



**Real Estate Council of Ontario  
Implementation Plan on the  
Auditor General of Ontario's Value  
for Money Audit Recommendations**

Reporting as of August 31, 2023



On November 30, 2022, The Office of the Auditor General of Ontario (OAGO) released its [value-for-money audit report](#) on the Real Estate Council of Ontario (RECO).

The report contains 25 recommendations (with 63 action items) that aim to strengthen RECO’s ability to effectively administer its mandate. Of these, 21 recommendations (with 58 action items) are directed at RECO either in whole or in part. The remaining four recommendations (with 5 action items) are directed at the Ministry of Public and Business Service Delivery (MPBSD) and are not included in this report.

RECO appreciates the opportunities the report presents to enhance the important work being done. Many of the recommendations align very closely with RECO’s strategy to modernize the approach to administering the Real Estate and Business Brokers Act, 2002 in the public interest.

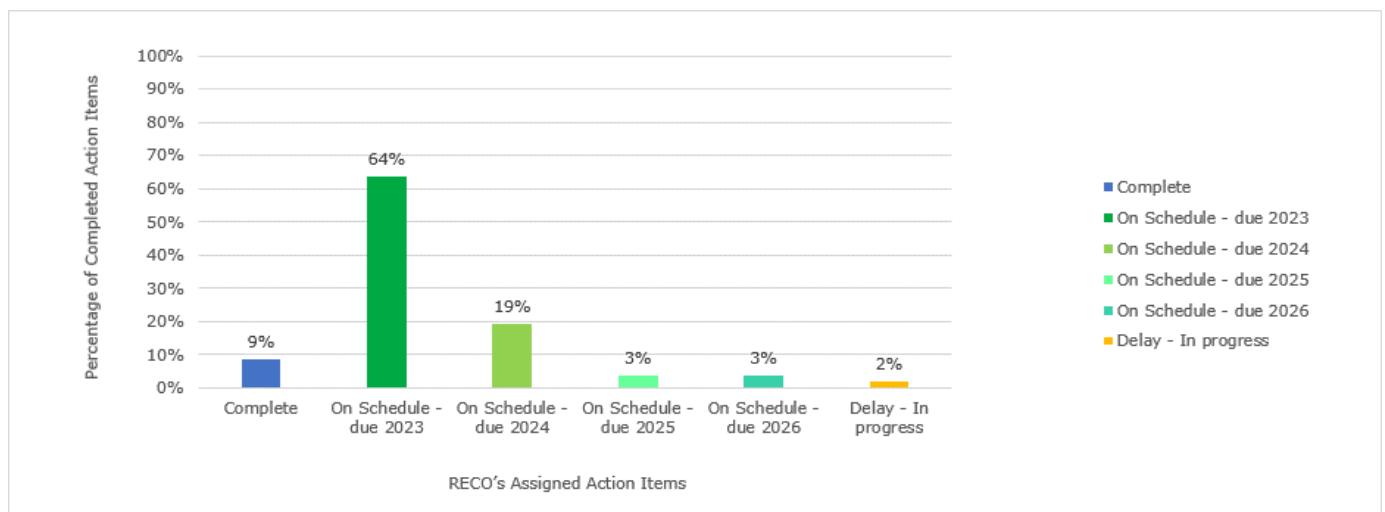
RECO’s board, management, and staff are committed to enhancing consumer confidence in the real estate profession and raising professional standards in an industry where there are over 100,000 real estate professionals.

RECO will provide detailed quarterly updates on the plan’s progress through the following progress report.

## Progress report

As of August 31, 2023, RECO has 5 completed action items, 52 action items are on schedule for completion, and 1 action item is delayed.



Note: Statuses noted are based on RECO’s self-assessment. Final assessment will be completed by the Auditor General of Ontario.







## Recommendation 1

So that the Real Estate Council of Ontario (RECO) is able to meet the requirement of the *Real Estate and Business Brokers Act, 2002* to approve applications only if individuals seeking to register or renew their registration as a salesperson or broker can be expected to carry on business lawfully and with integrity, we recommend that RECO:

<b>Action Item:</b>	<b>1.a</b>	<b>Develop a policy and guidelines to help registration staff determine when it is appropriate to approve and refuse the registration of applicants that have a history of criminal offences.</b>	
<b>Overall Status</b>		<b>In Progress</b>	
<b>Target Completion Date</b>		<b>September 2023</b>	
<b>Steps to address recommendation</b>		<ul style="list-style-type: none"> <li>i. Update Registration Program Policy to include guidelines to help registration staff determine when it is appropriate to approve and refuse the registration of applicants. <span style="float: right;">To be completed</span></li> <li>ii. Finalize guideline for staff including Frequently Asked Questions (FAQs) to cover typical/common scenarios. <span style="float: right;">To be completed</span></li> <li>iii. Create training material and conduct staff training sessions. <span style="float: right;">To be completed</span></li> </ul>	
<b>Action Item:</b>	<b>1.b</b>	<b>Require registration staff to document their rationale, consistent with the policy and guidelines, for recommending that the registration and renewal of registration of applicants be approved or refused.</b>	
<b>Overall Status</b>		<b>In Progress</b>	
<b>Target Completion Date</b>		<b>September 2023</b>	
<b>Steps to address recommendation</b>		<ul style="list-style-type: none"> <li>i. Finalize policy and supporting guidelines for staff to document rationale for decisions regarding applicants, including those with a criminal history. <span style="float: right;">To be completed</span></li> </ul>	



	ii. Create training material and conduct staff training sessions.	To be completed
<b>Action Item:</b>	<b>1.c Disclose the policy and guidelines publicly so that prospective applicants can self-assess their eligibility prior to completing the real estate education program.</b>	
<b>Overall Status</b>	 <b>In Progress</b>	
<b>Target Completion Date</b>	<b>September 2023</b>	
<b>Steps to address recommendation</b>	i. Finalize a public policy document to define eligibility for registration into real estate.	To be completed
	ii. Finalize a set of applicant guidelines for publication.	To be completed
	iii. Publish the public policy and applicant guidelines on the RECO website.	To be completed
<b>Action Item:</b>	<b>1.d Introduce a requirement for registrants to periodically obtain an updated criminal background check as a condition of renewing registration.</b>	
<b>Overall Status</b>	 <b>In Progress</b>	
<b>Target Completion Date</b>	<b>December 2024</b>	
<b>Steps to address recommendation</b>	i. Develop a standard operating procedure <sup>1</sup> to periodically obtain updated Criminal Record and Judicial Matters Check from registrants.	To be completed
	ii. Seek input from the sector on proposed standard operating procedure.	To be completed
	iii. Document the process in the Registration Program Policy.	To be completed



<sup>1</sup> A standard operating procedure (SOP) is a step-by-step set of instructions that communicate to employees the process for completing a key workplace operation. RECO's respective SOPs in various business areas, such as registration, inspections, and investigations, are intended to be shared with RECO employees to ensure guidance and compliance on the detailed steps in completing different RECO's operations





**RECO Response to Recommendation 1:** RECO will enhance its registration policy to include guidelines and processes for those assessing applications to include rationale for approval and refusal of applications, including for applicants who have a history of criminal offences, by the end of 2023. RECO will also publish a guideline for the public to understand the factors that are considered when assessing an application. RECO will continue to make the fact and outcomes of proposals to revoke, suspend and refuse registrations available on its website. RECO will also re-evaluate its former practice of requiring criminal record checks randomly for those renewing their registration.

## Recommendation 2

So that the integrity of real estate exams is protected, we recommend that the Real Estate Council of Ontario (RECO):

<b>Action Item:</b>	<b>2.a</b>	<b>Take steps to independently review the exam protocols and the proctoring software for deficiencies.</b>	
<b>Overall Status</b>		<b>In Progress</b>	
<b>Target Completion Date</b>		<b>July 2024</b>	
<b>Steps to address recommendation</b>		<ul style="list-style-type: none"> <li>i. Develop options and plan to complete independent review of exam protocols and proctoring software.</li> <li>ii. Review options available to complete independent review of exam protocols and proctoring software.</li> <li>iii. Conduct independent review and analyze findings from vendor’s report.</li> </ul>	<ul style="list-style-type: none"> <li>To be completed</li> <li>To be completed</li> <li>To be completed</li> </ul>
<b>Action Item:</b>	<b>2.b</b>	<b>Work with the education service provider to take immediate corrective action to address the issues identified.</b>	
<b>Overall Status</b>		<b>In Progress</b>	
<b>Target Completion Date</b>		<b>December 2024</b>	

<b>Steps to address recommendation</b>	i. Based on the report of the independent review, validate if the deficiencies in security protocols and virtual proctoring that led to the breaches have been satisfactorily addressed. If required, update exam protocols and train education vendor oversight team on new security process/protocols.	To be completed
<b>Action Item:</b>	<b>2.c Establish a formal protocol to be followed by the education service provider and RECO to identify and analyze future exam breaches.</b>	
<b>Overall Status</b>	 <b>In Progress</b>	
<b>Target Completion Date</b>	<b>December 2024</b>	
<b>Steps to address recommendation</b>	i. Consolidate and update exam breach protocols with service provider.	To be completed
	ii. Formalize documentation of protocols.	To be completed
<b>Action Item:</b>	<b>2.d Maintain the ability to move exams to in-person administration should software integrity issues arise necessitating in-person exams.</b>	
<b>Overall Status</b>	 <b>Completed</b>	
<b>Target Completion Date</b>	<b>February 2023</b>	
<b>Steps completed to address recommendation</b>	i. Confirmed with service provider that the pre-pandemic capabilities are still in place for in-person administration of exams, both within their facilities and partners across Ontario.	Completed
	ii. Requested service provider share with RECO their up-to-date Business Continuity Plan (BCP) specifically for suspension of virtually proctored exams and in-person administration of exams to be put in place.	Completed




	iii. Reviewed the submitted BCP and confirmed it meets the requirement for Action Item 2.d.	Completed
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**RECO Response to Recommendation 2:** To protect the integrity of the real estate program examinations, RECO is formalizing the exam protocols to be followed by the current and future education service providers that develop, administer, and deliver exams on behalf of RECO. The protocols will include identifying and analyzing any future exam breaches, specifying that immediate corrective actions are to be taken to address those identified issues, and maintaining the ability to move exams to in-person administration should software integrity issues arise. In addition to working with the education service provider and the results of its own completed independent reviews, RECO will take steps to independently review the exam protocols and the proctoring software for any deficiencies.

### Recommendation 3

So that the Real Estate Council of Ontario (RECO) improves its capacity to identify systemic issues and trends that require improvement, we recommend that RECO:

<b>Action Item:</b>	<b>3.a Implement a system to assign a descriptive complaint category to each complaint it receives.</b>
<b>Overall Status</b>	 <b>In Progress</b>
<b>Target Completion Date</b>	<b>September 2023</b>
<b>Steps to address recommendation</b>	i. Based on review of leading practices among other regulators, developed relevant descriptive classification categories for complaints. <span style="float: right;">Completed</span>
	ii. Developed a tracking system using the new complaint categories. <span style="float: right;">Completed</span>
	iii. Develop reporting system using new complaint categories. <span style="float: right;">To be completed</span>
	iv. Provide training for Complaints and Client Services staff. <span style="float: right;">To be completed</span>
<b>Action Item:</b>	<b>3.b Periodically analyze complaints data to identify systemic issues and trends over time.</b>



<b>Overall Status</b>	 <b>In Progress</b>
<b>Target Completion Date</b>	<b>December 2023 (Revised from June 2023)</b>
<b>Steps to address recommendation</b>	<ul style="list-style-type: none"> <li>i. Developed policy and procedures for complaint data review including defining reporting frequency (e.g., Quarterly, annually etc.) <span style="float: right;">Completed</span></li> <li>ii. Determined the requirements and process to identify systemic issues and trends through complaint data analysis. <span style="float: right;">Completed</span></li> <li>iii. Periodically analyze complaints data to identify potential systemic issues and trends (new) <span style="float: right;">To be completed</span></li> </ul>
<b>Action Item:</b>	<b>3.c Address and resolve identified systemic issues.</b>
<b>Overall Status</b>	 <b>In Progress</b>
<b>Target Completion Date</b>	<b>September 2023</b>
<b>Steps to address recommendation</b>	<ul style="list-style-type: none"> <li>i. Develop a standard operating procedure to take action to remediate identified systemic issues and trends. <span style="float: right;">To be completed</span></li> </ul>
<b>Action Item:</b>	<b>3.d Publicly report on common and emerging trends from complaints received on an annual basis.</b>
<b>Overall Status</b>	 <b>In Progress</b>
<b>Target Completion Date</b>	<b>April 2024</b>
<b>Steps to address recommendation</b>	<ul style="list-style-type: none"> <li>i. Publish data relating to trends and common complaints annually in the Annual Report. <span style="float: right;">To be completed</span></li> </ul>









**RECO Response to Recommendation 3:** RECO will develop an improved classification system beyond just the sections of the Code of Ethics and implement it for 2024. The new approach will better enable the extraction of data to identify systemic issues and trends, and facilitate corrective action where needed. RECO commits to reporting on the newly categorized trends in annual reports commencing with the 2024 Annual Report.

## Recommendation 4

So that brokerages are inspected based on their risk of non-compliance with the *Real Estate and Business Brokers Act, 2002* and its regulations, we recommend that the Real Estate Council of Ontario:

<b>Action Item:</b>	<b>4.a</b>	<b>Develop a brokerage risk framework (for example, high, medium, and low) and assign an inspection frequency to each level of risk.</b>
<b>Overall Status</b>		<b>In Progress</b>
<b>Target Completion Date</b>		<b>December 2023</b>
<b>Steps to address recommendation</b>	i.	Completed a review of leading practices among other regulators. <span style="float: right;">Completed</span>
	ii.	Based on research of leading practices, develop a risk-based inspection standard operating procedure that defines inspection criteria, parameters for assigning risk level (e.g., Low, Medium, High) to brokerages, and establishes a target inspection frequency for each risk level. <span style="float: right;">To be completed</span>
<b>Action Item:</b>	<b>4.b</b>	<b>Determine and assign a risk level and inspection frequency to each brokerage.</b>
<b>Overall Status</b>		<b>In Progress</b>
<b>Target Completion Date</b>		<b>December 2023</b>





<b>Steps to address recommendation</b>	i.	Develop inspections standard operating procedure to address all aspects of how risk-based inspections are conducted.	To be completed
	ii.	Establish process to assign brokerages an inspection type and timeline for completion based on each brokerage's assessed risk level.	To be completed
<b>Action Item:</b>	<b>4.c</b>	<b>Put in place systems to ensure that each brokerage is scheduled for and receives an inspection based on its assigned frequency.</b>	
<b>Overall Status</b>		<b>In Progress</b>	
<b>Target Completion Date</b>	<b>December 2023</b>		
<b>Steps to address recommendation</b>	i.	Schedule and conduct brokerage inspections in accordance with the assigned inspection type and timeline for completion.	To be completed
	ii.	Establish a process to monitor completion of scheduled inspections and reassigning inspections as necessary.	To be completed
<b>Action Item:</b>	<b>4.d</b>	<b>Put in place a process to reassess each brokerage's risk level on an ongoing basis.</b>	
<b>Overall Status</b>		<b>In Progress</b>	
<b>Target Completion Date</b>	<b>December 2023</b>		
<b>Steps to address recommendation</b>	i.	Implement annual management review process to assess brokerage risk levels.	To be completed

**RECO Response to Recommendation 4:** A newly developed brokerage inspection program will launch in 2023 focusing on brokerages and activities that pose the greatest risk to consumers. The new program will include a risk-based approach to the type of inspections to be conducted and scheduling. The program will also involve an ongoing risk assessment of each brokerage.




## Recommendation 5

So that only brokerages with limited or no real estate trading activities are exempted from an inspection by the Real Estate Council of Ontario (RECO), we recommend that RECO:

<b>Action Item:</b>	<b>5.a</b>	<b>Update the inspection policy requiring the inspectors to document the results of the procedures and other activities the inspectors have undertaken to verify the brokerage's trading volume.</b>
<b>Overall Status</b>		<b>In Progress</b>
<b>Target Completion Date</b>	<b>December 2023</b>	
<b>Steps to address recommendation</b>	<ul style="list-style-type: none"> <li>i. Established procedures for inspectors to document the steps they took to verify the brokerage's trading volume.</li> <li>ii. Developed inspection templates and reports.</li> <li>iii. Trained inspections staff.</li> <li>iv. Update the inspection policy to include inspectors' documentation of procedures and other activities undertaken to verify the brokerage's trading volume.</li> </ul>	<p>Completed</p> <p>Completed</p> <p>Completed</p> <p>To be completed</p>
<b>Action Item:</b>	<b>5.b</b>	<b>Establish a process to conduct unannounced site visits to select brokerages to confirm the accuracy of their declared trading volume.</b>
<b>Overall Status</b>		<b>In Progress</b>
<b>Target Completion Date</b>	<b>December 2023</b>	
<b>Steps to address recommendation</b>	<ul style="list-style-type: none"> <li>i. Draft and finalize inspections standard operating procedure for conducting unannounced site visits to brokerages.</li> </ul>	To be completed




<b>Action Item:</b>	<b>5.c</b>	<b>Establish a checklist of procedures for its inspection staff to follow prior to granting a brokerage an exemption from inspection.</b>
<b>Overall Status</b>		<b>In Progress</b>
<b>Target Completion Date</b>	<b>December 2023</b>	
<b>Steps to address recommendation</b>	i. Determined criteria for criteria for a non-trading certificate.	Completed
	ii. Establish documentation/information to be collected by inspectors to determine if brokerage meets the criteria for a non-trading certificate.	To be Completed



**RECO Response to Recommendation 5:** A newly developed brokerage inspection program will launch in 2023, which will be supported by policy, procedures, and checklists to guide inspectors' assessment of brokerage trading volumes. RECO also commits to establishing a process by the end of 2023 for conducting unannounced inspections to confirm the accuracy of declared trading volumes when warranted.

## Recommendation 6

So that the Real Estate Council of Ontario's (RECO's) inspectors carry out inspections of brokerages consistently and effectively, we recommend that RECO:

<b>Action Item:</b>	<b>6.a</b>	<b>Update its inspection manual and checklists to require the number of trade files to be reviewed as part of an inspection to be proportional to the volume of properties sold by the brokerage.</b>
<b>Overall Status</b>		<b>In Progress</b>
<b>Target Completion Date</b>	<b>December 2023</b>	





<b>Steps to address recommendation</b>	<ul style="list-style-type: none"> <li>i. Established process to identify a brokerage’s trading volume and criteria for the number of files to be inspected based on trading volume.</li> <li>ii. Update inspection standard operating procedure, including inspection manual and checklists to reflect new process.</li> </ul>	<p>Completed</p> <p>To be completed</p>
<b>Action Item:</b>	<b>6.b Develop and implement an inspection oversight process that includes an inspection file review and a documented assessment of whether inspections are carried out effectively and consistently.</b>	
<b>Overall Status</b>		<b>In Progress</b>
<b>Target Completion Date</b>	<b>December 2023</b>	
<b>Steps to address recommendation</b>	<ul style="list-style-type: none"> <li>i. Update inspections standard operating procedure to define process for ongoing quality assessment of inspections and reporting requirements.</li> <li>ii. Incorporate review of inspection files for adherence to inspections standard operating procedure.</li> </ul>	<p>To be completed</p> <p>To be completed</p>
<b>Action Item:</b>	<b>6.c Where inconsistencies are identified, take steps to facilitate corrective action.</b>	
<b>Overall Status</b>		<b>In Progress</b>
<b>Target Completion Date</b>	<b>December 2023</b>	
<b>Steps to address recommendation</b>	<ul style="list-style-type: none"> <li>i. In the inspections standard operating procedure, include steps to take corrective action.</li> <li>ii. Conduct staff training on new brokerage inspection program.</li> </ul>	<p>To be completed</p> <p>To be completed</p>





**RECO Response to Recommendation 6:** A newly developed brokerage inspection program will launch in 2023, which will be supported by policy, procedures, and checklists to guide the number of trade files reviewed during inspections. RECO will also implement an inspection oversight process that includes inspection file reviews for effectiveness and consistency. Where inconsistencies are noted, RECO intends to take corrective action. RECO will incorporate assessment of more performance metrics related to its inspections program throughout 2023.

## Recommendation 7

So that violations of the *Real Estate and Business Brokers Act, 2002* identified during an inspection are corrected by the brokerages on a timely basis, we recommend that the Real Estate Council of Ontario:

<b>Action Item:</b>	<b>7.a Develop and implement a framework with appropriate time frames that provides guidance to inspectors on the types of violations of the Act and its regulations that should be reviewed with a follow-up inspection and when brokerages should be referred to RECO's investigations department for further review.</b>	
<b>Overall Status</b>		<b>In Progress</b>
<b>Target Completion Date</b>	<b>December 2023</b>	
<b>Steps to address recommendation</b>	<ul style="list-style-type: none"> <li>i. In the inspections standard operating procedure, include inspection scoring criteria to determine a brokerage's overall risk level to inform the decision to schedule a subsequent inspection or referral to the investigation department.</li> <li>ii. Train inspections staff.</li> </ul>	<p>To be completed</p> <p>To be completed</p>
<b>Action Item:</b>	<b>7.b Ensure that follow-up inspections are performed, and referrals to the investigations department are made, in accordance with this framework.</b>	
<b>Overall Status</b>		<b>In Progress</b>
<b>Target Completion Date</b>	<b>December 2023</b>	





<b>Steps to address recommendation</b>	i. In the inspections standard operating procedure, develop reporting procedures and processes that outline criteria for follow-up inspection or referral for the purpose of management oversight.	To be completed
<b>Action Item:</b>	<b>7.c Track the number of follow-up inspections performed.</b>	
<b>Overall Status</b>	 <b>In Progress</b>	
<b>Target Completion Date</b>	<b>December 2023</b>	
<b>Steps to address recommendation</b>	i. In the standard operating procedure, establish reporting requirements relevant to the completion of all types of inspections and track the number of follow-up inspections.	To be completed
<b>Action Item:</b>	<b>7.d Publicly report on the number of follow-up inspections performed.</b>	
<b>Overall Status</b>	 <b>In Progress</b>	
<b>Target Completion Date</b>	<b>April 2024</b>	
<b>Steps to address recommendation</b>	i. Publish information about inspections completed, including follow-up inspections, in the Annual Report.	To be completed

**RECO Response to Recommendation 7:** The new brokerage inspection program launching in 2023 is risk based, and will be supported by policy, procedures, and checklists to guide inspectors’ assessment and monitoring of brokerage compliance, including with respect to using inspection outcomes to determine scheduling of subsequent inspections, and criteria for making referrals for investigation. RECO will also track and report on volumes and types of all inspections conducted in its annual report.



## Recommendation 8

To improve the Real Estate Council of Ontario’s (RECO’s) effectiveness in identifying misleading advertising in the inspection process, and to minimize false, misleading, deceptive and inaccurate representations made by salespersons and brokers in the marketplace, we recommend that RECO:

<b>Action Item:</b>	<b>8.a</b>	<b>Review property listings as part of the inspection process to ensure that salespersons and brokers have taken reasonable steps to ensure the material information advertised on the property listing is accurate.</b>
<b>Overall Status</b>		<b>In Progress</b>
<b>Target Completion Date</b>		<b>December 2023</b>
<b>Steps to address recommendation</b>	i.	In the inspections standard operating procedure, develop standards and templates to validate a sample of material advertised in property listings for accuracy. <span style="float: right;">To be completed</span>
<b>Action Item:</b>	<b>8.b</b>	<b>Instruct its inspectors to independently select a sample of advertising materials including property listings made prior to the inspection for its review.</b>
<b>Overall Status</b>		<b>In Progress</b>
<b>Target Completion Date</b>		<b>December 2023</b>
<b>Steps to address recommendation</b>	i.	In inspections standard operating procedure, include procedure for selecting sample advertising materials for review. <span style="float: right;">To be completed</span>



**RECO Response to Recommendation 8:** A newly developed brokerage inspection program will launch in 2023. The program will be supported by policy, procedures and checklists to support inspection activities. RECO will consider the scope and methodology of the inspections in which it would be most appropriate and effective to review a sample of property listings, when developing its new inspection program.





## Recommendation 9

To identify and reduce the risk of money laundering activities through the real estate market, we recommend that the Real Estate Council of Ontario (RECO) work with the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) to:




<b>Action Item:</b>	<b>9.a</b>	<b>Enter into an agreement to share information to facilitate enforcement targeting money laundering.</b>	
<b>Overall Status</b>		<b>In Progress</b>	
<b>Target Completion Date</b>		<b>December 2023</b>	
<b>Steps to address recommendation</b>	i.	Finalize drafting and execute agreement with FINTRAC that defines terms and parameters for cross-jurisdiction information sharing.	To be completed
<b>Action Item:</b>	<b>9.b</b>	<b>Update the RECO inspection manual to include new procedures inspectors are required to follow to review salespersons, brokers and brokerages' reporting obligations to FINTRAC.</b>	
<b>Overall Status</b>		<b>In Progress</b>	
<b>Target Completion Date</b>		<b>December 2023</b>	
<b>Steps to address recommendation</b>	i.	Based on agreement with FINTRAC, establish processes for inspectors to review reporting obligations to FINTRAC.	To be completed
	ii.	Train inspections staff.	To be completed

**RECO Response to Recommendation 9:** RECO has already begun to explore opportunities to collaborate with FINTRAC on sharing information and collaborating on inspections, investigations, and prosecutions within the scope of its authority, as it does with other law enforcement agencies. RECO will consider to what extent it could review registrants' FINTRAC reporting obligations during inspections within RECO's legislative authority and in consultation with FINTRAC. RECO will prosecute those involved in money laundering or related activity within the scope of its authority.




## Recommendation 10

So that investigations of brokerages and salespersons are completed effectively and on a timely basis, and that appropriate enforcement action is taken where required, we recommend that the Real Estate Council of Ontario:

<b>Action Item:</b>	<b>10.a</b>	<b>Develop policies and procedures on key aspects of investigations to help guide the work of its investigators</b>	
<b>Overall Status</b>		<b>In Progress</b>	
<b>Target Completion Date</b>		<b>December 2023</b>	
<b>Steps to address recommendation</b>	i.	Finalize a standard operating procedure for the work undertaken by RECO investigators.	To be completed
	ii.	Train investigators.	To be completed
<b>Action Item:</b>	<b>10.b</b>	<b>Implement reasonable guidelines or benchmarks for enforcement action and the timely completion of investigation.</b>	
<b>Overall Status</b>		<b>In Progress</b>	
<b>Target Completion Date</b>		<b>December 2023</b>	
<b>Steps to address recommendation</b>	i.	Finalize standards and guidelines for investigation activities and timelines, including benchmarks/targets and escalation triggers.	To be completed
<b>Action Item:</b>	<b>10.c</b>	<b>Investigations are monitored against established guidelines/benchmarks, and significant deviations from standards are identified and followed-up on.</b>	
<b>Overall Status</b>		<b>In Progress</b>	
<b>Target Completion Date</b>		<b>December 2023</b>	




<b>Steps to address recommendation</b>	i. Establish reporting requirements to allow the progress of investigations to be monitored by management and acted upon if necessary.	To be completed
<b>Action Item:</b>	<b>10.d Implement a process to periodically review investigation files to determine if they are complete and result in appropriate enforcement action, and to take corrective action where necessary.</b>	
<b>Overall Status</b>	 <b>In Progress</b>	
<b>Target Completion Date</b>	<b>December 2023</b>	
<b>Steps to address recommendation</b>	i. Incorporate manager review of investigation files for adhering to the standard operating procedure as part of ongoing monitoring.	To be completed


**RECO Response to Recommendation 10:** Within the next two years, RECO will develop policies, procedures, and checklists to guide the effective administration of the investigations program. RECO will also implement an investigation oversight process that includes new procedures, monitoring of file completeness, progression, and enforcement outcomes, and follow-up coaching as necessary. RECO will implement guidelines and other performance metrics to support the new policy and procedures throughout 2023 and 2024.

## Recommendation 11

So that its registrants are sufficiently deterred from contravening Ontario Regulation 580/05—Code of Ethics (Code of Ethics) when conducting real estate transactions with consumers, we recommend that the Real Estate Council of Ontario (RECO):

<b>Action Item:</b>	<b>11.a Create and implement a formal fining framework to guide RECO’s Discipline Committee on the appropriate dollar value of penalties to issue to registrants for contraventions of the Code of Ethics, taking into consideration the severity of the contravention.</b>	
<b>Overall Status</b>	 <b>In Progress</b>	
<b>Target Completion Date</b>	<b>December 2023</b>	



<b>Steps to address recommendation</b>	i.	Based on research, develop sanctioning framework and guidelines that may be considered by RECO's Discipline Committee in its decision-making.	To be completed
	ii.	Provide training/orientation to Discipline Committee on the sanctioning framework and guidelines.	To be completed
	iii.	Make sanctioning framework available to Discipline Committee.	To be completed
<b>Action Item:</b>	<b>11.b</b>	<b>As part of this framework, take into consideration the amount of remuneration earned on the corresponding real estate transaction by registrants when determining the appropriate dollar value of penalties to be issued.</b>	
<b>Overall Status</b>		<b>In Progress</b>	
<b>Target Completion Date</b>	<b>December 2023</b>		
<b>Steps to address recommendation</b>	i.	Develop procedures and guidelines for complaints program staff to obtain and record information in complaint file regarding remuneration earned on corresponding trade.	To be completed
	ii.	Create training material, schedule training sessions and conduct training sessions with compliance supervisors to review updated policy and guideline.	To be completed
	iii.	Incorporate guidelines for consideration of the amount of remuneration earned (where applicable) into the sanctioning framework.	To be completed




**RECO Response to Recommendation 11:** RECO will develop sanctioning guidelines for the types of penalties it will seek, with the understanding that the discipline committee will continue to have the authority to order fines, and the additional authority to suspend and revoke registrations, within its legislative authority as of April 1, 2023<sup>2</sup>. In developing guidelines for the penalties, it will seek when pursuing disciplinary action, RECO will take into consideration whether the registrant suffered or gained as a result of the breaches when considering an appropriate penalty.

<sup>2</sup> Please note that the in-force date for regulatory changes allowing RECO to suspend and revoke registrations was delayed to December 1, 2023.




## Recommendation 12

So that disciplinary cases and decisions are handled and completed in a timely manner, we recommend that the Real Estate Council of Ontario (RECO):

<b>Action Item:</b>	<b>12.a Identify and track the reason for scheduling a pre-hearing beyond the 45-day requirement under the Discipline Committee's Rules of Practice.</b>
<b>Overall Status</b>	 <b>Completed</b>
<b>Target Completion Date</b>	<b>April 2023</b>
<b>Steps to address recommendation</b>	<ul style="list-style-type: none"> <li>i. Enhanced the existing tracking sheet to record any delays with reasons in scheduling pre-hearing beyond the 45-day requirements. <span style="float: right;">Completed</span></li> </ul>
<b>Action Item:</b>	<b>12.b Where practical, take steps to reduce the time it takes to schedule a pre-hearing.</b>
<b>Overall Status</b>	 <b>In Progress</b>
<b>Target Completion Date</b>	<b>September 2023</b>
<b>Steps to address recommendation</b>	<ul style="list-style-type: none"> <li>i. Develop reporting on analysis of causes of any delays for pre-hearings. <span style="float: right;">To be completed</span></li> <li>ii. Take steps to address / reduce delays if practical, where under RECO's control. <span style="float: right;">To be completed</span></li> </ul>
<b>Action Item:</b>	<b>12.c Establish a target for the amount of time it should take for RECO to schedule the main hearing before the Discipline Committee and assess performance against this target.</b>
<b>Overall Status</b>	 <b>In Progress</b>
<b>Target Completion Date</b>	<b>December 2023</b>





<b>Steps to address recommendation</b>	i.	Began jurisdiction scan to establish a target for the amount of time it should take for RECO to schedule main hearing before the Discipline Committee.	Completed
	ii.	Track time taken to complete key steps from beginning of process to the hearing date.	To be completed
	iii.	Following analysis, establish a target for the amount of time it should take RECO to schedule the main hearing before the Discipline Committee and assess performance against this target.	To be completed
<b>Action Item:</b>	<b>12.d</b>	<b>Establish a target for how long it should take for the issuance of the final decision and assess performance against this target.</b>	
<b>Overall Status</b>		<b>In Progress</b>	
<b>Target Completion Date</b>	<b>December 2023</b>		
<b>Steps to address recommendation</b>	i.	Produce report to review existing data regarding time to issue final decision.	To be completed
	ii.	Based on report, establish a target for how long it should take for the issuance of a final decision.	To be completed

**RECO Response to Recommendation 12:** RECO is committed to providing timely hearings and will take steps to improve the efficiency of its discipline hearing process by establishing relevant performance targets for the scheduling of pre-hearings and hearings and releasing decisions.

## Recommendation 14

To increase transparency and enhance consumer protection in real estate transactions involving offers from multiple prospective buyers, we recommend that the Ministry of Public and Business Service Delivery work with the Real Estate Council of Ontario to:

<b>Action Item:</b>	<b>14.a Once legislative changes come into effect, gather information from brokerages on residential sales in which sellers opt for an open-offer process, and assess the impact of the process on these transactions and the industry.</b>		
<b>Overall Status</b>		<b>In Progress</b>	
<b>Target Completion Date</b>	<b>July 2025</b>		
<b>Steps to address recommendation</b>	i.	Work with the Ministry to establish data and information to be obtained from brokerages that would support the analysis of the impact of the process on transactions and the industry.	To be completed
	ii.	Gather sector feedback on how to obtain identified data/information.	To be completed
	iii.	Communicate to the sector the final data/information set to be obtained from brokerages including timing and process for remittance.	To be completed
	iv.	Develop internal systems and processes, including IT solution if necessary, for analyzing data/information and summarizing findings.	To be completed
	v.	Train inspections staff.	To be completed
<b>Action Item:</b>	<b>14.b Explore alternatives to the current blind bidding process, including practices adopted or that may be adopted by other jurisdictions such as British Columbia.</b>		
<b>Overall Status</b>		<b>In Progress</b>	
<b>Target Completion Date</b>	<b>January 2026</b>		




<b>Steps to address recommendation</b>	i. Provide the ministry RECO's analysis of the data gathered from brokerages and advice.	To be completed
	ii. Support ministry to identify and assess alternative practices adopted in other jurisdictions.	To be completed

**RECO Response to Recommendation 14:** RECO will work with the Ministry to monitor and assess the impact of the legislative changes that will permit sellers to opt for an open-offer process when working with a brokerage. The monitoring will begin after the legislative changes have taken effect in April 2023<sup>3</sup>.

## Recommendation 16

To ensure brokerages are complying with the legislative and regulatory requirements, we recommend that the Real Estate Council of Ontario incorporate a step in its inspection process to confirm that the required offer documents are being retained by brokerages.

<b>Action Item:</b>	<b>16.a Incorporate a step in its inspection process to confirm that the required offer documents are being retained by brokerages.</b>	
<b>Overall Status</b>		<b>In Progress</b>
<b>Target Completion Date</b>	<b>September 2023</b>	
<b>Steps to address recommendation</b>	i. In the inspections standard operating procedure, set out the scope and methodology for determining the inspections for which it would be most effective and efficient to assess the retention of offers.	To be completed

**RECO Response to Recommendation 16:** RECO will consider the scope and methodology of the inspections in which it would be most appropriate and effective to assess the retention of offers, when developing its new inspection program.


<sup>3</sup> Please note that the in-force date for regulatory changes allowing RECO to monitor and assess the impact of legislative changes was delayed to December 1, 2023.





## Recommendation 17


To reduce the risk to buyers when purchasing a property, we recommend that the Ministry of Public and Business Service Delivery work with the Real Estate Council of Ontario to explore opportunities to introduce homebuyer protections such as a cooling off period.

<b>Action Item:</b>	<b>17.a</b>	<b>The Ministry work with the Real Estate Council of Ontario to explore opportunities to introduce homebuyer protections such as a cooling off period.</b>
<b>Overall Status</b>		<b>In Progress</b>
<b>Target Completion Date</b>		<b>December 2024</b>
<b>Steps to address recommendation</b>	i.	Work with the ministry to identify and assess alternative homebuyer protections from other jurisdictions including cooling off period. To be completed

**RECO Response to Recommendation 17:** RECO will work with the Ministry to assess the impact of the legislative changes coming into force in Ontario in April 2023<sup>4</sup>, along with those in other jurisdictions, including the cooling off period that will come into effect in British Columbia in 2023.



## Recommendation 19

So that deposits held by brokerages that remain unclaimed for two years are remitted to the Real Estate Council of Ontario (RECO) on a timely basis, as required by the *Real Estate and Business Brokers Act, 2002*, we recommend that RECO:

<b>Action Item:</b>	<b>19.a</b>	<b>Implement a process to collect on an annual basis information on unclaimed deposits held by brokerages.</b>
<b>Overall Status</b>		<b>In Progress</b>
<b>Target Completion Date</b>		<b>December 2023</b>

<sup>4</sup> Please note that the in-force date for regulatory changes allowing RECO to assess impact of the legislative changes was delayed to December 1, 2023.



<b>Steps to address recommendation</b>	i.	Developed and implemented a process to annually collect details of unclaimed trust monies from brokerages.	Completed
	ii.	Communicate with brokerages on criteria, process, and timing for information on unclaimed trust monies to be submitted.	To be completed
	iii.	Train registrations staff.	To be completed
<b>Action Item:</b>	<b>19.b</b>	<b>Put in place a process to follow up with brokerages that fail to remit unclaimed deposits to RECO on a timely basis.</b>	
<b>Overall Status</b>		<b>Completed</b>	
<b>Target Completion Date</b>		<b>July 2023</b>	
<b>Steps to address recommendation</b>	i.	Developed and implemented a process to follow-up with brokerages that have failed to remit unclaimed trust monies.	Completed
	ii.	Sent e-blast advising brokerages that a new unclaimed trust money process has been put in place.	Completed
	iii.	Trained inspectors and registration staff.	Completed
<b>Action Item:</b>	<b>19.c</b>	<b>Include steps in its inspections to verify that brokerages' annual reporting on unclaimed deposits held is accurate.</b>	
<b>Overall Status</b>		<b>In Progress</b>	
<b>Target Completion Date</b>		<b>December 2023</b>	
<b>Steps to address recommendation</b>	i.	Developed procedures for inspectors to verify accuracy of brokerage reporting on unclaimed trust monies.	Completed



	ii.	Inspectors to document and verify the accuracy of brokerages' annual reporting on unclaimed trust money held by the brokerage.	To be completed
<b>Action Item:</b>	<b>19.d</b>	<b>Implement a protocol to follow up on inspections that find outstanding unclaimed deposits to ensure amounts are subsequently remitted to RECO.</b>	
<b>Overall Status</b>	<input checked="" type="checkbox"/>	<b>Completed</b>	
<b>Target Completion Date</b>		<b>July 2023</b>	
<b>Steps to address recommendation</b>	i.	Developed and implemented a process for inspectors to refer brokerages that fail to remit unclaimed trust monies to registrations staff for follow-up.	Completed

**RECO Response to Recommendation 19:** RECO will develop new brokerage reporting requirements, including the reporting of unclaimed deposits held by brokerages. Since the audit began, RECO has put in place a process to follow up on brokerages holding unclaimed monies identified in inspections since 2017 and will put in place a process to follow up with brokerages that fail to remit unclaimed deposits on a timely basis moving forward. RECO will also include a step in its inspection program to verify that reporting to RECO on unclaimed deposits is accurate.

## Recommendation 20

So that prospective buyers and sellers of real estate are aware of the Real Estate Council of Ontario's (RECO) available services, we recommend that RECO work with the Ministry of Public and Business Service Delivery to develop an information package outlining available consumer protections, and require all registrants to provide this information to real estate buyers and sellers when they make an agreement to represent the buyer or seller in a real estate transaction.

<b>Action Item:</b>	<b>20.</b>	<b>Develop an information package outlining available consumer protections, and require all registrants to provide this information to real estate buyers and sellers when they make an agreement to represent the buyer or seller in a real estate transaction.</b>
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<b>Overall Status</b>	 <b>In Progress</b>
<b>Target Completion Date</b>	<b>December 2023</b>
<b>Steps to address recommendation</b>	<ul style="list-style-type: none"> <li>i. Develop information guide, with input from Ministry and sector and post information guide on RECO’s website. <span style="float: right;">To be completed</span></li> </ul>




**RECO Response to Recommendation 20:** RECO is currently working on developing an information guide that registrants will be required to provide to buyers and sellers beginning April 1, 2023.<sup>5</sup>

## Recommendation 21

To improve the Real Estate Council of Ontario’s (RECO) effectiveness in identifying consumer risks and providing sound evidence-based policy advice to the Ministry of Public and Business Service Delivery (Ministry) to address such risks, we recommend that RECO:

<b>Action Item:</b>	<b>21.a Reference best practices in other jurisdictions to identify the transaction information that it should collect from brokerages.</b>
<b>Overall Status</b>	 <b>In Progress</b>
<b>Target Completion Date</b>	<b>January 2024</b>
<b>Steps to address recommendation</b>	<ul style="list-style-type: none"> <li>i. Conduct jurisdictional scan to assess leading practices and identify data/information to be obtained from brokerages. <span style="float: right;">To be completed</span></li> <li>ii. Seek input from sector/ministry on proposed data/information to be obtained. <span style="float: right;">To be completed</span></li> <li>iii. Communicate to the sector the data/information set to be obtained from brokerages including timing and process for remittance. <span style="float: right;">To be completed</span></li> </ul>

<sup>5</sup> Please note that the in-force date for regulatory changes requiring RECO to develop and publish an information guide was delayed to December 1, 2023.



<b>Action Item:</b>	<b>21.b</b>	<b>Put in place a process to periodically collect such transaction information from brokerages.</b>
<b>Overall Status</b>		<b>In Progress</b>
<b>Target Completion Date</b>		<b>December 2024</b>
<b>Steps to address recommendation</b>	i.	Develop internal systems and processes, for obtaining and analyzing data/information received from brokerages. To be completed
<b>Action Item:</b>	<b>21.c</b>	<b>Analyze the information collected to develop and provide evidence-based policy recommendations for the Ministry's review and consideration.</b>
<b>Overall Status</b>		<b>In Progress</b>
<b>Target Completion Date</b>		<b>December 2025</b>
<b>Steps to address recommendation</b>	i.	Based on analysis, develop policy recommendations and provide to ministry. To be completed
<b>Action Item:</b>	<b>21.d</b>	<b>Use this information to inform its brokerage inspection process.</b>
<b>Overall Status</b>		<b>In Progress</b>
<b>Target Completion Date</b>		<b>January 2026</b>
<b>Steps to address recommendation</b>	i.	Based on analysis, update risk-based inspections policies and procedures. To be completed



**RECO Response to Recommendation 21:** RECO’s ability to make sound, evidence-based recommendations will be enhanced by the new legislative authority to collect additional information from registrants, effective April 2023 <sup>6</sup>. Thereafter, RECO will work to put in place a process to periodically collect transaction and other information from brokerages, and to use that information to both provide evidence-based recommendations to the Ministry and to inform its own processes, including brokerage inspections.

## Recommendation 22

So that the Real Estate Council of Ontario (RECO) can effectively meet its mandate and operate on a cost-recovery basis in accordance with its administrative agreement with the Minister of Public and Business Service Delivery, we recommend that RECO:

<b>Action Item:</b>	<b>22.a</b>	<b>Assess its current operations to identify where additional resources are required to improve its administration and enforcement of the <i>Real Estate and Business Brokers Act, 2002</i>.</b>	
<b>Overall Status</b>		<b>In Progress</b>	
<b>Target Completion Date</b>		<b>December 2023</b>	
<b>Steps to address recommendation</b>	i.	Undertook assessment to review additional resources required to address new initiatives and ensure implementation of OAGO recommendations.	Completed
	ii.	Through regular business planning and budgeting activities, monitor resource requirements.	To be completed
<b>Action Item:</b>	<b>22.b</b>	<b>Use the results of this assessment to allocate resources where required and to adjust its fee reduction plan accordingly.</b>	
<b>Overall Status</b>		<b>In Progress</b>	

<sup>6</sup> Please note that the in-force date for the changes allowing RECO to collect additional information from registrants was delayed to December 1, 2023.




<b>Target Completion Date</b>	<b>November 2023</b>	
<b>Steps to address recommendation</b>	i. Based on assessment in 22.a, reviewed RECO’s fee structure with the additional resources required. No further adjustments to fee structure are required as RECO is expected to sustain business activities with current fees.	Completed
	ii. Through the regular budgeting process review any necessary fee adjustments and apply in accordance with the terms of the Administrative Agreement.	To be completed


**RECO Response to Recommendation 22:** RECO will review the observations in the Auditor General’s report in its assessment of its current operations to identify areas where additional resources may be required to improve its administration and enforcement of the *Real Estate and Business Brokers Act, 2002*. RECO will use the results of this assessment to allocate resources where they are required, and to adjust its budgets accordingly.

## Recommendation 24

So that the Real Estate Council of Ontario’s (RECO’s) consumer advisory process effectively provides independent and sound advice to RECO’s Board of Directors on issues of importance to consumers, we recommend that the Ministry of Public and Business Service Delivery:

<b>Action Item:</b>	<b>24.a Work with RECO to amend the administrative agreement to require RECO’s Board to periodically provide the Minister of Public and Business Service Delivery with reports on RECO’s consumer advisory process.</b>	
<b>Overall Status</b>		<b>In Progress</b>
<b>Target Completion Date</b>	<b>December 2024</b>	
<b>Steps to address recommendation</b>	i. Work with the Ministry to amend the administrative agreement.	To be completed
<b>Action Item:</b>	<b>24.b Enforce the requirement in the administrative agreement for RECO to publicly report on the activities and advice generated by its consumer advisory process in its annual report.</b>	




<b>Overall Status</b>	 <b>Completed</b>
<b>Target Completion Date</b>	<b>June 2023</b>
<b>Steps to address recommendation</b>	<ul style="list-style-type: none"> <li>i. Published a report on the activities and advice generated by the consumer advisory process in the RECO 2022 Annual Report. <span style="float: right;">Completed</span></li> <li>ii. Developed a procedure with the Consumer Industry Advisory Group for defining and reporting on the consumer advisory process for future reports and shared the procedure with the Ministry. <span style="float: right;">Completed</span></li> </ul>

**RECO Response to Recommendation 24:** RECO will work with the Ministry as it considers options for updating RECO’s consumer advisory process.

## Recommendation 25

So that the Ministry of Public and Business Service Delivery (Ministry) can effectively monitor the Real Estate Council of Ontario’s (RECO’s) performance in protecting consumers and regulating the real estate sector, we recommend that the Ministry work with RECO to revise the performance indicators the Ministry uses to monitor RECO’s performance to include indicators that more closely monitor RECO’s operations, including in the areas of inspections, investigations, disciplinary action and its compliance with the requirement to operate on a cost-recovery basis.

<b>Action Item:</b>	<b>25.a Work with RECO to revise the performance indicators the Ministry uses to monitor RECO’s performance to include indicators that more closely monitor RECO’s operations, including in the areas of inspections, investigations, disciplinary action and its compliance with the requirement to operate on a cost-recovery basis.</b>
<b>Overall Status</b>	 <b>In Progress</b>
<b>Target Completion Date</b>	<b>December 2024</b>
<b>Steps to address recommendation</b>	<ul style="list-style-type: none"> <li>i. Collaborate with the ministry to revise the performance measures the ministry uses to monitor RECO's performance. <span style="float: right;">To be completed</span></li> </ul>





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**RECO Response to Recommendation 25:** The Ministry will work with the Real Estate Council of Ontario (RECO) to revise the indicators the Ministry uses to monitor RECO's performance, informed by the Auditor General's recommendation.

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