

Memorandum of Understanding
Between
Minister of Finance
and
Chair of the Ontario Lottery and Gaming Corporation

January 10, 2020

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The parties to this Memorandum of Understanding agree to the following:

1. PURPOSE

- a. The purpose of this Memorandum of Understanding (MOU) is to:
 - Establish the accountability relationships between the Minister and the Corporation through the Board and its Chair and the CEO; and,
 - To set out the roles and responsibilities of each, as required by the Management Board of Cabinet Agencies and Appointments Directive.
- b. This MOU should be read together with the Corporation's constituting legislation and regulations. This MOU will not affect, modify or interfere with the responsibilities of either party as established under law. In the event of a conflict between the provisions of this MOU and the law, the law will prevail.

2. DEFINITIONS

In this MOU:

- a. "AAD" means the Treasury Board/Management Board of Cabinet Agencies & Appointments Directive;
- b. "Act" means the Ontario Lottery and Gaming Corporation Act (OLGCA), 1999, S.O. 1999, c.12, Schedule L as may be amended from time to time;
- c. "Annual Business Plan" means the annual business plan described under article 10.1 of this MOU.
- d. "Annual Report" means the annual report referred to in article 10.2 of this MOU.
- e. "Applicable Government Directives" means the government directives, policies, standards and guidelines that apply to the Corporation, as may be amended or replaced from time to time, which are listed in Appendix 2 to this MOU.
- f. "Appointee" means a member appointed to the Corporation by the Lieutenant Governor in Council, but does not mean an individual employed or appointed by the Corporation as staff;
- g. "Board" means the board of directors of the Ontario Lottery and Gaming Corporation;
- h. "CEO" (as appropriate) means the Chief Executive Officer of the Corporation;
- i. "Chair" means the Chair of the Ontario Lottery and Gaming Corporation;
- j. "Constituting instrument" means the Ontario Lottery and Gaming Corporation Act that established the Corporation;
- k. "Corporation" means the Ontario Lottery and Gaming Corporation (OLG);
- l. "Deputy Minister" means the Deputy Minister of the Ministry of Finance;
- m. "Executive Council Act" means the *Executive Council Act*, R.S.O. 1990, c. E. 25, as amended;

- n. "FIPPA" means the *Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, c.F.31, as amended.
- o. "Fiscal Year" means the period from April 1 to March 31 of the following year;
- p. "Government" means the Government of Ontario;
- q. "MBC" means the Management Board of Cabinet;
- r. "Member" or "Members" means the members of the Corporation appointed pursuant to the Act who also compose the Board of the Corporation by virtue of their appointment;
- s. "Minister" means the Minister of Finance or such other person who may be designated from time to time as the responsible Minister in relation to this MOU in accordance with the *Executive Council Act*, R.S.O. 1990, c.E.25, as amended;
- t. "Minister of Finance" means the Minister of Finance or such other person who may be designated from time to time under the Executive Council Act;
- u. "Ministry" means the Ministry of Finance or any successor to the Ministry;
- v. "MOU" means this Memorandum of Understanding signed by the Minister and the Chair;
- w. "President of Treasury Board" means this President of Treasury Board or such other person who may be designated from time to time under the Executive Council Act;
- x. "PSC" means the Public Service Commission;
- y. "PSOA" means the *Public Service of Ontario Act, 2006*, S.O. 2006, c. 35, Sched. A, as amended;
- z. "Senior Employees" aligns with the definition of "Designated Executives" as defined in section 4(1) of the *Broader Public Sector Executive Compensation Act, 2014*; and includes those employees holding a title of Vice President or above.
- aa. "TBS" means the Treasury Board Secretariat;
- bb. "TB/MBC" means the Treasury Board/Management Board of Cabinet;

3. CORPORATION'S LEGAL AUTHORITY AND MANDATE

- a. The Corporation is established as a Corporation without share capital pursuant to the *Act* and is governed by the *Act* and regulations thereunder. The objects of the Corporation are established in the *Act* as may be amended from time to time to:
 - i. develop, undertake, organize, conduct and manage lottery schemes on behalf of Her Majesty in right of Ontario;
 - ii. provide for the operation of gaming sites;
 - iii. ensure that lottery schemes and gaming sites are operated, conducted and managed in accordance with the *Criminal Code of Canada*, the *Act* and the *Gaming Control Act, 1992* and the regulations made under those *Acts*;
 - iv. provide for the operation of any business that the Corporation considers to be reasonably related to operating a gaming site or lottery scheme, including any business that offers goods and services to persons who play lottery schemes in a gaming site;
 - v. undertake activities with respect to the support of live horse racing in Ontario;
 - vi. if authorized by the Lieutenant Governor in Council, enter into agreements to develop, undertake, organize, conduct and manage lottery schemes on behalf of, or in conjunction with, the government of one or more provinces of Canada; and
 - vii. do such other things as the Lieutenant Governor in Council may by order direct.
- b. For greater clarity, section 3 (a)(v) means to undertake such activities with respect to the horse racing industry in Ontario as set out in the *Act*, including providing funding to the horse racing industry in a form approved by the Government, as well as other activities as directed by the Government. Additionally, the Corporation shall take the necessary steps to implement the optional slots at racetracks program as directed by the Government.
- c. In addition, the Corporation will undertake activities with respect to the support of a competitive market for online legal gambling and legalized single events sports wagering.
- d. The Corporation is, for all its purposes, an agent of Her Majesty, in accordance with the *Act*. The Corporation is prescribed as a public body under the *PSOA*.
- e. The Corporation is classified as an operational enterprise agency in accordance with the Management Board of Cabinet Agencies and Appointments Directive and will fulfill the requirements of applicable Management Board of Cabinet identified, but not limited to the Directives in Appendix 2. For the purposes of procurement, the Corporation will be considered an Other Included Entity.
- f. The Corporation shall carry out its activities in the public interest adhering to the principles of ethical behavior, prudent, effective and lawful use of public resources, fairness, high quality service to the public, openness, transparency, integrity and accountability, and in compliance with all applicable laws. This includes the promotion of responsible gambling with respect to lottery schemes.

- g. The Corporation is subject to the regulatory authority of the Alcohol and Gaming Commission of Ontario (AGCO) and the statutory authority of the *Criminal Code of Canada* and created by the province to conduct and manage lottery schemes and gaming sites.

4. CORPORATION TYPE AND PUBLIC BODY STATUS

- a. The Corporation is designated as a board governed provincial agency under the Agencies and Appointments Directive.
- b. The Corporation is prescribed as a public body in accordance with Ontario Regulation 146/10 under the *Public Service of Ontario Act, 2006*. It is not organizationally part of the ministry, but it is considered to be within government.

5. CORPORATE STATUS AND CROWN AGENCY STATUS

- a. The Corporation is a Crown Agency within the meaning of the *Crown Agency Act*.
- The Corporation has the capacity, rights, power and privileges of a natural person for carrying out its objects, subject to the limitations placed upon it under the Ontario Lottery and Gaming Corporation Act (OLGCA) and/or limitations imposed by Treasury Board/Management Board of Cabinet.

6. GUIDING PRINCIPLES

The parties agree to the follow principles:

- a. The Minister recognizes that the Corporation exercises powers and performs duties in accordance with its legal mandate under the OLGCA.
- b. The Minister recognizes that the Corporation plays a meaningful role in the development of the policies and programs of the Government of Ontario, as well as in the implementation of those policies and delivery of programs.
- c. The Board of Directors acknowledge that it is accountable, through the Minister, to the Legislative Assembly in exercising its mandate. Accountability is a fundamental principle to be observed in the management, administration and operations of the Corporation. The Board of Directors acknowledges that it is accountable to the Minister, through the Chair, for governance and oversight of the Corporation.
- d. As an agency of the Government of Ontario, the Corporation conducts itself according to the management principles of the Government of Ontario. These principles include ethical behaviour; prudent, effective and lawful use of public resources; fairness; high quality service to the public; and openness and transparency to the extent allowed under the law.
- e. The Minister and the Board of Directors, through the Chair are committed to a strong agency that is empowered to fulfill its statutory mandate efficiently and effectively. They share the goal of establishing and maintaining a co-operative relationship that facilitates the efficient administration of the Corporation and fulfillment of its statutory responsibilities.

- f. The Corporation and the ministry agree to avoid duplication of services wherever possible.
- g. The Corporation and the ministry will work together in a mutually respectful manner.
- h. The Corporation shall conduct its affairs and operations with a focus on ensuring the best interests of Ontario taxpayers and citizens are considered.
- i. The Corporation shall conduct its affairs with a focus on ensuring red tape burden reduction is a priority for all internal and external processes.

7. ACCOUNTABILITY RELATIONSHIPS

7.1 MINISTER

The Minister is accountable:

To the Legislative Assembly for the Corporation's fulfillment of its mandate in accordance with government policies and directives that apply to the Corporation and for reporting to the Legislature on the Corporation's affairs.

7.2 CHAIR

The Chair, acting on behalf of the Board of Directors, is accountable:

To the Minister for the performance of the Corporation in fulfilling its mandate, for fulfilling the roles and responsibilities assigned pursuant to this MOU and any legislation or regulations or policies and directive applicable to the Corporation, and for overseeing the CEO's management of the Corporation's affairs and business;

7.3 BOARD OF DIRECTORS / COMMISSION

The Board of Directors the Ontario Lottery and Gaming Corporation (OLG) is accountable, through the Chair, to the Minister for the oversight and governance of the Corporation; setting goals, objectives and strategic direction for the Corporation within its mandate; and for carrying out the roles and responsibilities assigned to it by OLGCA, this MOU, and applicable TB/MBC, PSC and other government directives.

7.4 DEPUTY MINISTER

The Deputy Minister is accountable to the Secretary of the Cabinet and the Minister for the performance of the Ministry in providing administrative and organizational support to the Corporation and for carrying out the roles and responsibilities assigned by the Minister, the OLGCA, this MOU, and applicable TB/MBC, PSC and government directives.

The Deputy Minister is also accountable for attesting to TB/MBC on the Corporation's compliance with applicable TB/MBC directives.

7.5 CHIEF EXECUTIVE OFFICER (CEO OR EQUIVALENT TITLE)

The CEO is accountable to the Board for the management and administration of the Corporation, the supervision of Corporation staff, and carrying out the roles and responsibilities assigned by the Board, the Corporation's constituting instrument, this MOU and government directives. The CEO is subject to oversight of the Board of Directors and the Chair when implementing policy decisions. The CEO reports the Corporation's performance results to the Board.

8. ROLES AND RESPONSIBILITIES

8.1 MINISTER

The Minister is responsible for:

- a. Reporting and responding to the Legislative Assembly on the affairs of the Corporation.
- b. Reporting and responding to TB/MBC on the Corporation's performance and compliance with applicable TB/MBC directives, the government's operational policies and policy directions.
- c. Recommending to TB/MBC, where required, the merger, any change to the mandate, or dissolution of the Corporation.
- d. Recommending to TB/MBC the powers to be given to, or revoked from, the Corporation when a change to the Corporation's mandate is being proposed.
- e. Meeting with the Chair to discuss issues relating to the fulfilment of the Corporation's mandate.
- f. Working with the Chair to develop appropriate measures and mechanisms related to the performance of the Corporation.
- g. Review the advice or recommendation of the chair on candidates for appointment or re-appointment to the board.
- h. Making recommendations to Cabinet and the Lieutenant Governor in Council for appointments and reappointments to the Corporation, pursuant to the process for agency appointments established by legislation and/or by TB/MBC through the AAD.
- i. Determining at any time the need for a review or audit of the agency, directing the Chair to undertake reviews of the agency on a periodic basis, and recommending to TB/MBC any change(s) to the governance or administration of the Corporation resulting from any such review or audit.
- j. When appropriate or necessary, taking action or directing that the Corporation take action with respect to the Corporation's administration or operations.
- k. Receiving and approving the Corporation's annual report and ensuring that the annual report is made available to the public after it is tabled and within 30 days of approving it [or within 30 days of tabling it in the Legislative Assembly for those agencies required to do so].

- l. Approving the annual report of the Corporation within 60 days of receiving the annual report from the Corporation.
- m. Informing the Chair of the government's priorities and broad policy directions for the Corporation.
- n. Consulting, as appropriate, with the Chair (and others) on significant new directions or when the government is considering regulatory or legislative changes for the Corporation.
- o. Developing the Corporation's MOU with the Chair, as well as any amendments to it, and signing the MOU into effect after it has been signed by the Chair.
- p. Reviewing and approving the Corporation's annual business plan.
- q. Recommending to TB/MBC any provincial funding to be allocated to the Corporation.
- r. Outlines the high-level expectations, key commitments and performance priorities for the Corporation at the beginning of the annual business planning cycle through the Agency mandate letter.
- s. Representing Her Majesty in Right of Ontario in Her Majesty's capacity as a shareholder of on the Interprovincial Lottery Corporation (ILC) and, as such, has responsibility for appointing Her Majesty's four provincial representatives to the Board of Directors of the ILC on an annual basis as per the Unanimous Shareholder Agreement of the ILC (in addition to the President and Chief Executive Officer, who is automatically appointed). The Minister may designate from time to time the Director of the Board that will determine and cast any vote on behalf of Ontario's nominees to the Board (Ontario has one vote at the Board) as per the Unanimous Shareholder Agreement of the ILC.
- t. Approving the remuneration, including salary bands and benefits, of Senior Employees of the Corporation in accordance with section 7 of the Act. For greater clarity, approving the remuneration for the Senior Employees shall mean approval of the base salary bands, pay for performance bands and benefits applicable to the position of President/CEO, Executive Vice President/Chief Operating Officer, Senior Vice President and Vice President, subject to the requirements of O. Reg. 406/18: Compensation Framework.
- u. Reviewing and considering for approval, as soon as practicable, applications from the Corporation to proceed with business initiatives requiring statutory approvals, including: Regulation 81/12 for "Establishing a New Gaming Site"; Section 28(1) under the Financial Administration Act; and Section 4(2) under the Act;

8.2 CHAIR

The Chair is responsible to support the Board of Directors for:

- a. Providing leadership to the Corporation by working with the Board of Directors to set the goals, objectives and strategic directions within its mandate.
- b. Providing leadership to the Corporation's Board of Directors and ensuring that the board carries out its responsibilities for decisions regarding the Corporation
- c. Chairing Board meetings, including the management of the Board's agenda.

- d. Reviewing and approving claims for per diems, general expenses and travel expenses for appointees to the Board.
- e. Seeking strategic policy direction for the Corporation from the Minister.
- f. Ensuring timely communications with the Minister regarding any issues or events that may concern or can reasonably be expected to concern the Minister in the exercise of their responsibilities relating to the Corporation.
- g. Consulting with the Minister in advance regarding any activity which may have an impact on the government and ministry's policies, directives or procedures, or on the Corporation's mandate, powers or responsibilities as set out in the Corporation's constituting instrument.
- h. Reporting to the Minister as requested on the Corporation's activities within agreed upon timelines, including an annual letter confirming the Corporation's compliance with all applicable legislation, directives, and accounting and financial policies.
- i. Ensuring that public funds are used for the purpose intended with integrity and honesty.
- j. Developing the Corporation's MOU with the Minister and signing it on behalf of the board.
- k. Submitting the Corporation's business plan, budget, annual report and financial reports, on behalf of the Board, to the Minister in accordance with the timelines specified in the applicable TB/MBC and government directives, and Appendix 1 of this MOU.
- l. Providing both the Minister and President of Treasury Board with a copy of every Office of the Auditor General and Ontario Internal Audit Division audit report, a copy of the Corporation's response to each report, and any recommendation in the report; and any other audit report upon request.
- m. Ensuring that members are informed of their responsibilities under the PSOA with regard to the rules of ethical conduct, including the political activity rules.
- n. Carrying out effective public communications and relations for the Corporation.
- o. Cooperating with any review or audit of the Corporation directed by the Minister or TB/MBC.
- p. Fulfilling the role of ethics executive for public servants who are government appointees to the OLG promoting ethical conduct and ensuring that all members of the Corporation are familiar with the ethical requirements of the PSOA, and the regulations and the directives made under that Act, including in respect of conflict of interest, political activity and the protected disclosure of wrongdoing.
- q. Signing the MOU for the Corporation as authorized by the Board.
- r. Keeping the Minister informed of upcoming appointment vacancies and providing recommendations for appointments or re-appointments.
- s. Ensuring compliance with legislative and TB/MBC policy obligations.
- t. Providing to the Minister, the annual schedule of Board and committee meeting dates; OLG Corporate Affairs to offer the Ministry a verbal update on proposed Board Agenda items the week ahead of a scheduled Board meeting; and copies of the Board minutes of each Board and committee meeting, within two business days of Board approval.

8.3 BOARD OF DIRECTORS

The Board of Directors is responsible for:

- a. Establishing the goals, objectives, and strategic directions for the Corporation within its mandate as defined by the OLGCA, government policies as appropriate and this MOU.
- b. Governing the affairs of the Corporation within its mandate as set out in the OLGCA, its approved business plan as described in section 10.1 of this MOU, and the policy parameters established and communicated in writing by the Minister.
- c. Directing the development of, and approving the Corporation's business plans for submission to the Minister within the timelines agreed upon with the Ministry or this MOU.
- d. Directing the preparation of, and approving the Corporation's annual reports for submission to the Minister for approval and for tabling in the Legislative Assembly within the timelines established by the AAD.
- e. Making decisions consistent with the business plan approved for the Corporation.
- f. Requiring that management use public funds for the purpose intended with integrity and honesty.
- g. Ensuring that the Corporation is governed in an effective and efficient manner according to accepted business and financial practices, and in accordance with applicable TB/MBC directives.
- h. Establishing such board committees or oversight mechanisms as may be required to advise the Board on effective management, governance or accountability procedures for the Corporation.
- i. Approving the Corporation's MOU, and any amendments to the MOU, in a timely manner and authorizing the Chair to sign the MOU, or any amendments to the MOU, on behalf of the Corporation.
- j. Approving the Corporation's reports and reviews that may be requested by the Minister from time to time for submissions to the Minister within agreed upon timelines.
- k. Overseeing the development of an appropriate risk management framework and a risk management plan and arranging for risk-based reviews and audits of the Corporation as needed.
- l. Where applicable, ensuring that conflict of interest rules that the Corporation is required to follow, as set out in Ontario Regulation 381/07 (or as have been approved and published by the Conflict of Interest Commissioner on the Commissioner's website) are in place for the members of the board and employees of the Corporation.
- m. Establishing performance measures, targets, Key Performance Indicators (KPIs) and management systems for monitoring and assessing the Corporation's performance.

- n. Directing corrective action on the functioning or operations of the Corporation, if needed.
- o. Cooperating with and sharing any relevant information on any risk-based or periodic review directed by the Minister or TB/MBC.
- p. Consulting, as appropriate, with stakeholders on the Corporation's goals, objectives and strategic directions.
- q. Providing advice to the government, through the Minister, on issues within or affecting the Corporation's mandate and operations.
- r. Setting and reporting on the strategic direction for the Corporation according to the minister's agency mandate letter, Corporation's proposed business plan, and the Corporation's annual report.
- s. Appointing a CEO and approve performance objectives and remuneration terms linked to these objectives for the CEO which give due weight to the proper management and use of public resources.
- t. Approving the salary/benefits bands and incentive plans parameters for Senior Employees of the Corporation according to the requirements of O. Reg. 406/18: Compensation Framework, and subject to the approval of the Minister pursuant to the Act.

8.4 DEPUTY MINISTER

The Deputy Minister is responsible for:

- a. Advising and assisting the Minister regarding the Minister's responsibilities for the OLG including informing the Minister of policy direction, policies and priorities of relevance to the Corporation's mandate.
- b. Advising the Minister on the requirements of the AAD, and other directives that apply to OLG.
- c. Recommending to the Minister, as may be necessary, the evaluation or review, including a risk-based review, of OLG or any of its programs, or changes to the management framework or operations of OLG.
- d. Facilitating regular briefings and consultations between the Chair (or designate) and the Minister, and between the Ministry staff and the Corporation staff as needed.
- e. Attesting to TB/MBC on the provincial Corporation's compliance with the mandatory accountability requirements set out in the AAD and other applicable TB/MBC directives, the government's operational policies and policy directions based on the annual letter of compliance from the Corporation Chair to the Minister.
- f. Ensuring that the ministry and the Corporation have the capacity and systems in place for on-going risk-based management, including appropriate oversight of the Corporation.
- g. Ensuring that the Corporation has an appropriate risk management framework and a risk management plan in place for managing risks that the Corporation may encounter in meeting its program or service delivery objectives.

- h. Undertaking timely risk-based reviews of the OLG, its management or operations, as may be directed by the Minister or TB/MBC.
- i. Establishing a framework for reviewing and assessing the Corporation's business plans and other reports.
- j. Supporting the Minister in reviewing the performance targets, measures and results of the Corporation.
- k. Advising the Minister on documents submitted by the Corporation to the Minister for review or approval, or both.
- l. Submitting to the Minister, as part of the annual planning process, a risk assessment and management plan for each risk category.
- m. Undertaking reviews of the Corporation as may be directed by the Minister.
- n. Cooperating with any review of the Corporation as directed by the Minister or TB/MBC.
- o. Monitoring the Corporation on behalf of the Minister while respecting the Corporation's authority, identifying needs for corrective action where warranted, and recommending to the Minister ways of resolving any issues that might arise from time to time.
- p. Negotiating a draft MOU with the Chair of the Corporation (or designate), as well as any amendments to the MOU, as directed by the Minister.
- q. Consulting with the Corporation's CEO, as needed, on matters of mutual importance including services provided by the ministry and compliance with TB/MBC directives and ministry policies.
- r. Meeting with the CEO as needed or as directed by the Minister, or on the request of the Chair.
- s. Informing the CEO, in writing, of new government directives and any exceptions to, or exemptions in whole or in part from TB/MBC directives, government policies, or Ministry administrative policies.
- t. When required, submitting a report to the Secretary of TB/MBC on the wind-down of the Corporation, following the disposition of any assets, completion of any outstanding responsibilities by the Corporation, and the termination of any appointments.

8.5 CORPORATION CHIEF EXECUTIVE OFFICER (CEO)

The Chief Executive Officer is responsible for:

- a. Managing the day-to-day financial, analytical, and administrative affairs of the Corporation in accordance with the mandate of the Corporation, TB/MBC and government directives, accepted business and financial practices, and this MOU.
- b. Advising the Chair on the requirements of and the Corporation's compliance with the AAD, as well as other TB/MBC and government directives and policies, and Corporation by-laws

and policies, including annually attesting to the Chair on the Corporation's compliance with mandatory requirements.

- c. Ensuring policies and procedures are created and applied to ensure that public funds are used with integrity and honesty.
- d. Ensuring appropriate management systems are in place (financial, information technology, human resources) for the effective administration of the Corporation.
- e. Providing leadership and management to the Corporation staff, including human and financial resources management, in accordance with the approved business plan, accepted business and financial practices and standards, the Corporation's constituting instrument, and government directives.
- f. Establishing and applying a financial management framework for the Corporation in accordance with applicable Minister of Finance/Treasury Board controllership directives, policies and guidelines.
- g. Translating the goals, objectives and strategic directions of the Board into operational plans and activities in accordance with the Corporation's approved business plan.
- h. Ensuring that the Corporation has the oversight capacity and an effective oversight framework in place for monitoring its management and operations.
- i. Keeping the Board, through the Chair, informed with respect to implementation of policy and the operations of the Corporation.
- j. Establishing and applying systems to ensure that the Corporation operates within its approved business plan.
- k. Establishing and applying the Corporation's risk management framework and risk management plan in place as directed by the Chair/Board.
- l. Supporting the Chair and Board in meeting their responsibilities, including compliance with all applicable legislation, directives, policies, procedures and guidelines.
- m. Carrying out in-year monitoring of the Corporation's performance and reporting on results to the Board through the Chair.
- n. Keeping the Ministry and the Chair advised on issues or events that may concern the Minister, the Deputy Minister and the Chair in the exercise of their responsibilities.
- o. Seeking support and advice from the Ministry, as appropriate, on Corporation management issues.
- p. Establishing and applying a system for the retention of Corporation documents and for making such documents publicly available when appropriate, for complying with the *Freedom of Information and Protection of Privacy Act* and the *Archives and Recordkeeping Act* where applicable.
- q. Undertaking timely risk-based reviews of the Corporation's management and operations.

- r. Consulting with the Deputy Minister as needed, on matters of mutual importance, including services providing by the Ministry, and on TB/MBC and government directives and Ministry policies.
- s. Cooperating with a periodic review directed by the Minister or TB/MBC.
- t. Fulfilling the role of ethics executive for public servants, other than government appointees, who work in the Corporation. Promoting ethical conduct and ensuring that all members of the Corporation are familiar with the ethical requirements of the PSOA and the regulations and directives made under that Act, including in respect of conflict of interest, political activity, and the protected disclosure of wrongdoing.
- u. Keeping the Board, through the Chair, informed about operational matters.
- v. Preparing the Corporation's annual reports and business plans as directed by the Board.
- w. Preparing financial reports for approval by the Board.
- x. Preparing, for approval by the Board, a performance review system for staff and implementing the system.
- y. Attesting to the compliance of the Corporation to applicable directives and policies and support the Board of Directors to provide the stating of compliance of the Corporation.
- z. Serving as an ILC Board member and on the ILC Executive Committee, in accordance with the Unanimous Shareholder Agreement of the ILC. In addition, the CEO will make decisions in accordance with the best interests of the Province, Corporation and in compliance with the Criminal Code of Canada, the Act and the *Gaming Control Act, 1992*.
- aa. Establishing the specific remuneration, in accordance with the requirements of O. Reg. 406/18: Compensation Framework and assessing the performance of each Senior Employee for the purposes of merit and incentives.

9. ETHICAL FRAMEWORK

The members of the Board who are appointed by the Lieutenant Governor in Council are subject to the conflict of interest provisions of the AAD and the conflict of interest provisions of the PSOA and its regulations.

Board members shall not use any information gained as a result of their appointment to or membership on the Board for personal gain or benefit. A member who has reasonable grounds to believe that he or she has a conflict of interest in a matter before the Board, or a committee of the Board, shall disclose the nature of the conflict to the Chair at the first opportunity and shall refrain from further participation in the consideration of the matter. The Chair shall cause to be recorded in the minutes of the meeting of the Board any declared conflicts of interest.

The Chair, as the Ethics Executive for appointees and the CEO as the Ethics Executive of employees of the Corporation, are responsible for ensuring that both appointees and staff of the Corporation are informed of the ethical rules to which they are subject, including the rules on conflict of interest, political activity and protected disclosure of wrongdoing that apply to the Corporation.

10. REPORTING REQUIREMENTS

10.1 BUSINESS PLAN

- a. The Chair will ensure that the Minister is provided annually with the Corporation's business plan covering a minimum of three (3) years from the current fiscal year, which includes a financial budget and a risk assessment and management plan, for approval by the Minister. The annual business plan shall be in accordance with the requirements set out in the AAD.
- b. The annual business plan is to be submitted to the Ministry's Chief Administrative Officer or designated lead executive no later than three months prior to the Corporation's fiscal year-end. The annual business plan is to be submitted to the Minister for approval no later than one month before the start of the Corporation's fiscal year.
- c. The Chair is responsible for ensuring that the Corporation's business plan includes a system of performance measures and reporting on the achievement of the objectives set out in the business plan. The system must include performance goals, how they will be achieved, and targeted results and timeframes.
- d. The Chair will ensure that the business plan includes a risk assessment and risk management plan to assist the Ministry in developing its risk assessment and risk management plan information in accordance with the requirements of the AAD to assess risks, develop and maintain necessary records, and report to TB/MBC.
- e. The Chair will ensure that publicly posted business plans do not disclose: personal information, sensitive employment and labour relations information, solicitor-client privileged information, Cabinet confidential information, trade secrets, information that would prejudice the financial or commercial interests of the Corporation in the marketplace, and information that would otherwise pose a risk to the security of the facilities and/or operations of the Corporation.
- f. The Minister will review the Corporation's annual business plan and will promptly advise the Chair whether or not they concur with the directions proposed by the Corporation. The Minister may advise the Chair where and in what manner the Corporation's plan varies from government or Ministry policy or priorities as may be required, and the Chair, on behalf of the Board of Directors, will revise the Corporation's plan accordingly. Business plans are only to be considered valid once the responsible Minister has approved the plan and the approval has been expressed in writing.
- g. In addition, TB/MBC may require the Minister to submit the Corporation's business plan to TB/MBC for review at any time.
- h. The Chair, through the CEO, will ensure that its Minister approved business plan is made available to the public in an accessible format, in both official languages, on OLG's website within 30 days of Minister's approval of the plan.

10.2 ANNUAL REPORTS

- a. The chair is responsible for ensuring that the Corporation's annual report is prepared and submitted to the minister for approval within 120 calendar days after the Corporation's fiscal year end or 90 calendar days of the Auditor General completing the financial audit. The annual report shall be in accordance with the requirements set out in the AAD.
- b. The CEO will ensure that the annual report is prepared as a text document, without images or graphics, with the exception of the provincial and Corporation logos on the front page, and submit to the Board of Directors for approval.
- c. The chair will ensure that publicly posted annual reports do not disclose: personal information, sensitive employment and labour relations information, solicitor-client privileged information, Cabinet confidential information, trade secrets, information that would prejudice the financial or commercial interests of the Corporation in the marketplace, and information that would otherwise pose a risk to the security of the facilities and/or operations of the Corporation.
- d. The minister will receive and review the Corporation's annual report and will approve the report within 60 calendar days after the day of receipt.
- e. The minister will, within 30 calendar days of approval, table the report in the Legislative Assembly.
- f. The chair, through the CEO, will ensure that its annual report is publicly posted in an accessible format, in both official languages, on the Corporation website after the report has been tabled in the Legislature, and within 30 calendar days of minister approval.
- g. When distributing annual reports, digital formats and channels for distribution must be used unless otherwise required (e.g. by directive, legislation).

10.3 OTHER REPORTS

The Chair (or designate) is responsible on behalf of the Board of Directors for supplying specific data and other information, at the request of the Minister or the Deputy Minister, that may be required from time-to-time for the purpose of the ministry's administration.

11. PUBLIC POSTING REQUIREMENTS

- a. The Corporation, through the Chair on behalf of the Board of Directors, will ensure that the following approved governance documents are posted in an accessible format, in both official languages, on the OLG's website within the specified timelines:

- Memorandum of Understanding and any Letter of Affirmation – 30 days of signing by both parties
 - Agency Mandate Letter – no later than the corresponding annual business plan
 - Annual Business Plan – within 30 calendar days of Minister's approval
 - Annual Report – 30 calendar days of minister's approval (the report must first be tabled in the Legislature)
- b. Posted governance documents should not disclose: personal information, sensitive employment and labour relations information, solicitor-client privileged information, Cabinet confidential information, trade secrets or scientific information, information that would prejudice the financial or commercial interests of the Corporation in the marketplace, and information that would otherwise pose a risk to the security of the facilities and/or operations of the Corporation
 - c. The Corporation, through the Chair on behalf of the Board of Directors, will ensure that the expense information for appointees and senior management staff are posted on the Corporation website, in accordance with the requirements of the MBC Travel, Meal and Hospitality Expenses Directive.
 - d. The Corporation, through the Chair on behalf of the Board of Directors, will ensure that any other applicable public posting requirements are met.

12. COMMUNICATIONS AND ISSUES MANAGEMENT

The parties to this MOU recognize that the timely exchange of information on the operations and administration of the Corporation is essential for the Minister to meet their responsibilities for reporting and responding to the Legislative Assembly on the affairs of the Corporation. The parties also recognize that it is essential for the Chair on behalf of the Board of Directors to be kept informed of the government initiatives and broad policy directions that may affect the Corporation's mandate and functions.

The Minister and the Chair on behalf of the Board of Directors, therefore, agree that:

- a. The Chair (or designate) will keep the Minister advised, in a timely manner, of all planned events or issues, including contentious matters, that concern or can be reasonably expected to concern the Minister in the exercise of their responsibilities.
- b. The Minister will consult with the Chair (or designate) in a timely manner, as appropriate, on broad government policy initiatives or legislation being considered by the government that may impact on the Corporation's mandate or functions, or which otherwise will have a significant impact on the Corporation.
- c. The Minister and the Chair (or designate) will consult with each other on public communication strategies and publications. They will keep each other informed of the results of stakeholder and other public consultations and discussions.

- d. The Minister and the Chair will meet at least annually, or as requested by either party, to discuss issues relating to the fulfillment of the Corporation's mandate, management and operations.
- e. The Deputy Minister and the CEO will meet at least quarterly, or as requested by either party, to discuss issues relating to the delivery of the Board's mandate and the efficient operation of the Corporation [and the provision of services by the ministry to the Corporation]. The DM and the CEO shall provide timely information and advice to each other concerning significant matters affecting the Corporation's management or operations.
- f. The Corporation and Ministry will adhere to the Communications Protocol as established.

13. ADMINISTRATIVE ARRANGEMENTS

13.1 APPLICABLE GOVERNMENT DIRECTIVES

- a. The Chair, on behalf of the Board of Directors, is responsible for ensuring that the Corporation operates in accordance with all applicable TB/MBC, PSC and government directives, as well as applicable ministry financial and administrative policies and procedures. Appendix 2 to this MOU provides a list of applicable directives and policies.
- b. The ministry will inform the Corporation of amendments or additions to directives, policies and guidelines that apply to the Corporation; however, the Corporation is responsible for complying with all directives, policies and guidelines to which it is subject, as soon as practicable.
- c. In addition to complying with the MBC Realty Directive, the OLG shall comply with the Ministry of Infrastructure Realty Policy including any appendices to this policy when acquiring space for accommodation and program purposes. The Ministry will ensure that the Corporation is provided with any updates to this policy.
- d. The Corporation is considered an 'Other Included Entity' under the Procurement Directive and will comply with sections 3 and 8 of the Procurement Directive.

13.2 ADMINISTRATIVE AND ORGANIZATIONAL SUPPORT SERVICES

- a. The Corporation has the authority and responsibility for its own administrative and support services.

13.3 AGREEMENTS WITH THIRD PARTIES

- a. Upon request, and to the extent permitted by law, the Corporation shall provide the Minister with information about any agreement, memorandum of understanding or arrangement between the Corporation and a third party, as soon as practicable.

13.4 LEGAL SERVICES

- a. OLG retains its own in-house legal counsel.
- b. OLG may retain outside legal services.

13.5 CREATION, COLLECTION, MAINTENANCE AND DISPOSITION OF RECORDS

- a. The CEO is responsible for ensuring that a system is in place for the creation, collection, maintenance and disposal of records.
- b. The CEO is responsible for ensuring that the Corporation complies with all government legislation, directives and policies related to information and records management.
- c. The CEO, the Chair and the Board shall protect the legal, fiscal and other interests of the Corporation by implementing reasonable measures to ensure the ongoing viability, integrity, preservation and security of all records under OLG's custody or control. This includes, but is not limited to, all electronic records, such as emails, information posted on the Corporation's website(s), database data sets, and all records stored on personal computers and shared drives.
- d. The CEO is responsible for ensuring measures are implemented requiring the Corporation's employees to create full, accurate and reliable records that document and support significant business transactions, decisions, events, policies and programs.

13.6 INTELLECTUAL PROPERTY

- a. The CEO (or designate) is responsible for ensuring that the legal, financial and other interests of the government related to intellectual property are protected in any contract that the Corporation may enter in to with a third party that involves the creation of intellectual property.

13.7 FREEDOM OF INFORMATION AND PROTECTION OF PRIVACY

- a. The Chair and the Minister acknowledge that the Corporation is bound to follow the requirements set out in the *Freedom of Information and Protection of Privacy Act* (FIPPA) in relation to the collection, retention, security, use, distribution and disposal of records.
- b. The CEO is the institution head for the purposes of the FIPPA.

13.8 SERVICE STANDARDS

- a. The Corporation shall establish customer service and quality standards that are consistent with the appropriate standards of the government, the Ministry and the Ontario Public Service.
- b. The OLG has in place a formal process for responding to complaints about the quality of services received by customers of the Corporation consistent with the government's service quality standards.
- c. The Corporation shall comply with the *Accessibility for Ontarians with Disabilities Act*.

14. FINANCIAL ARRANGEMENTS

14.1 GENERAL

- a. Pursuant to the Act, if the Corporation intends to enter into any financial arrangements that would increase directly or indirectly the indebtedness or contingent liabilities of the Ontario Government per subsection 28(1) of the Financial Administration Act, R.S.O. 1990, c.F.12, as amended, the Corporation through the Chair (or designate) will inform the Minister (or designate) and work with the Ministry to obtain all necessary prior approvals under section 28(1) of that Act.
- b. For the purpose of the Long-Term Funding Agreement with Ontario Racing, the Corporation shall comply with O. Reg 265/18 (Payments to Support Live Horse Racing in Ontario) made under the OLG Act and adhere to any agreements and guidelines established by the Ministry.

14.2 FUNDING

- a. The Corporation is responsible for managing its own financial affairs pursuant to the Act.

14.3 FINANCIAL REPORTS

- a. The Chair (or designate), on behalf of the Board of Directors, will provide to the Minister audited annual financial statements within 90 days of the fiscal year end, and will include them as part of the Corporation's annual report. The statements will be provided in a format that is in accordance with the province's stated accounting policies issued by the Office of the Provincial Controller Division.
- b. The Corporation will submit its salary information to the Minister of Finance and/or the President of the Treasury Board, through the ministry, in accordance with the *Public Sector Salary Disclosure Act, 1996*.
- c. The Chair (or designate) shall provide, on instruction from the Minister of Finance, the Corporation's financial information for consolidation into the Public Accounts.

14.4 TAXATION STATUS: HARMONIZED SALES TAX (HST)

- a. The Corporation is responsible for complying with its obligations as a supplier under the federal *Excise Tax Act* to collect and remit HST in respect of any taxable supplies made by it.
- b. Pursuant to the Canada-Ontario Reciprocal Taxation Agreement (RTA), the Corporation is responsible for paying HST where applicable, in accordance with the federal *Excise Tax Act*. The Corporation is not entitled to claim HST government rebates provided under the RTA. The Corporation is expected to claim any refunds, input tax credits or other rebates under the federal *Excise Tax Act* for which it is eligible.

15. AUDIT AND REVIEW ARRANGEMENTS

15.1 AUDITS

- a. The accounts of the Corporation shall be audited annually by an auditor (or auditors) appointed by the Board. Audited financial statements will be included in the Corporation's annual report.
- b. The Corporation is subject to periodic review and value-for-money audit by the Auditor General of Ontario under the *Auditor General Act* or by the Ontario Internal Audit Division of Treasury Board Secretariat.
- c. The Ontario Internal Audit Division may also carry out an internal audit, if approved to do so by the Ministry's Audit Committee or by the Corporate Audit Committee.
- d. Regardless of any previous or annual external audit, the Minister may direct that the Corporation be audited at any time.
- e. The Corporation will provide a copy of every Office of the Auditor General and Ontario Internal Audit Division audit report to the Minister and the Minister of Finance/President of Treasury Board. The Corporation will also provide a copy of its response to the audit report and any recommendations therein. The Corporation will advise the Minister annually on any outstanding audit recommendations, as requested.
- f. The Chair, on behalf of the Board of Directors, may request an external audit of the financial transactions or management controls of the Corporation, at the Corporation's expense.

15.2 OTHER REVIEWS

- a. The OLG is subject to periodic review initiated at the discretion and direction of TB/MBC or the Minister. The review may cover such matters relating to the Corporation that are determined by TB/MBC or the Minister, and may include the mandate, powers, governance structure and/or operations of the Corporation.
- b. In requiring a periodic review, the Minister or TB/MBC shall determine the timing and responsibility for conducting the review, the roles of the Chair, the Board of Directors, and the Minister, and how any other parties are involved.
- c. A mandate review of the Corporation will be conducted at least once every seven years.
- d. The Minister will consult the Chair, on behalf of the Board of Directors, as appropriate during any such review.
- e. The Chair and CEO will cooperate in any review.
- f. In the event of a review initiated at the direction of the Minister, the Minister shall submit any recommendations for change that are developed from the results of the review regarding the Corporation to TB/MBC for consideration.

16. STAFFING AND APPOINTMENTS

16.1 DELEGATION OF HUMAN RESOURCES MANAGEMENT AUTHORITY

- a. The Corporation through its Board is responsible for its own operations and administration, including human resource matters such as the salary/benefits and incentive plans, job descriptions/categories, pay grades and salary bands and overall terms and conditions of employment for employees of the Corporation.

16.2 STAFFING REQUIREMENTS

- a. OLG employees are public servants as defined under the PSOA, specifically section 2(2)(#4).

16.3 APPOINTMENTS

- a. The Members of the Corporation are appointed by Lieutenant Governor in Council pursuant to the Act. The Lieutenant Governor in Council may also name the Members of the Corporation who will be the Chair and Vice-Chair.
- b. The minimum number of members is 5, as set out in section 2(2) of the Act. There is no maximum number of members.

16.4 REMUNERATION

- a. Remuneration for board members is set by the Lieutenant Governor in Council as specified.
- b. Travel expenses of board members must comply with the MBC Travel, Meal and Hospitality Expenses Directives. Reasonable expenses shall be reimbursed.

17. RISK MANAGEMENT, LIABILITY PROTECTION AND INSURANCE

17.1 RISK MANAGEMENT

- a. The CEO is responsible for ensuring that a risk management strategy is developed for the Corporation, in accordance with the OPS Risk Management process.

17.2 LIABILITY PROTECTION AND INSURANCE


- a. Section 8 of the Act provides that no action or other proceeding may be instituted against any member of the Corporation or person appointed to the service of the Corporation for any act done in good faith in the execution or intended execution of the person's duty or for any alleged neglect or default in the execution in good faith of the person's duty.

18. EFFECTIVE DATE, DURATION AND PERIODIC REVIEW OF THE MOU

- a. This MOU becomes effective on the date it is signed by the Minister as the last party to execute it ("Original Effective Date") and continues in effect until it is revoked or replaced by a subsequent MOU signed by the parties.

- b. A copy of the signed MOU and any successor MOU must be provided to the Secretary, Treasury Board/Management Board of Cabinet.
- c. Upon a change in the Minister or Chair, both parties must affirm by letter that this MOU will continue in force without a review (and attach the signed letter to the MOU); or alternatively, they may agree to revise it and sign a new MOU within six (6) months of the change.
- d. A copy of the letter of affirmation, or a new MOU between the Minister and Chair must be provided to the Secretary, Treasury Board/Management Board of Cabinet within six months of the new party or parties' commencement.
- e. Either the Minister or the Chair, on behalf of the Board of Directors, may initiate a review of this MOU by written request to the other.
- f. If either of the parties deems it expedient to amend this MOU, they may do so only in writing. Any amendment shall only be effective after approval by the parties.
- g. A full review and replacement of this MOU will be conducted immediately in the event of a significant change to the Corporation's mandate, powers or governance structure as a result of an amendment to the Ontario Lottery and Gaming Corporation Act.
- h. At a minimum, this MOU will be reviewed at least once every 5 years to ensure it is current and consistent with government expectations.


SIGNATURES



Corporation Chair
Ontario Lottery and Gaming Corporation



Date



Minister
Ministry of Finance



Date

APPENDIX 1: SUMMARY OF CORPORATION REPORTING REQUIREMENTS

DUE DATE	REPORT / DOCUMENT	NAMES OF RESPONSIBLE OFFICIALS
Submitted annually, a <u>draft</u> no later than three months before the start of the fiscal year to the CAO or executive lead for provincial agencies, and a <u>final</u> no later than one month before the start of the fiscal year to the Minister	<u>Business Plan</u> Prepares Approves Provides to Minister	CEO/Chair/Board
Submitted annually within 120 calendar days after the Corporation's fiscal year end or 90 calendar days of the Auditor General completing the financial audit	<u>Annual Report</u> Prepares Approves Provides to Minister	CEO/Chair/Board
As requested	Auditing	CEO or alternate as required
Annually	Audited Financial Statements Financial Reports	CEO
Reviewed at least once every 5 years	Memorandum of Understanding	Chair
As requested	Risk Assessment Evaluation and Reporting	Enterprise Risk Management at OLG
Annually, timeline to be specified	Compliance Attestation	Chair
As requested	Procurement Directive – Interim Measures Reporting	CEO or alternate as required
As requested	Trade Agreement Reporting	CEO or alternate as required

DUE DATE	REPORT / DOCUMENT	NAMES OF RESPONSIBLE OFFICIALS
	<ul style="list-style-type: none"> • Canadian Free Trade Agreement • Canada-European Union Comprehensive and Economic Trade Agreement 	
As requested	Realty Directive	CEO or alternate as required
As requested	Executive Compensation	CEO or alternate as required
As required by the Corporation or the Ministry	<i>Financial Administration Act</i> s28 – Increase Indebtedness or Contingent Liabilities	CEO
As specified	In-year financial/operational performance/other reporting – quarterly/monthly/etc. Including quarterly material litigation report. Quarterly financial reporting should include: revenue, expenses, net income, full-time equivalents	CEO

APPENDIX 2: APPLICABLE GOVERNMENT OF ONTARIO DIRECTIVES

1. The following TB/MBC and government directives, guidelines and policies apply to the Corporation:
 - Agencies & Appointments Directive
 - Accountability Directive
 - Advertising Content Directive
 - Corporate Policy on Recordkeeping
 - Disclosure of Wrongdoing Directive
 - Internal Controls Policy
 - Open Data Directive
 - Perquisites Directive
 - Procurement Directive, sections 3 and 8
 - Procurement Directive on Advertising, Public and Media Relations and Creative Communications Services
 - Realty Directive
 - Relocation Expenses Directive
 - Travel, Meal and Hospitality Expenses Directive
 - Visual Identity Directive
2. The OLG is responsible for complying with all directives, policies and guidelines to which it is subject, irrespective of whether it is included on the list above.
3. The ministry will inform the Corporation of amendments or additions to directives, policies and guidelines that apply to the Corporation. The new directives will take effect as soon as practicable when OLG is informed.