the president failed to keep the board informed on the college's international activities. Our key findings were that:

- the president is non-compliant with provisions of the college's policy to limit international activity
- the board did not monitor compliance with the college's policy to limit international activity
- the board approved policy changes without receiving, and without asking for, appropriate information to assess the potential implications of the changes
- the board received information on the benefits of the college's international education activities but did not receive, and did not ask for, appropriate information on the corresponding costs and risks associated with those activities

Strategic and operational planning

We reviewed the college's strategic and operational plans to see if it had an effective strategic planning process. The college did not:

- clearly define its goals for international education in its strategic plan
- establish specific targets, expected outcomes or measures of performance
- ask appropriate stakeholders—the registrar, student services, financial services and faculty deans—for feedback on the International Education Division's strategic and operational plans
- develop business cases to assess the risks, benefits and costs associated with training in foreign countries
- have processes to assess the legal requirements for conducting business in foreign countries or to assess its legal risks before signing partnership agreements to offer Medicine Hat College programming in China

Weaknesses in the college's business planning, risk assessment and contract management processes are evident in a contract the college signed with a private company in China in 2008. The purpose of this contract was to provide non-credit programs at one of the college's partnership campuses in China. The contract does not follow conventional business practices. Deliverables and accountabilities for both parties to the contract are unclear, it is unclear if the agreement complies with education regulations and laws in China, and the terms of payment are irregular. The college's involvement in this agreement exposed it to an unnecessarily high level of legal, reputational and financial risk.

Program operations and monitoring

We found serious weaknesses in the college's quality assurance and monitoring processes for its offshore programs and in the control processes within its International Education Division. The college does not have effective systems to:

- clearly define or appropriately segregate the recruiting and academic responsibilities of its International Education Division
- provide adequate quality control and monitoring processes for its offshore programs; for example:
 - not all offshore courses used the college's curriculum
 - the International Education Division circumvented college academic policies for student grading and withdrawals
- provide accurate, timely and relevant financial reporting of its international education activities
- select or contract with agents or ensure the accuracy of commission payments

International travel and recruitment expenses

The college's international education activities require extensive international travel. We reviewed over \$325,000 of international travel expenses for the past three years. We found that:

- there was no assessment or reporting on the results achieved for the college's expenditures on international travel
- travel itineraries were incomplete and were not submitted to financial services with expense claim reimbursement requests—Therefore, financial services staff were unable to assess the business purpose or reasonableness of expenditures.
- some receipts for expenses were in foreign languages—The college has no process to translate the receipts, so its ability to scrutinize them was limited

Quality assurance processes

The issues we found with the college's quality assurance processes in China demonstrate the seriousness of the failure in oversight:

- Decisions made by the International Education Division were inconsistent with the academic regulations, policies and procedures the college has in place to maintain the academic integrity of the institution.
- The International Education Division had the option to seek the assistance of those in the college with the expertise and experience to resolve the academic issues experienced at the offshore campuses. They chose not to seek assistance and did not advise anyone outside of the International Education Division of the seriousness of the issues they were experiencing.
- The International Education Division acted unilaterally on important academic matters without fully appreciating the consequences; this indicates there is a fundamental weakness in the college's oversight and governance of the International Education Division.
- The integrity of the college's academic credentials was put at risk through these actions.

Lessons for others in Alberta's post-secondary sector

1. Materiality is not solely financial; reputational and legal risks can result from projects and programs of any size.
2. The complete nature and scope of international projects should be defined and approved before they are started.
3. Managers of international programs should have the appropriate skills for the program's complexity. This will not guarantee success; however, it will increase the likelihood that the program is successful.
4. Management should be able to continually demonstrate that the program is on time, on budget and that it will meet its planned objectives. Or they must be able to explain why the program is off track and how they plan to correct it.
5. To provide effective project oversight, the board of governors should receive suitable and sufficient information from management to monitor the performance of its international programs.

What needs to be done

We have made four recommendations to college management and the board of governors. These recommendations reflect our conclusion that there has been a lack of oversight for the college's international activities.

To correct the accountability and oversight gaps, management, and specifically the college president, must provide the board with suitable and sufficient information on significant events and risks to the college. The board must strengthen its processes to monitor compliance with the college's policy on limits to international activity and to ensure it is aware of significant risks the college faces. This process should be part of the college's overall risk management systems.

To solve the weaknesses we identified, the college must include international education activities in its strategic planning process. The college has expressed its commitment to developing a global perspective for its students and faculty. It is achieving an increase in enrolment from these activities. However, the college must clarify its short- and long-term goals for international education and consider the benefits and risks of this type of programming and its impact on the college. Management should properly plan and document the objectives, risk management, outcomes, measurable targets and operational plans to achieve the college's objectives.

Once management has a well-designed plan, they need to decide on the best way to deliver it. The college needs to assess and clearly define the roles and responsibilities of the International Education

Division to ensure that systems for international activities are appropriately incorporated into the college's systems of internal control, financial reporting and accountabilities. This should include the vice president academic consulting with financial services, student services, the registrar and faculty deans to align processes in a way that best serves the interests of the college as a whole.

During the course of our audit we saw an increase in communication between the International Education Division and other functional areas and faculties within the college.

Why this is important to Albertans

The Department of Enterprise and Advanced Education has identified international education as an important building block for Alberta's economic and social success. It is important that post-secondary institutions participating in international education activities, as is the case with Medicine Hat College, do so with due consideration of the risks involved. The relationships they develop, and the transactions they engage in, must uphold the integrity of the institution.

In 2011, we identified this as an area requiring further review, even though the expenditures on international programming make up a small percentage of the college's annual budget. In addition to the many potential benefits associated with the delivery of international programming, there are also risks. The risks associated with providing international programming on campus and in foreign countries are different from those of other college programs. Effective systems are required to manage these risks. Ultimately, it is important that Albertans are assured that resources in our publicly funded institutions are used effectively within the mandates of these institutions.

AUDIT OBJECTIVE AND SCOPE

Our audit objective was to determine if the college had effective systems in place to deliver an international program that meets its objectives and to report on the program's cost effectiveness. The college's international education activities were the sole focus of this audit. Our conclusions are specific to those activities.

We examined the college's strategic and operational goals. The focus of our work was strategic and operational planning and financial information for July 1, 2009 to June 30, 2012. We examined the International Education Division's processes, systems and controls for operations over this period.

We examined expense claims and credit card purchases related to the International Education Division. We limited our review of expenses incurred by the executive to international travel related to international education activities.

Our review did not include the ancillary services provided to international students attending the college's Medicine Hat campus, such as a homestay program, insurance and assistance with visa applications. Once international students are accepted into ESL international or regular college programs, the college's regular processes of quality control apply. Our review of processes for international students at the local campus included recruitment, application and registration.

We conducted our field work from October 2012 to April 2013. We substantially completed our audit on May 15, 2013. Our audit was conducted in accordance with the *Auditor General Act* and the standards for assurance engagements set by the Canadian Institute of Chartered Accountants.

BACKGROUND

Medicine Hat College operates as a comprehensive community institution under the authority of Alberta's *Post-secondary Learning Act*.¹ It offers five main types of programming:

- university transfer programs
- certificate, diploma and applied degree programs
- collaborative undergraduate degrees (in partnership with degree-granting institutions)
- college entrance programs
- pre-employment and apprenticeship programs for trades

The province and the federal government have identified international education as a priority. Students will require diverse and broadly based skills and perspectives to thrive in the knowledge-based global economy. International students who live, study and work in Alberta also have a positive effect on the economy.²

Medicine Hat College recognized these potential benefits and made a commitment to globalize its institution. The college established its first international campus partnership in 2001. It began with efforts to recruit international students to come and study in Medicine Hat. China was the largest market for these recruitment efforts. Students from China experienced challenges getting a visa to study in Canada. To be approved, they had to demonstrate good health, financial ability to pay and that they were a bona fide student. To help students meet the bona fide student criteria, the college developed offshore campus partnerships with post-secondary institutions in China. These were based on a model where students would complete two years of study in China and then transfer to Canada for the final year or two of their program.

The program began informally and grew over the years. Today, there are three main components to the college's international education activities:

Offshore campuses in China—The college's programs are delivered internationally on the campuses of partner institutions. The college has three offshore campus partnerships with educational institutions in China to deliver credit and non-credit programs. The college has made no capital investment in these partnerships. Its investment has been to provide the curriculum and teaching materials, as well as to supervise and mark midterm and final exams and record student grades for credit courses. It issues Medicine Hat College credentials to students who successfully complete credit course requirements at an offshore partner campus or at the Medicine Hat College campus. A summary of the college's current offshore operations is included in Appendix A.

International students at Medicine Hat College—A major component of the college's international education program involves recruiting international students to study at the Medicine Hat campus. The college operates a separate English as a second language program for international students, ESL International. Increasingly, international students are taking regular college programs in Medicine Hat. The college recruits students from China, India, Japan, Korea, Hong Kong, Taiwan, Thailand, Vietnam, Malaysia and other countries.

International mobility—This program provides opportunities for students to study abroad. These opportunities include student exchange, short-term study abroad and international degree completion.

¹ Statutes of Alberta, 2003, Chapter P-19.5.

² Campus Alberta Planning Resource, 2012—Profiling Alberta's Advanced Education System, www.eae.alberta.ca/capr, pages 45-50.

International education activities at Medicine Hat College are the responsibility of the International Education Division. The staff consists of 14 full-load equivalents (FLEs)—seven administration and seven ESL instructors. Under the direction of the director of international education, administration staff direct and maintain the college's international programming through ongoing communication with the entities involved and through regular international travel.

Over the years, the college's international program has become a small but integral part of the college. It has added significantly to the college's enrolment. In 2011–2012, 8.5 per cent of the college's enrolment were international students studying in Medicine Hat; another five per cent were students studying at the three offshore campuses in China.³

The 2012–2013 budget for international education was \$1.7 million; this was 3.2 per cent of the college's total budget of \$53.8 million. The director of international education reports to the vice president academic on the college's functional organizational chart. The president has been a strong supporter of internationalizing the college, has actively participated in the development of the program and has travelled extensively in support of the college's international activities.

We developed our criteria for the audit based on the college's accountabilities, responsibilities, applicable legislation and policies. The criteria were shared with, and agreed to by, management before the beginning of the audit.

FINDINGS AND RECOMMENDATIONS

Governance

Background

The college's board of governors is established under the *Post-secondary Learning Act*. It governs the college within a mandate approved by the Minister of Enterprise and Advanced Education. The board is accountable for ensuring that public funds appropriated to the college are used effectively and appropriately, and is ultimately responsible for the quality and performance of the college's administration.⁴

For Medicine Hat College, oversight for these functions is guided by a series of board governance policies. These policies clearly establish the college's accountability framework. The board is responsible to hire and evaluate the performance of the president. The president is the board's single, official link to the operations of the college. The president is delegated the responsibility to manage the day-to-day operations of the college, within the limits established in a series of executive limitation policies. These policies are written as constraints placed on the president's authority to act in specific risk areas.

The board's policy limits the activities of the president and his delegates regarding international operations.⁵ This policy was first approved in February 2000. All board governance policies are reviewed by the board annually. In June 2012, the board of governors approved changes to the part of the policy

³ Visa students: 213 FLEs of 2,482; Offshore students: 127 of 2,482. Source: LERS reporting from Enterprise and Advanced Education.

⁴ Medicine Hat College Board of Governors Mandate and Roles Document, page 5, approved in February 2011 by the then Acting Minister of Advanced Education and Technology.

⁵ Executive Limitation Policy on International Activities.

that deals with international students attending Medicine Hat College. These changes are shown in the table that follows.

Executive Limitation Policy on International Activity	
<p>The board views international education within the context of the college’s provincial mandate as a comprehensive community institution and its institutional mandate, which is to meet the needs and expectations of the people of the south eastern Alberta region. Accordingly, the potential benefit to the college, the community and local students should be clearly established as all international training programs are developed.</p>	
As approved by the board on June 19, 2012	Before June 2012
<p>For international students attending Medicine Hat College, the president may not:</p> <ul style="list-style-type: none"> a) Allow enrolment in college credit programs by students who are not permanent residents of Canada (international students) to exceed 15 per cent other than programs designed specifically for international students. b) Operate without enrolment quotas for international students which are based upon the college’s fiscal, academic and service capacity to provide a quality educational experience for international and domestic students. c) Levy tuition and fees for international students that are not competitive as compared to the tuition and fees levied for international students at other institutions in the marketplace. 	<p>For international students attending Medicine Hat College, the president may not:</p> <ul style="list-style-type: none"> a) Allow enrolment in any college programs by students who are not permanent residents of Canada (international students) to exceed 5 per cent other than programs designed specifically for international students. b) Levy tuition and fees for international students that do not cover the costs of their education.
<p>When providing training in foreign countries, the president may not:</p> <ul style="list-style-type: none"> a) No change b) No change c) No change 	<p>When providing training in foreign countries, the president may not:</p> <ul style="list-style-type: none"> a) Provide training in foreign countries without due consideration of the risks and benefits of the project as established in a business plan. Revenue alone shall not be the sole aim of any project of this nature. b) Consider training in foreign countries unless the total cost of the project will be recovered within a three year period unless otherwise approved by the board of governors. c) Invest in training projects in foreign countries that include the purchase or construction of capital assets to be permanently located offshore.

The policy is consistent with the board’s oversight role in that:

- it acknowledges the risks associated with international activities and sets limitations designed to manage these risks
- it is consistent with the department’s expectations that international activities will be based on full cost recovery, manage risks and protect access for Alberta students

The policy requires international activities to fall within the mandate of the college and, as such, includes the overriding requirement that all international training projects clearly establish their potential benefit to the local community, the college and the students.

RECOMMENDATION 8: OVERSIGHT BY THE BOARD OF GOVERNORS

We recommend that Medicine Hat College provide the Board of Governors with suitable and sufficient information regarding significant events and risks related to the college’s international activities; and that the Board of Governors strengthen its processes to:

- ensure it is aware of significant risks the college faces
- monitor compliance of the college’s international activities with the board’s policies

Criteria: the standards for our audit

The college should provide the board with sufficient information to enable it to monitor compliance with its policy on international activity and fulfill its responsibility for oversight of the college’s performance.

Our audit findings

KEY FINDINGS

- The president was non-compliant with provisions of the college’s policy to limit international activity.
- The board of governors did not monitor compliance with the college’s policy to limit international activity.
- The board approved policy changes without receiving, and without asking for, appropriate information to assess the potential implications of the changes.
- The board received information on the benefits of the college’s international education activities but did not receive, and did not ask for, appropriate information on the corresponding costs and risks associated with those activities.

Compliance with Executive Limitation Policy on International Activity

We assessed the college’s compliance with the policy. Our findings are summarized in the following table.

✓ compliant ✗ non-complaint ► partially compliant

International students attending Medicine Hat College

Policy requirement	Compliance	Details
<i>Before June 2012:</i>		
Enrolment limit of 5 per cent in programs not specifically designed for international students	✗	Limit exceeded every year since 2004–2005 in some programs
Tuition and fees must cover the costs of their education	✗	College does not track the full cost of education for international students. In 2012, tuition for international students represented about 48 per cent of the cost of their education. ⁶
<i>After policy amendment in June 2012:</i>		
International student enrolment limit of 15 per cent of total enrolment	✓	In 2011–2012, international student enrolment was 8.59 per cent of total enrolment.
Enrolment quotas for programs not specifically designed for international students, based on the college’s fiscal, academic and service capacity	►	Process was implemented to develop program quotas; however, there has been insufficient consideration of the college’s capacity in setting the overall enrolment limit/target.
Tuition and fees must be competitive with similar institutions	✓	Tuition and fees were competitive with similar institutions.

Training in foreign countries

Policy requirement	Compliance	Details
Business cases to assess risks	✗	No business plans or risk assessment for the college’s: <ul style="list-style-type: none"> • three current offshore campus partnerships • online training project in Korea • countries currently targeted for overseas delivery programs, including Malaysia, Taiwan, Vietnam and South Korea
Cost recovery in three years or approval of the board	✗	No cost recovery plan or board approval for the college’s three current offshore campus partnerships; college does not track direct and incremental indirect costs by offshore campus.
No capital expenditures overseas	✓	College has not invested in capital assets overseas.

Therefore, the president was non-compliant with the policy regarding international students attending Medicine Hat College for a number of years, until the policy was revised in June 2012. He is compliant

⁶ Medicine Hat College 2011–2012 Annual Report states that tuition fees calculated as a percentage of the college’s total operating costs were 20 per cent; international students were charged 2.4 times the college’s regular tuition fee (page 31). Therefore, at a high level, this would represent approximately 48 per cent of the cost of their education.

with the revised policy. However, there has been insufficient consideration of the impact to the college of increased enrolment of international students.

The president has been non-compliant with two of the three policy requirements regarding training in foreign countries since the inception of the college's offshore campus partnerships in 2001. Management has never reported to the board on its compliance regarding training in foreign countries; the board has never asked management to confirm its compliance.

Board reporting

Management did not provide regular, timely and relevant reporting to the board on its international activities. We found periodic references to international education in board meeting minutes—primarily in the president's report and the president's monthly meeting schedule, which noted his international travel.

In October 2011, management presented a report on its international education activities to the board. The report discussed the benefits of the college's international activities and provided information on countries targeted for recruitment. It did not include discussion of operating results, cost recovery, the challenges the college was experiencing with high failure rates, or other issues the college was experiencing with its offshore partners.

In 2010, the college signed cooperation agreements with three institutions in China to establish additional offshore campuses.⁷ In the October 2011 report, the board was advised that two of these projects would begin operations in 2012. Management did not provide the board with business plans for these planned projects, status updates, information regarding risks, a cost recovery plan or an assessment of the potential impact of these projects on the college at large. The board made no inquiries or requests for information regarding these projects—or the college's existing three offshore campuses.

Board performance

The board's governance policies indicate that "The board will be an initiator of policy, not merely a reactor to employee initiatives".⁸ In April 2011, management informed the board they were non-compliant with the enrolment limit provision in its policy on international activity. In June 2012, the board approved changes to the policy to increase the enrolment limit and to remove the cost recovery provision for tuition for international students studying in Medicine Hat.

Management did not provide, and the board did not ask for, an explanation of:

- the rationale for the amount of the increase
- an assessment of how an increase in international enrolment could impact the college's resources
- support for what the ideal target enrolment percentage for international students should be
- the rationale for removing the cost recovery requirement for tuition for international students

The motion recommending the change indicated that 15 per cent was an enrolment limit and not a target. We would have expected the board to fully understand the rationale and impact of both the proposed limit and the target, as these are significant numbers—and the potential impact to the college

⁷ We note that the college advised us during the audit that the three projects would not be moving ahead. There was no process in place to cancel the cooperation agreements.

⁸ Medicine Hat College Board Governance Policies, Governance Process Policy III.B, Governance Style, clause 1.0.

is significant. Further, the limited information provided by management was incorrect, as international education has specifically reported a target of 15 per cent in the past.⁹

The board expected that management would report any significant issues or policy exceptions. This is a reasonable expectation; however, this does not preclude the board's seeking additional information in delegated areas,¹⁰ or requiring a level of reporting that allows them to appropriately govern operations.

Oversight of international education

The International Education Division operated independently of the rest of the college. Because the president was such a strong supporter, the director of international education reported directly to him. This relationship circumvented the college's normal control processes. Other staff, up to the highest level of the organization, expressed concerns to us regarding international education. They had not stepped forward before because they believed they could not question the actions of international education.

As a result, we found the following irregularities in the college's administration of its international education activities:

- The International Education Division had significant budget variances each year, yet the college continued to increase its budget.
- The International Education Division prepared and issued its own invoices, contracts and commitments without the involvement of staff responsible for the financial operations of the college. This unusual practice increased the college's financial risk.
- The college operates two separate ESL programs—one for new Canadians and one for international students with separate curriculums, budgets and staff. This in itself is not irregular. One program operates under adult education and the other under the International Education Division. We question if this is the most efficient use of resources.
- Applications, transcripts and prepaid deposits by international students applying to Medicine Hat College were received through the International Education Division instead of directly through the college's student services area.
- The college's partnership agreements were poorly constructed and did not clearly define the responsibilities of each party. The college did not obtain a legal review before signing the agreements. It did not confirm the validity of the contracts, or make sure they complied with the legal and regulatory requirements of providing education in China.
- One partnership agreement expired in 2010 and a second expired in February 2013 and neither had been extended or renewed. Yet the offshore campuses continue to operate as if agreements were in place.

⁹ International Education Plan 360, June 2011 and 2009, states a target of 15 per cent in the introduction, page 1. We note that a specific target has been removed from current strategic documents.

¹⁰ Medicine Hat College Governance Process Policy IV.B – Delegation to the president, clause 3.

In addition, we found weaknesses in the college's oversight of academic aspects of its international programs:

- The college's three offshore campuses experienced serious quality control issues that no one in the college outside of the International Education Division was aware of (see page 70—Program operations and monitoring).
- One international education employee was responsible for marking all exams (multiple choice) and recording the final grades for all offshore programs, with no review process; this one employee was registered as the instructor of record for all offshore courses.
- Faculty members had no knowledge of how the course materials they provided were used.
- The college's three offshore campuses were licensed under regulations by the Ministry of Education in China;¹¹ the college was potentially non-compliant with these regulations (see below—Strategic and operational planning).
- The college entered into a contract to provide non-credit programs at one of its offshore campuses. The college has no idea what courses are offered, the contents of the courses, or how its course materials or name are used to offer them (see below—Strategic and operational planning).

Despite these issues, any discussion of international education with the board and in the college's public reporting focussed on successes and benefits only. It is not clear to us if this was the result of deliberate misinformation or if the communication breakdown was such that those presenting this information believed it to be true.

This demonstrates a significant lack of oversight by the board, the president and the executive. The lack of oversight can, in part, be explained in the context of the maturing of the college as an institution. This new and exciting area of growth for the college outgrew the ad hoc processes upon which it was formed. The board, assured by the fact that the president was involved and committed to the initiative, failed to ask the tough questions required of their role as governors.

The president failed to keep the board informed. The board failed to recognize the risks, or took no effective actions to limit the risks. Board members were not active participants in decision making; they were led by the president.

Implications and risks if recommendation not implemented

If management and the board do not fulfill their respective roles, the college will be exposed to undue reputational, legal and financial risks. Without asking for and receiving timely, relevant information, the board may be unaware of risks the college is exposed to and fail to provide adequate oversight.

Strategic and operational planning

Background

The college includes international education in its key accountability reports. Its annual reports, strategic plan for 2010–2015 and comprehensive institutional plans (CIPs) report on international education activities. The college reports on a performance measure for diversity, which is the number of international students as a percentage of college enrolment (excluding ESL students).

In August 2012, the International Education Division prepared its first strategic and operational plans.¹² In 2009 and 2011, the division outlined its international activities and recruitment for the college.¹³

¹¹ *People's Republic of China Sino-foreign Cooperation in Running Schools Regulations*, effective September 1, 2003.

¹² International Strategic Plan 2012–2017; Operational Plan, Mobility Operational Plan and Recruitment Operational Plan, 2012.

¹³ International Plan 360, June 2009 and June 2011, page 1.

The Department of Enterprise and Advanced Education provides guidance to post-secondary institutions on international education activities through its International Education Framework and Campus Alberta Planning Resource Summary.

RECOMMENDATION 9: STRATEGIC AND OPERATIONAL PLANNING

We recommend that Medicine Hat College implement systems to:

- clearly define the strategic and operational objectives for its international education activities
- provide business cases that assess the risks, benefits, costs and legal requirements before providing training in foreign countries
- set clear and measurable targets for planned outcomes
- periodically measure and report on progress towards achieving targets, meeting objectives and outcomes

Criteria: the standards for our audit

The college should have systems in place to define its objectives, develop a plan, assess its risks and report the results for international education. Specifically, it should:

- define the purpose and objectives for the International Education Division
- align the division's goals with the college's goals and comply with guidance from the Department of Enterprise and Advanced Education
- develop and implement plans to achieve its strategic objectives for international education
- assess the business risks and benefits of providing training in foreign countries
- support its decisions with business cases that identify key risks and set clear, measurable objectives for foreign education activities, including legal requirements of conducting business in foreign countries
- ensure its strategic and operational goals for international education are clearly documented and understood
- periodically report on actual performance against financial and non-financial measures of expected outcomes

Our audit findings

KEY FINDINGS

The college did not:

- clearly identify its goals for international education in its strategic plan
- establish specific targets, expected outcomes or measures of performance
- ask appropriate stakeholders—the registrar, student services, financial services and faculty deans—for feedback on international education's strategic and operational plans
- develop business cases to assess the risks, benefits and costs associated with training in foreign countries
- have a process to assess the legal requirements for conducting business in foreign countries or to assess its legal risks before signing partnership agreements to offer Medicine Hat College programs in China
- appropriately assess the risks or legal requirements before signing an agreement with a private company in China that is not consistent with conventional business practices

We reviewed the college's strategic and operational plans to assess if the purpose and objectives of its international education activities were:

- clearly documented
- aligned with the college's goals and objectives
- aligned with guidance from the department
- supported by operational plans to achieve the stated objectives

Purpose and objectives for international education not defined

The International Education Division had not clearly defined its goals and objectives. Its strategic plan included goals to achieve growth in recruitment, overseas delivery and offshore campuses, partnerships and student and faculty mobility. However, it did not quantify or explain what it meant by growth or how it would be achieved. There were no specific objectives, measurable targets or planned outcomes.

International education activities not aligned with the college's goals

The college's goals for international education were more conservative than the International Education Division's goals. Activities of the division did not align with those of the college.

For example, the college's goal in its 2012–2015 comprehensive institutional plan was to “ensure stability of existing offshore and international programming”—enrolment targets for offshore campuses in the plan are flat to 2014–2015. This no-growth plan is inconsistent with the International Education Division's plan for growth.

In June 2012, college management proposed a motion to increase the enrolment limit for international students at the Medicine Hat campus from five to 15 per cent. The motion made it clear that the 15 per cent was a limit, not a target. The board passed this motion. Yet the International Education Division identified 15 per cent as a target, not a limit for international students at the Medicine Hat campus.¹⁴

The International Education Division released its strategic and operational plans in August 2012 without appropriate consultation with the vice president academic or other areas of the college affected by the plan—the registrar, student services, financial services and faculty deans. The 2012 plans contained errors regarding the quality assurance processes at the college's offshore campuses (see page 70—Program operations and monitoring). The plans were not appropriately reviewed and their organizational impact was not given adequate consideration.

Poor alignment with the department's framework for international education

The Department of Enterprise and Advanced Education's framework outlines expectations for international education activities by Alberta's post-secondary institutions. The college's strategic and operational plans did not meet the department's expectation that international education programs should be:

- self-sustaining through resources and benefits they generate
- clearly defined and linked to outcomes and objectives identified in the institution's strategic plan¹⁵
- based on outcomes and measures for success and linked to those outlined in the department's framework
- based on criteria for pursuing different geographical areas

¹⁴ International Education Plan 360, June 2009 and June 2011, page 1.

¹⁵ Government of Alberta International Education Framework, November 2009; page 10.

Measuring performance

The college identified an institutional goal of ensuring the sustainability of its offshore and international programming. But it established no targets to define the success of this goal and no process to measure progress towards the goal.

The college's 2010–2011 annual report included a performance measure for diversity. It measured international enrolment as a percentage of overall college enrolment (excluding ESL students). It is unclear what the college's target enrolment is, as it is not included in the current strategic planning documents for the International Education Division, or at the institutional level.

The college has not established targets for its expected outcomes and has no process to measure performance against established targets.

Business risks of providing training in foreign countries not assessed

We reviewed the college's agreements with partner institutions in China and found the following:

- no business cases for the cooperation agreements with partner institutions in China
- vague terms and conditions in partnership agreements to form offshore campuses
- no legal review to confirm the validity of the contracts, or compliance with China's legal and regulatory requirements for providing education there

During our audit, the college hired an international lawyer to help them develop a stronger template for use in future agreements.

The college's three offshore campuses were formed under regulations of the Ministry of Education in China.¹⁶ The college may not be compliant with some of the main provisions of these regulations:

- a joint management committee of representatives from each institution to oversee the operations, compliance and the quality of programming—Medicine Hat College has not participated in a joint management committee in any of its offshore campuses.
- all programming and program changes approved by the Ministry of Education in China—The college does not have a process to ensure the programming offered at its offshore campuses has been approved in China.
- the college to provide a certain number of teachers to work in China—The college sent teachers for short terms to teach ESL courses in China, but this was not a regular occurrence.

The college signed a contract with a private company in China. The contract process and terms clearly demonstrated the college's lack of planning, due diligence and consideration of risks before signing such agreements.

Qinhuangdao Rands Electronic Co. Ltd.

In 2008, the college signed a contract with a private company, Qinhuangdao Rands Electronic Co. Ltd., to provide non-credit courses at E&A College (its original offshore campus). The contract, and many issues relating to it, was not consistent with conventional business practices. This contract, like the other agreements the college signed with international partners, did not undergo a legal review or evaluation before it was signed.

¹⁶ *People's Republic of China Sino-foreign Cooperation in Running Schools Regulations*, effective September 1, 2003.

We identified the following issues with the contract:

- Rands is not recognized on the licence issued by the Ministry of Education in China to create E&A College. This means that Medicine Hat College may not be compliant with the Chinese education regulatory system and may be exposed to legal, financial and reputational risks.
- Management told us that Rands is the parent company and owns E&A College, which is why the college is involved with Rands. However, the college had no documentation to support this assertion. Given that E&A College was originally formed as a partnership between Medicine Hat College and Hebei Normal University, it is not clear to us how Rands could now own E&A College.
- The students registered in these courses at E&A College were not recorded in Medicine Hat College's registration system. There is no accountability for enrolment or the fees owed under the contract. The college must rely on unconfirmed enrolment numbers provided by E&A College and has no process to confirm them.
- The college provides no deliverables under this contract. We were told that E&A College uses teaching material provided for credit courses for the non-credit courses as well. The college has no knowledge of how its materials, or the college's name, are used in this regard.
- The college has no information about what courses are provided under this contract; there is no evidence that non-credit courses are even provided.
- The contract specified that tuition fees for the non-credit courses offered by E&A College were to be shared 30 per cent to Medicine Hat College and 70 per cent to Rands. The following transactions have occurred:
 - For the first year, 2009–2010, the college invoiced E&A College \$135,000, for 30 per cent of non-credit tuition fees and received payment from E&A College.
 - In mid-2011, the college agreed to invoice E&A College for 100 per cent of the non-credit tuition fees and reimburse 70 per cent of that amount to Rands. The college could not explain this change or say why it did not change the terms of the contract.
 - For 2010–2011, the college invoiced E&A College and received payments totaling \$303,000 for 100 per cent of the fees; the college was to reimburse \$212,000 to Rands.
 - The bank account information provided for the \$212,000 reimbursement was the personal bank account of the president of Rands.¹⁷
 - The invoice from Rands invoicing the college for the \$212,000 was created by staff in international education, at the request of the director.

We discussed these issues at length with management. Management was unable or unwilling to provide any further explanation for these transactions and activities.

Implications and risks if recommendation not implemented

Without a well-designed strategic planning process, the college risks not achieving its international education objectives as well as risks to its credibility. Public resources dedicated to these activities may not provide value for money.

Program operations and monitoring

Background

The International Education Division focuses on recruiting international students from China and India. Recruitment efforts include partnership and exchange agreements with offshore institutions and recruiting partnerships with international student recruiting agencies. Through three offshore campuses

¹⁷ The college attempted to make this payment by wire transfer. Because the account name (Rands) and the bank account number (personal bank account of the president of Rands) did not match, the wire transfer was refused. The college has not yet completed this transaction.

with partner institutions in China, the college provides Medicine Hat College credits to students completing their courses in China and to those who transfer to Medicine Hat to complete their studies.

Roles and responsibilities

The International Education Division is responsible for overseeing all aspects of the college's international operations. These responsibilities include:

- development and implementation of recruitment strategies to bring international students to the local campus
- oversight of international student applications and transfers to the local campus
- development and monitoring of quality controls for offshore operations
- oversight of offshore program selection, delivery and results with partner institutions in China
- oversight of financial transactions with recruitment agencies and offshore partners

The International Education Division's operational plan indicates that it will "monitor the instruction in China to ensure that the quality of instruction [will] be equivalent to the quality offered on campus in Medicine Hat."¹⁸

International students applying to study at the Medicine Hat campus generally do so through the International Education Division. Applications are then sent to student services, where acceptance decisions are made. Correspondence with students regarding their application status, processes for course registration and arrangements for transfer to the college are done by international education. Student tuition is intended to be paid directly to the college by the attending student. Tuition prepayments are managed by the International Education Division.

For programs delivered at offshore campuses, college faculty are responsible for developing course packages for the partner institution in China. Course packages include course outlines and teaching plans, examinations, sample text books and any supplemental teaching materials deemed necessary to teach courses. The materials are translated into Mandarin by the International Education Division and provided to their partners in China.

Offshore operations

The International Education Division documented its processes to monitor quality controls for international activities in its operational plan. The plan discusses controls to oversee the quality of instruction by:

- annually reviewing and updating curriculum provided to offshore partners
- requesting a list of names of instructors at Chinese campuses—each semester, including the credentials of these instructors
- regularly interviewing course instructors and students
- regularly visiting sites at partner institutions in China
- supervising exams through staff or college representatives
- not providing instructors in China with access to the exams at any point during program delivery
- not allowing instructors to be present during exam delivery

The college also developed controls to monitor the integrity of credit program delivery and results in China. For instance, there was a basic requirement to follow a 60/40 grading scheme where 60 per cent of a student's final grade was determined by college developed exams, and the remaining 40 per cent was allocated by the instructors in China based on assignments and other discretionary evaluation. The

¹⁸ International Education Operational Plan 2012–2013, Academic Expectations and Policies Section.

plan also required that a student failing any Medicine Hat College-provided midterm or final exam would automatically fail the course. In addition, any student absent for either the midterm or the final exam is to be assigned a grade of 'W' for withdrawal from that course. This grading scheme was designed so that students could not pass the courses without demonstrating the ability to pass the exams prepared by Medicine Hat College and to protect against any grade inflation in the 40 per cent determined by course instructors.

Recruitment activities with agencies

The International Education Division recruits international students to the local campus using two main strategies: establishing offshore partnerships and using international student recruiting agencies. Over the previous three years, the college paid approximately \$700,000 in recruitment commissions to agents. Commissions are paid to agents based on each student they recruit to the local or offshore campus. Commissions are paid out at agreed upon rates based on the total tuition charged over the student's course of studies.

Agents are selected by the college based on pre-determined screening of qualifications, including consideration of factors such as corporate status of the agency, nature of the business, location of operations, reference checks and relationship with the college.

The tracking and payment of agent commissions is largely a manual process. Information regarding student recruitment by agents is maintained by the International Education Division. Student credit and tuition information is not provided to agents.

Agent commissions are calculated by International Education Division staff based on academic semesters. They manually prepare a commission spreadsheet, which includes the name and identification of students recruited by each agent as well as the tuition paid by each student for the term. This tuition is the basis for commission paid based on the contracted rate for each agent. The spreadsheet is sent to student services for verification of paid tuition, then provided to financial services, where agent payments are processed.

RECOMMENDATION 10: PROGRAM MANAGEMENT AND MONITORING

We recommend that Medicine Hat College improve its management of its international education activities by:

- assessing and clearly defining the roles and responsibilities of its International Education Division
- implementing effective program delivery and quality assurance processes at its offshore campuses
- implementing an appropriate system of internal controls, financial reporting and accountabilities for its international education activities
- implementing contract management practices to ensure risks have been appropriately managed
- aligning the structure and management of the division to reflect these changes and to ensure adequate oversight

Criteria: the standards for our audit

To deliver international programming, the college should have effective:

- quality assurance and ongoing monitoring processes in place to guide international education activities on the college's local and foreign campuses
- operating policies and procedures to guide the ongoing operations of its International Education Division
- financial reporting processes to provide timely, reliable and relevant reporting

- systems to align enrolment targets with academic needs and service requirements of international students based on the college's financial and academic resource, and to monitor compliance with those targets
- contract management practices for agreements and contracts signed with foreign partners to ensure financial, legal and reputational risks have been appropriately identified and managed—The college should have adequate due diligence processes to manage risks related to contracting.

Our audit findings

KEY FINDINGS

The college does not have effective systems to:

- clearly define or appropriately segregate the recruiting and academic responsibilities of its International Education Division
- provide accurate, timely and relevant reporting on its international education activities
- select or contract with agents or to ensure the accuracy of commission payments
- provide adequate quality control and monitoring processes for its offshore programs; for example:
 - not all offshore programs used the college's curriculum
 - the International Education Division circumvented college academic policies for student grading and withdrawals

Roles and responsibilities

The International Education Division is tasked with monitoring instruction in China to ensure the college's academic standard is maintained. Yet, division staff are not involved in the quality assurance processes at the local campus. These processes are monitored by faculty deans for each program area.

Faculty deans and program leaders at the college have had a very limited role in the academic content when their programs have been offered at the offshore campuses. In 2011–2012, they provided updated course materials as part of a curriculum update project, but providing the materials was the extent of their involvement. They were not provided with exam results, grade summaries or other indicators of student performance. Student assessment and performance were the responsibility of the International Education Division.

The instructor of record for all courses offered at the college's three offshore campuses is one individual—the program interpreter within the International Education Division. The instructor of record is the person who has overall academic responsibility for each course, including monitoring, assessment, oversight and recording student grades into the college's official grading system.

There is a misalignment of roles and responsibilities. Faculty from the business, information technology, visual communications and other programs offered overseas are the staff with the credentials and qualifications to monitor these programs.

Offshore operations and quality assurance

We found the following problems with the quality assurance processes at the college's offshore campuses in China.

Program development and delivery—An important control in offering programming overseas is the use of Medicine Hat College curriculum. We found that not all offshore programs were delivered using the college's curriculum or exams. We identified courses where the course content was provided by the partner institution, with no content or exams provided by Medicine Hat College, yet students who successfully completed the courses were awarded Medicine Hat College credits.

We identified one program, the Visual Communication diploma delivered at one offshore campus, where only five of 30 courses contained Medicine Hat College curriculum and content.¹⁹

The college did not receive instructor lists or credentials for the instructors teaching Medicine Hat College courses in China.

A key control to maintain the quality of programming in China was that International Education Division staff were present to supervise all exams. Staff travelled to each offshore campus twice each term to supervise the exam process. However, there was no documentation of the process. No record was maintained of who supervised which exam. Identification was to be checked for each student, yet the student identification number or confirmation of identification was not noted on the exam sheets—they contained the student's name only.

The college did not monitor the application process for students accepted into its offshore programs. Student applications and transcripts were to be assessed by the partner institutions in China; the college relied on partner institutions to maintain appropriate admission standards.

Program results—In our review of actual program results, we found variations from the operational plan that could potentially impact the integrity of the offshore programs.

We tested the grading sheets for a sample of offshore courses to ensure exam and other marks were calculated accurately and recorded properly in the college's official grading system. We found that the International Education Division's policy for failing or withdrawing students was not followed. Students were passing courses after failing either the midterm or final exam. There were many instances where:

- students passed courses after failing both the midterm and final exams
- students passed courses after failing at least one exam and having a failing average of the midterm and final exams

These results caused us to look more closely at the student grades for the three offshore campuses. We found the following:

- Over the three years of grading summaries we reviewed, we found a consistent trend of very low marks on the Medicine Hat College-provided portion of course grades (the midterm and final examinations)—and significantly higher marks on the 40 per cent of final grades allocated by the instructors in China.
- The high failure rate of students had been an ongoing concern at the offshore campuses. This concern increased when the curriculum update project began in April 2011. Instructors in China responsible for delivering the new material did not receive additional support. There was a concern that student pass rates would be even lower.

¹⁹ Of the 25 courses that did not contain Medicine Hat College content, 18 were offered as transfer courses. This means an equivalent course at the partner institution was offered, which was assessed as equivalent to the Medicine Hat College course. Seven other courses were Medicine Hat College courses, but the content and exams were provided by the partner institution, not Medicine Hat College; college credits were awarded to students who successfully completed these courses.

- The college changed its grading scheme in 2011–2012. Students were no longer required to pass the exams; the marks from the midterm and final exams were averaged with the 40 per cent of the grade assigned by the instructor. This change had a significant impact—throughout 2009 and 2010 the failure rate had averaged 34 per cent; when the grading scheme was altered in 2011–2012 the failure rate dropped to 6 per cent.

This finding is significant because the 40 per cent of the grades assigned by instructors in China were significantly higher than the average of the exam results. This means students were passing courses based on the portion of the grades that Medicine Hat College had no input into or control over.

Recruitment activities

Agent contracts—The International Education Division relies on agents to recruit international students to come to Medicine Hat College. We reviewed the college’s processes to select, contract with, manage and pay its recruitment agents. We found the following:

- International Education Division staff advised us they have a due diligence process to screen new agents, but they did not document the results. Therefore, we were unable to confirm these processes.
- The International Education Division maintained a master agent database. However, it did not have a process to ensure it is up to date, or that only current approved agents are included.
- There was no process to terminate the contracts of agents that the college no longer used.
- The college had three main rates it pays its agents, based on market demands. There was no formal process or guidance to assess which rate to offer a particular agent. We were advised that International Education Division staff could sign contracts for the minimum rate on behalf of the college; contracts for rates higher than the minimum must be signed by either the director of international education or the president. However, we found instances where contracts for the higher rates were signed by staff other than the director or president.

Agent commissions—We reviewed the college’s processes to pay its agents. We found errors in agent commissions, such as:

- instances of multiple agents paid for the same student
- inconsistencies in the contract rate—The same agent was paid different rates at different times; another was paid the wrong rate.
- manual errors in the calculation due to incorrect spreadsheet formulas and incorrect tuition amounts
- incomplete commission payments—We noted instances where commissions were not paid for some students, even though agents were associated with those students and commissions paid for previous terms.

None of these errors was material. They resulted from the manual nature of the process, with no review process in place and because supporting documentation provided to financial services to process the payments was insufficient.

One of the key controls identified by International Education Division staff was that all tuition was paid directly from the students to the college. No student tuition was paid through agents as a third party. We identified instances of management override of this control. The college billed one agent for a summer ESL camp in both 2011 and 2012. The students paid the agent and the agent was to pay the college. The agent did not pay until after the programs were delivered in both years, which meant the college paid the expenses without receiving payment in advance. Expenses included travel and accommodation costs for a trip to Banff, which was part of the camp activities. The agent did not make full payment to the college until April 2013.

This same agent also provided his personal credit card for the tuition for several of the students he recruited. This is against college procedure and a risk, as there is no way to know what amount he charged the students.

Financial reporting

The main internal financial reporting for the International Education Division is a monthly financial summary that compares actual expenditures to the approved budget. We reviewed the financial information for the three years ended June 30, 2012.

Approximately \$256,000²⁰ in expenses incurred in support of international education activities were not included in its financial reporting. These expenditures were attributed to budgets outside of the International Education Division, but were relevant for making financial decisions regarding international education.

Description of expenditure	Amount (\$ thousands)
International travel by the president, 2010-2012	62
Projects funded through the Institutional Development Fund:	
• International Education Plan 360, 2010	87
• Joint Venture Curriculum Alignment, 2011-2012	46
Legal fees for international legal review, 2012 ²¹	32
Canadian Acculturation Pilot Project, 2012	29
Total	256

Some significant expenses for the International Education Division were not allocated to the appropriate program area. Salary expenses and travel expenses for offshore programs were underreported. For example, staff made 13 trips to China over the three-year period, yet the total travel and recruitment expense was reported as \$6,312.

The college reported the results of its offshore operations to the department as part of its financial information reporting system. The information provided to the department relied on the same allocations as the financial summary, so the college underreported its expenses for offshore operations to the department.

The college’s policy on international activity requires it to demonstrate that offshore projects recover their full costs within three years. The current financial reporting does not track or report expenses by offshore campus, so the college was unable to demonstrate whether it was in compliance with this policy.

The International Education Division did not provide timely, relevant reporting to financial services regarding program operations, including signed agreements and offshore program billings. The delay caused inaccurate financial reporting of revenues and receivables in the college’s financial statements.

²⁰ The college incurred an additional \$108,000 in legal fees relating to its offshore campuses between July 2012 and March 2013.

²¹ See the previous footnote regarding additional legal fees incurred in the current year.

Implications and risks if recommendation not implemented

Without adequate controls and monitoring of its offshore program delivery, the college exposes itself to significant and unnecessary legal, reputational and financial risks.

International travel and recruitment expenses**Background**

The college's international education activities require extensive international travel. An international travel schedule is determined at the beginning of each fiscal year by the director and his staff, and typically includes trips to Asia and India. The purpose for these trips is establishing and maintaining offshore partnerships, maintaining direct contact with recruitment agencies and direct recruiting efforts with students.

Travel is generally booked by the individual taking the trip; airfare and other international travel expenses are accumulated, submitted to the individual's supervisor for approval, and forwarded to financial services for review and reimbursement. Employees involved in travel may incur additional costs on college purchase cards, which follow a similar approval and review process before payment.

Approval for international travel is required by various levels throughout the college. The director of international education approves all international travel by his staff; the director's travel is approved by the vice president academic; the president's travel is approved by the chairman of the board of governors. Supervisor approval means the transactions are allocated to an approved budget, are incurred for a valid business purpose and comply with college policies. Financial services review for proper approval, reasonableness and compliance with policy where possible.

Policy states that all international travel must be accompanied by travel itineraries, or trip logs. Travel itineraries must identify the place of origin and destination of the trip, dates of travel, and a brief description of the purpose of the trip as well as related costs.

Recommendation: International travel and recruitment expenses

In 2010, in a letter to management, we recommended that the college improve controls over travel expenses by enforcing its travel policy. This recommendation has remained outstanding because the college was revising its travel policies. The International Travel Policy was approved in September 2012; the new Travel and Expenses Policy was approved in October 2012.

Our findings indicate there remains a lack of accountability for reimbursement of travel and recruitment expenses relating to international education. We will not make another recommendation for travel expenses, but instead repeat our 2010 recommendation.

RECOMMENDATION 11: IMPROVE CONTROLS OVER TRAVEL EXPENSES

We recommend that Medicine Hat College improve controls over travel expenses by enforcing its travel policy.

Criteria: the standards for our audit

The college should have policies and procedures that provide clear guidance for approval of international travel requests, allowable travel and recruitment expenses, and documentation requirements for reimbursement.

Our audit findings

KEY FINDINGS

- There was no assessment or reporting on the results achieved for the college’s expenditures on international travel.
- Travel itineraries were incomplete and were not submitted to the financial services division with expense claim reimbursement requests. Therefore, financial services staff were unable to assess the business purpose or reasonableness of expenditures.
- Many receipts for expenses were in foreign languages. The college had no process to translate the receipts into English, so its ability to scrutinize the receipts was limited.

We reviewed over \$325,000 of costs related to international travel over the previous three fiscal years. We examined 34 international trips made by college staff over a three-year period.

Reporting on travel

Strategic and other planning documents for the college and the International Education Division highlighted recruitment in targeted locations as a strategic initiative. The documents identified a specific number of visits required to various countries annually. However, the documents did not include the detailed reason these trips were required, or what recruitment targets or other results the college expected to achieve for its international travel expenditures. For example, we looked at trips to Thailand and the resulting benefit to the college.

Travel to Thailand	Results
<p>From 2010–2012:</p> <ul style="list-style-type: none"> • 11 international trips included stops in Thailand²² • 61 days in total 	<p>The college signed exchange agreements with two institutions in Thailand, in 2008 (before the sampled trips) and 2010.</p> <hr/> <p>10 students were recruited from Thailand for the ESL international program over this period, as follows:</p> <ul style="list-style-type: none"> • 2010—eight students for a three-week ESL program • 2011—one ESL student • 2012—one ESL student

The college had no process to assess whether the results achieved met their expectation. This information was necessary to make decisions about whether continued travel to Thailand was warranted, or whether travel to other countries could have provided better overall results.

Reasonable cost

Travel was booked by staff within the International Education Division and was based on the best available travel options, according to knowledge they had gained through experience. The travel options, however, were not documented. Therefore, assessment by those outside the division for reasonable cost was not possible.

Travel itineraries

Required travel itineraries or trip summaries were not submitted with the expense claims; they were retained in international education. We reviewed the itineraries and found them to be incomplete. We

²² There were an additional four stops in Thailand, but each of these was for one day only. We did not include these as they would be stopovers only.

found no detail of the stated business purpose for the trips other than travel to a specified location. There was often no indication of specific activities, meetings or other purposes for the trips. Estimated or actual costs were not identified for any of the itineraries reviewed.

The International Education Division indicated that incomplete travel itineraries were the result of cultural differences of some locations visited. It was generally not local practice to book meetings or other business too far in advance. However, the gaps in travel itineraries related to trips already taken. It is clear there was no process to update itineraries as meetings occurred. Without this information financial services' ability to adequately review expenses for reasonableness and compliance was limited. So, too, was the ability to identify potentially personal expenses incurred while overseas.

Foreign language receipts

A number of the international travel receipts were in foreign languages. The college has no process to translate these receipts; therefore, financial services must rely on the explanation provided by the submitter, if provided, to assess the nature of the expenditure.

Travel advances

We reviewed several instances where travel advances were requested and provided to staff before making a trip. The college has a policy for advances; the policy requires that staff complete an advance request form.²³ The form requires information including the amount and date of the request, description of the need or purpose of the advance, accounts to be charged and appropriate authorization. We found that supporting documentation for advance requests did not meet policy requirements. Advances were generally paid with little more than a form indicating amount to be advanced and stated business purpose as "trip to ..." a specified location.

Pre-approval for international travel

The college's policy requires that staff considering travel on college business obtain approval from the appropriate supervisor before making travel arrangements.

In all cases, we found no evidence of thorough review or approval of the proposed travel before travel arrangements were made. The director of international education indicated that informal, verbal discussions regarding international travel formed the basis for pre-approval of trips. We found no documentation of travel approvals.

Significant costs for international travel to identified locations were incurred annually. Our concern, however, is that the goals and objectives of international travel were not specific enough to be measured and the actual results of trips are not formally reported at any level.

Implications and risks if recommendation not implemented

Without appropriate documentation supporting the business purpose of international travel and regular reporting to measure its success in achieving outcomes, the college cannot ensure it receives value for the funds and time allocated to international travel. A lack of documentation also limits independent review and increases the risk that non-compliant expenses may be paid.

²³ Expense Advance to Employees Policy (4.16).

SUMMARY OF OFFSHORE CAMPUSES IN CHINA

Partner Institution	Start Date	End Date	Programs/Courses Offered	Status of Agreement
Hebei Vocational Technical Teachers College (E&A College)	April 2001 (MOU)* August 2002 (PA)	August 2010 (PA)	<ul style="list-style-type: none"> • Business Administration – Management • Business Administration – Marketing • Information Technology 	<ul style="list-style-type: none"> • The partnership agreement has expired, however both parties have continued to operate under the expired agreement for the 2011, 2012 and 2013 academic years • Based on the status of financial transactions with Rands Electronics, the college is uncertain about the future of this partnership
Qinhuangdao Rands Electronic Co. Ltd.	December 2008	December 2016	<ul style="list-style-type: none"> • Non-credit programming; however, Medicine Hat College has no information regarding what courses are offered 	<ul style="list-style-type: none"> • The college has told us they have verbally suspended this contract for the current academic year but they have no documentation of this
Xiang Fan University (XFU)	Not provided	Not provided (contract indicates five years after start date)	<ul style="list-style-type: none"> • Ecotourism • Visual Communications 	<ul style="list-style-type: none"> • Based on lack of students at XFU choosing to transfer to Medicine Hat and concerns over program operations, the college has advised XFU they will not renew the contract
Central China Normal University (CCNU)	February 2009	February 2013	<ul style="list-style-type: none"> • Business Administration – Management • Information Technology 	<ul style="list-style-type: none"> • The partnership agreement expired in February 2013, however both parties have continued to operate under the expired agreement for the 2012-2013 academic year

*MOU - Memorandum of Understanding
PA - Partnership Agreement