RECO
Real Estate Council of Ontario

RECO Implementation Plan on the Auditor General of Ontario's Value-for-Money Audit Recommendations



REPORTING AS OF AUGUST 31, 2026

Status update – as of August 31, 2026

Background

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 five action items) are directed at the Ministry of Public and Business Service Delivery and Procurement (MPBSDP) for response. A follow-up report was issued on the implementation progress of these recommendations in December 2024.

RECO appreciates the opportunities presented in the report to further enhance delivery of its regulatory mandate. Many recommendations closely align with RECO's recently announced transformation agenda and modernization strategy by advancing stronger oversight, accountability and supporting a more proactive, risk-based, and data-driven regulatory framework that better protects consumers and strengthens confidence in the sector.

Progress report

Since the November 30, 2024 progress report, RECO has increased the number of completed action items from 48 to 52 of 58, reaching 90% completion. The remaining six action items (10%) are in progress, demonstrating a sustained effort and commitment to addressing all recommendations.

90% completion of action items

Below are the items that have since been completed and those that are currently in progress.

Note: Statuses noted are based on RECO's self-assessment. Final assessment will be completed by the OAGO.

RECO Implementation Plan
Auditor General Audit Recommendations

Recommendations completed since last reporting period (November 2024 to August 31, 2026)

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:

Action	Action item	Owner	Status
1.d	Introduce a requirement for registrants to periodically obtain an updated criminal background check as a condition of renewing registration.	RECO	COMPLETED

Completion Date: June 2025 (Revised from December 2024)

Actions Completed:

- RECO implemented an enhanced criminal background screening requirement as part of the registration renewal process, supported by Triton as its designated verification provider. This embeds periodic screening into ongoing registration oversight, rather than relying solely on checks at initial registration.
- The updated requirement was published on RECO's website and communicated to registrants through a sector-wide email campaign in June 2025, supporting awareness of renewal obligations and expectations relating to lawful and ethical conduct.
- As a further safeguard, RECO plans to introduce random selection for updated criminal background checks beginning in June 2027 to strengthen ongoing verification and confidence in the integrity of the registration system.

Recommendation #2:

So that the integrity of real estate exams is protected, we recommend that RECO:

Action	Action item	Owner	Status
2.c	Establish a formal protocol to be followed by the education service provider and RECO to identify and analyze future exam breaches.	RECO	COMPLETED

Completion Date: August 2025 (Revised from December 2024)

Actions Completed:

- In collaboration with its education service provider, Meazure Learning, RECO established a formal Examination Security Protocols policy, effective August 1, 2025, setting out a consistent process for identifying and analyzing potential examination security breaches.
- This creates a consistent basis for coordinated investigation and response, strengthening examination integrity and confidence in entry-to-practice qualifications.

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:

Action	Action item	Owner	Status
19.a	Implement a process to collect on an annual basis information on unclaimed deposits held by brokerages.	RECO	COMPLETED

Completion Date: January 2025 (Revised from December 2023)

Actions Completed:

- RECO developed and implemented an annual inspection procedure to obtain information from brokerages on unclaimed trust monies, and communicated the reporting criteria, process and timelines to the sector.
- Building on this process, RECO will launch its Annual Financial Filings (AFF) program on October 1, 2026, to standardize brokerage financial and trust-account reporting, including information on unclaimed funds. This will support more systematic identification, tracking and follow-up of outstanding deposits as inaugural filings are received.
- The information will complement inspections and inform risk-based oversight, helping RECO identify potential trust-account compliance concerns earlier and support timely remittance of funds in accordance with legislative requirements.

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:

Action	Action item	Owner	Status
21.a	Reference best practices in other jurisdictions to identify the transaction information that it should collect from brokerages	RECO	COMPLETED

Completion Date: June 2025 (Revised from July 2024)

Actions Completed:

- RECO completed a comprehensive jurisdictional review of regulatory best practices and submitted the findings to the Ministry on February 7, 2025. Following Ministry feedback, RECO addressed the comments and worked collaboratively with the Ministry to finalize the transaction information proposed for collection from brokerages.
- This foundational work informs RECO's broader transition to proactive, intelligence-led oversight. The Annual Financial Filings (AFF) program, will launch on October 1, 2026, is establishing a standardized source of brokerage financial, trust-account and transaction information. Planned monthly trust reconciliation reporting and further transaction data collection from Local Boards will progressively strengthen the timeliness and depth of that intelligence.
- Over time, RECO intends to integrate this information with inspection history, complaints, investigations and registration data to develop more comprehensive brokerage risk profiles, prioritize regulatory activity and provide evidence-based policy advice to the Ministry. The jurisdictional review and information-design work are complete; the expanded data collection and integration activities remain implementation priorities

Recommendations currently in progress

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 and Procurement (MPBSDP) work with RECO to:

Action	Action item	Owner	Status
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.	MPBSDP & RECO	IN PROGRESS

Target Completion Date: March 2027 (Revised from July 2025)

Progress report:

- RECO will integrate open-offer transaction reporting into its brokerage inspection process, including collecting information on the number of residential transactions conducted using an open-offer process.
- Information collected will be recorded in RECO's regulatory database to support ongoing monitoring and trend analysis, including the frequency and prevalence of open-offer transactions, patterns of adoption across brokerages and potential compliance concerns.
- RECO will also engage industry stakeholders to better understand the prevalence and practical application of open offers in Ontario's real estate market to assess its adoption, impact, and to mitigate potential consumer protection risks.
- These insights will help RECO assess how open offers are being implemented, their impact on transaction transparency and consumer experiences, and any emerging consumer protection risks that may warrant further regulatory guidance or intervention.

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:

Action	Action item	Owner	Status
21.b	Put in place a process to periodically collect such transaction information from brokerages	RECO	IN PROGRESS

Target Completion Date: October 2026 (Revised from December 2025)

Progress report:

- RECO will launch AFF on October 1, 2026, establishing a recurring requirement for brokerages to attest to and submit standardized financial, trust-account and selected transaction information. The inaugural filing deadline is October 30, 2026.
- The new reporting process complements RECO's existing audit and inspection activities and provides a foundation for identifying trends, verifying potential deficiencies and directing follow-up to higher-risk brokerages.
- RECO plans to build on AFF with monthly trust reconciliation reporting and further transaction data collection. These additional sources will progressively strengthen the timeliness and completeness of brokerage risk information; their implementation remains underway.

Action	Action item	Owner	Status
21.c	Analyze the information collected to develop and provide evidence-based policy recommendations for the Ministry's review and consideration.	RECO	IN PROGRESS
Target Completion Date: October 2026 (Revised from December 2025)			

Progress report:

- RECO has advanced evidence-based regulatory advice to the Ministry, which includes proposals to enhance the organization's enforcement tools, compliance authorities and strengthen trust-account oversight, informed by identified regulatory analysis and sector risks.
- Annual Financial Filings will launch on October 1, 2026, and will provide standardized brokerage financial and trust-account information. Planned monthly trust reconciliation reporting and additional transaction data will further support analysis of emerging issues, sector-wide trends and potential consumer harm.
- RECO is developing its risk intelligence capability to connect these data sources with inspections, complaints, investigations and registration information. As reliable data accumulates, the resulting analysis will support more targeted regulatory interventions and future policy recommendations to the Ministry.

Action	Action item	Owner	Status
21.d	Use this information to inform its brokerage inspection process.	RECO	IN PROGRESS
Target Completion Date: December 2026 (Revised from January 2026)			

Progress report:

- RECO will integrate Annual Financial Filings results into its risk-based inspection approach. Every completed initial filing is risk-rated, with Audit and Inspections reviewing higher-risk results against available compliance history and determining whether additional review or inspection is warranted.
- This approach is intended to supplement existing inspection criteria with standardized financial and trust-account indicators, improving how RECO selects brokerages for review and determines inspection scope and priority.
- As inaugural filings are assessed and the model is validated, RECO expects to strengthen inspection targeting through and subsequently incorporate monthly trust reconciliations and additional transaction information. Full implementation of these enhancements remains underway.

Recommendation #24:

So that 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 and Procurement:

Action	Action item	Owner	Status
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.	MPBSDP & RECO	IN PROGRESS
Target Completion Date: December 2027 (Revised from April 2026)			

Progress report:

- RECO is strengthening consumer engagement through targeted research and consultation, including consumer focus groups designed to capture experiences, identify sources of harm and inform regulatory priorities.
- In 2027, RECO plans to execute a more structured Consumer Engagement Strategy and consumer insights capability, using research and focused engagement to bring consumer perspectives into policy development, education and regulatory modernization.
- This work will also inform discussions with the Ministry on proposed amendments to the Administrative Agreement, including formal reporting requirements. Regular updates will also be provided via the quarterly liaison meetings between RECO and the Ministry.

Recommendation #25:

So that the Ministry of Public and Business Service Delivery and Procurement can effectively monitor 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.

Action	Action item	Owner	Status
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.	MPBSDP & RECO	IN PROGRESS

Target Completion Date: March 2027 (Revised from January 2025)

Progress report:

- RECO and the Ministry are working to modernize performance indicators with a focus on more meaningful measures of regulatory effectiveness.
- The revised indicators will be aligned with RECO's Strategic Plan and Regulatory Modernization Roadmap so that reporting captures not only activity and timeliness, but also progress toward risk-based oversight, consumer protection and cost-recovery objectives.
- The final measures and reporting arrangements will be submitted for the Minister's approval, supported by clearer performance definitions and supporting data requirements.