

Memorandum of Understanding
Between
Minister of Finance
and
Chair of the Ontario Cannabis Retail Corporation

2021

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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 of Finance and the Chair of the Ontario Cannabis Retail Corporation on behalf of the Agency.
 - Clarify the roles and responsibilities of the Minister, the Chair, the Deputy Minister, the President and Chief Executive Officer (CEO), and the Agency's Board.
 - Clarify the operational, administrative, financial, staffing, auditing and reporting arrangements between the Ontario Cannabis Retail Corporation and the Ministry of Finance.
- b. This MOU should be read together with the *Ontario Cannabis Retail Corporation Act, 2017*. This MOU does not affect, modify or limit the powers of the Agency as set out under the *Ontario Cannabis Retail Corporation Act, 2017*, or interfere with the responsibilities of any of its parties as established by law. In case of a conflict between this MOU and any act or regulation, the act or regulation prevails.

2. Definitions

In this MOU:

- a. "AAD" means the Treasury Board/Management Board of Cabinet Agencies & Appointments Directive;
- b. "Act" means the *Ontario Cannabis Retail Corporation Act, 2017*, S.O. 2017, c. 26, Sched. 2, as amended, that governs the Agency;
- c. "Agency" or "Provincial Agency" means the Ontario Cannabis Retail Corporation ("OCRC"), operating as the Ontario Cannabis Store ("OCS");
- d. "Annual Business Plan" means the annual business plan described under article 10.1 of this MOU;
- e. "Annual Report" means the annual report referred to in article 10.2 of this MOU;
- f. "Applicable Government Directives" means the government directives, policies, standards and guidelines that apply to the Agency, as may be amended or replaced from time to time, which are listed in Appendix 2 to this MOU;
- g. "Appointee" means a member appointed to the Agency by the Lieutenant Governor in Council, but does not mean an individual employed or appointed by the Agency as staff;
- h. "Board" means the board of directors of the Agency appointed under section 9(1) of the Act;
- i. "Chair" means the Chair of Board of the Agency designated under section 9(2) of the Act;

- j. “Constituting Instrument” means the Act that established the Agency;
- k. “Deputy Minister” means the Deputy Minister of the Ministry of Finance;
- l. “Executive Council Act” means the *Executive Council Act*, R.S.O. 1990, c. E. 25, as amended;
- m. “FIPPA” means the *Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, c.F.31, as amended.
- n. “Fiscal Year” means the period from April 1 to March 31 of the following year as set out in section 23 of the Act;
- o. “Government” means the Government of Ontario;
- p. “Major Capital Expenditure” has the same meaning as set out in subsection 21 (2) of the Act.
- q. “MBC” means the Management Board of Cabinet;
- r. “Member” means a Member of the Board;
- s. “Minister” means the Minister of Finance or such other person who may be designated from time to time under the *Executive Council Act*;
- t. “Ministry” means the Ministry of Finance or any successor to the Ministry;
- u. “MOU” means this Memorandum of Understanding signed by the Minister and the Chair;
- v. “President and CEO” means the President and Chief Executive Officer appointed under section 12 of the Act;
- 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. “PSOA” means the *Public Service of Ontario Act, 2006*, S.O. 2006, c. 35, Sched. A, as amended;
- y. “TBS” means the Treasury Board Secretariat;
- z. “TB/MBC” means the Treasury Board/Management Board of Cabinet;
- aa. “Vice-chair” means the Vice-chair of the Board designated under section 9(3) of the Act.

3. Agency’s Legal Authority and Mandate

- a. The legal authority of the Agency is set out in the Act.
- b. The Provincial Agency’s mandate is set out in the Act, which states that the Agency’s objects are:
 - i. to buy, possess and sell cannabis and related products;

- ii. to determine the varieties, forms or types of cannabis and related products it sells and the prices at which it sells them, subject to the Act and its regulations;
- iii. to promote social responsibility in connection with cannabis; and
- iv. to engage in such other activities as may be prescribed by regulation or assigned to the Agency under the Act or any other act.

4. Agency Type and Public Body Status

- a. The Agency is designated as a board-governed provincial agency under the AAD.
- b. The Agency is prescribed as a public body in accordance with Ontario Regulation 146/10 under the PSOA. 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 Agency is a Crown Agency within the meaning of the *Crown Agency Act*, R.S.O., 1990, c. C.48, as amended.
- b. The Agency 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 Act and/or limitations imposed by TB/MBC.

6. Guiding Principles

The parties agree to the following principles:

- a. The Minister recognizes that the Agency exercises powers and performs duties in accordance with its legal mandate under the Act.
- b. The Minister recognizes that the Agency plays a meaningful role in the development of the policies and programs of the Government, as well as in the implementation of those policies and delivery of programs.
- c. The Board acknowledges 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 Agency. The Board acknowledges that it is accountable to the Minister, through the Chair, for governance and oversight of the Agency.
- d. As an Agency of the Government, the Agency conducts itself according to the management principles of the Government. 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, 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 Agency and fulfillment of its statutory responsibilities.

- f. The Agency and the Ministry agree to avoid duplication of services wherever possible.
- g. The Agency and the Ministry will work together in a mutually respectful manner.

7. Accountability Relationships

7.1 Minister

The Minister is accountable:

- a. To the Cabinet and the Legislative Assembly for the Agency's fulfilment of its mandate and its compliance with Government policies, and for reporting to the Legislative Assembly on the Agency's affairs.
- b. For reporting and responding to TB/MBC on the Agency's performance and compliance with Government's applicable directives and operational policies.
- c. To the Cabinet for the performance of the Agency and its compliance with the Government's operational policies and broad policy directions.

7.2 Chair

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

- a. To the Minister for the Agency's performance in fulfilling its mandate, and for carrying out the roles and responsibilities assigned to the Chair by the Act, this MOU, and applicable TB/MBC, Public Service Commission and Government directives.
- b. For reporting to the Minister, as requested, on the Agency's activities.
- c. For ensuring timely communications with the Minister regarding any issue that affects, or can reasonably be expected to affect, the Minister's responsibilities for the Agency.
- d. To the Minister to confirm the Agency's compliance with legislation, directives, and accounting and financial policies.

7.3 Board of Directors

The Board of the Agency is accountable, through the Chair, to the Minister for the oversight and governance of the Agency; setting goals, objectives and strategic direction for the Agency within its mandate; and for carrying out the roles and responsibilities assigned to it by the Act, this MOU, and applicable TB/MBC 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 Agency and for carrying out the roles and responsibilities assigned by the Minister, the Act, this MOU, and applicable TB/MBC and Government directives.

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

7.5 President and CEO

The President and CEO, appointed under the Agency's authority, is accountable to the Board for the management and administration of the Agency, the supervision of Agency staff, and carrying out the roles and responsibilities assigned by the Board, the Agency's Constituting Instrument, this MOU and Government directives. The President and CEO works under the direction of the Chair to implement policy and operational decisions. The President and CEO reports the Agency's performance results to the Board, through the Chair.

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 Agency.
- b. Reporting and responding to TB/MBC on the Agency'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 Agency.
- d. Recommending to TB/MBC the powers to be given to, or revoked from, the Agency when a change to the Agency's mandate is being proposed.
- e. Meeting with the Chair to discuss issues relating to the fulfilment of the Agency's mandate.
- f. Working with the Chair to develop appropriate measures and mechanisms related to the performance of the Agency.
- g. Reviewing 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 Agency, pursuant to the process for Agency appointments established by legislation and/or by 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 Agency resulting from any such review or audit.
- j. When appropriate or necessary, taking action or directing that the Agency take corrective action with respect to the Agency's administration or operations.
- k. Receiving the Agency's annual report and approving the report within 60 calendar days of receiving it.

- l. Tabling the annual report within 30 calendar days of approving it.
- m. Ensuring that the Agency's annual report is made available to the public after it is tabled and within 30 calendar days of approving it.
- n. Informing the Chair of the Government's priorities and broad policy directions for the Agency.
- o. Consulting, as appropriate, with the Chair on significant new directions or when the Government is considering regulatory or legislative changes for the Agency.
- p. Developing the Agency'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.
- q. Reviewing and approving the Agency's annual business plan.
- r. Outlining the high-level expectations, key commitments and performance priorities for the Agency at the beginning of the annual business planning cycle through the Agency mandate letter.

8.2 Chair

The Chair is responsible to support the Board for:

- a. Providing leadership to the Agency by working with the Board to set the goals, objectives and strategic directions within its mandate.
- b. Providing leadership to the Agency's Board and ensuring that the Board carries out its responsibilities for decisions regarding the Agency.
- c. Chairing Board meetings, including the management of the Board's agenda.
- d. Reviewing and approving claims for per diems and travel expenses for appointees to the Board, in compliance with Government directives.
- e. Seeking strategic policy direction for the Agency 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 the Minister's responsibilities relating to the Agency.
- 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 Agency's mandate, powers or responsibilities as set out in the Agency's Constituting Instrument.
- h. Reporting to the Minister as requested on the Agency's activities within agreed upon timelines, including an annual letter confirming the Agency'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 Agency's MOU with the Minister, as authorized by the Board, and signing it on behalf of the Board.
- k. Submitting the Agency'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 of Finance and President of Treasury Board with a copy of every audit report, a copy of the Agency's response to each report, and any recommendation in the report.
- m. Advising the Minister annually on any outstanding audit recommendations per direction of the Board.
- n. Ensuring that Members are informed of their responsibilities under the PSOA with regards to the rules of ethical conduct, including the political activity rules.
- o. Ensuring appropriate management systems are in place (financial, information technology, human resources) for the effective administration of the Agency.
- p. Carrying out effective public communications and relations for the Agency as its chief spokesperson.
- q. Cooperating with any review or audit of the Agency directed by the Minister or TB/MBC.
- r. Fulfilling the role of ethics executive for public servants who are Government appointees to the Agency, promoting ethical conduct and ensuring that all Members of the Agency are familiar with the ethical requirements of the PSOA, and the regulations made under it, including in respect of conflict of interest, political activity and the protected disclosure of wrongdoing.
- s. Keeping the Minister informed of upcoming appointment vacancies and providing recommendations for appointments or re-appointments.
- t. Ensuring compliance with legislative and TB/MBC policy obligations.

8.3 Board of Directors

The Board is responsible for:

- a. Establishing the goals, objectives, and strategic directions for the Agency within its mandate as defined by the Act, Government policies as appropriate and this MOU.
- b. Governing the affairs of the Agency within its mandate as set out in the Act, 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 Agency'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 Agency's annual reports for submission for tabling in the Legislative Assembly within the timelines established by the Agency's Constituting Instrument or the AAD as applicable.
- e. Making decisions consistent with the business plan approved for the Agency.
- f. Ensuring that the Agency uses public funds with integrity and honesty, and only for the business of the Agency based on the principle of value for money, and in compliance with applicable legislation and TB/MBC directives.
- g. Ensuring that the Agency 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 Agency.
- i. Approving the Agency'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 Agency.
- j. Approving the Agency'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. Directing the development of an appropriate risk management framework and a risk management plan and arranging for risk-based reviews and audits of the Agency as needed.
- l. Where applicable, ensuring that conflict of interest rules that the Agency 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 Agency.
- m. Establishing performance measures, targets and management systems for monitoring and assessing the Agency's performance.
- n. Directing corrective action on the functioning or operations of the Agency, 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 Agency's goals, objectives and strategic directions.
- q. Providing advice to the Government, through the Minister, on issues within or affecting the Agency's mandate and operations.
- r. Setting and reporting on the strategic direction for the Agency according to the Minister's Agency mandate letter, Agency's business plan, and the Agency's annual report.

- s. Appointing a President and CEO and setting performance objectives and remuneration terms linked to these objectives for the President and CEO which give due weight to the proper management and use of public resources.
- t. Evaluating the performance of the President and CEO pursuant to performance criteria established by the Board and the Chair.

8.4 Deputy Minister

The Deputy Minister is responsible for:

- a. Advising and assisting the Minister regarding the Minister's responsibilities for the Agency, including informing the Minister of policy direction, policies and priorities of relevance to the Agency's mandate.
- b. Advising the Minister on the requirements of the AAD, and other directives that apply to the Agency.
- c. Recommending to the Minister, as may be necessary, the evaluation or review, including a risk-based review, of the Agency or any of its programs, or changes to the management framework or operations of the Agency.
- d. Facilitating regular briefings and consultations between the Chair and the Minister, and between the Ministry staff and the Agency staff as needed.
- e. Attesting to TB/MBC on the Provincial Agency'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 Chair to the Minister.
- f. Ensuring that the Ministry and the Agency have the capacity and systems in place for on-going risk-based management, including appropriate oversight of the Agency.
- g. Ensuring that the Agency has an appropriate risk management framework and a risk management plan in place for managing risks that the Agency may encounter in meeting its program or service delivery objectives.
- h. Undertaking timely risk-based reviews of the Agency, its management or operations, as may be directed by the Minister or TB/MBC.
- i. Establishing a framework for reviewing and assessing the Agency's business plans and other reports.
- j. Supporting the Minister in reviewing the performance targets, measures and results of the Agency.
- k. Advising the Minister on documents submitted by the Agency 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 Agency as may be directed by the Minister.
- n. Cooperating with any review of the Agency as directed by the Minister or TB/MBC.
- o. Monitoring the Agency on behalf of the Minister while respecting the Agency'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, as well as any amendments to the MOU, as directed by the Minister.
- q. Consulting with the President and 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 President and CEO, as needed, or as directed by the Minister, or on the request of the President and CEO.
- s. Arranging for administrative, financial and other support to the Agency, as specified in this MOU.
- t. Reporting to TBS on the Agency and Ministry's compliance with the AAD, as required.
- u. Informing the President and 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.
- v. When required, submitting a report to the Secretary of TB/MBC on the wind-down of the Agency, following the disposition of any assets, completion of any outstanding responsibilities by the Agency, and the termination of any appointments.

8.5 President and CEO

The President and CEO is responsible for:

- a. Managing the day-to-day operational, financial, analytical, and administrative affairs of the Agency in accordance with the mandate of the Agency, TB/MBC and Government directives, accepted business and financial practices, and this MOU.
- b. Advising the Chair on the requirements of and the Agency's compliance with the AAD, as well as other TB/MBC and Government directives and policies, and Agency by-laws and policies, including annually attesting to the Chair on the Agency's compliance with mandatory requirements.
- c. Applying policies and procedures so that public funds are used with integrity and honesty.
- d. Providing leadership and management to the Agency staff, including human and financial resources management, in accordance with the approved business plan, accepted business and financial practices and standards, the Agency's Constituting Instrument, and Government directives.

- e. Establishing and applying a financial management framework for the Agency in accordance with applicable Government directives, policies and guidelines.
- f. Translating the goals, objectives and strategic directions of the Board into operational plans and activities in accordance with the Agency's approved business plan.
- g. Ensuring that the Agency has the oversight capacity and an effective oversight framework in place for monitoring its management and operations.
- h. Keeping the Board, through the Chair, informed with respect to implementation of policy and the operations of the Agency.
- i. Establishing and applying systems to ensure that the Agency operates within its approved business plan.
- j. Establishing and applying the Agency's risk management framework and risk management plan as directed by the Board.
- k. Supporting the Chair and Board in meeting their responsibilities, including compliance with all applicable legislation, directives, policies, procedures and guidelines.
- l. Carrying out in-year monitoring of the Agency's performance and reporting on results to the Board through the Chair.
- m. 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.
- n. Seeking support and advice from the Ministry, as appropriate, on Agency management issues.
- o. Establishing and applying a system for the retention of Agency documents and for making such documents publicly available when appropriate, for complying with FIPPA.
- p. Undertaking timely risk-based reviews of the Agency's management and operations.
- q. Consulting with the Deputy Minister as needed, on matters of mutual importance, including services provided by the Ministry, and on TB/MBC and Government directives and Ministry policies.
- r. Cooperating with a periodic review directed by the Minister or TB/MBC.
- s. Fulfilling the role of ethics executive for public servants, other than Government appointees, who work in the Agency.
- t. Promoting ethical conduct and ensuring that all members of the Agency are familiar with the ethical requirements of the PSOA and the regulations made under it, 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 Agency'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 Agency to applicable directives and policies and support the Board to provide the statement of compliance of the Agency.

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.

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 the Provincial Agency appointees, is responsible for ensuring that appointees of the Agency 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 Agency.

The President and CEO, as the Ethics Executive for Agency employees, is responsible for ensuring that employees of the Agency 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 Agency.

10. Reporting Requirements

10.1 Business Plan

- a. The Chair will ensure that the Minister is provided annually with the Agency's business plan covering a minimum of three (3) years from the upcoming 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 equivalent within three months prior to the Agency's fiscal year start.
- c. The Chair is responsible for ensuring that the Agency'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 Agency in the marketplace, and information that would otherwise pose a risk to the security of the facilities and/or operations of the Agency.
- f. The Minister will review the Agency's annual business plan and will promptly advise the Chair whether or not the Minister concurs with the directions proposed by the Agency. The Minister may advise the Chair where and in what manner the Agency's business plan varies from Government or Ministry policy or priorities as may be required, and the Chair, on behalf of the Board, will revise the Agency's plan accordingly. Business plans are only to be considered valid once approved by the Board, pursuant to section 8 (2) of the Act, and subsequently by the Minister and the Minister's approval has been expressed in writing.
- g. In addition, TB/MBC may require the Minister to submit the Agency's business plan to TB/MBC for review at any time.
- h. The Chair, through the President and CEO, will ensure that the Minister-approved business plan is made available to the public in an accessible format, in both official languages, on the Agency's website within 30 calendar days of the Minister's approval of the plan.

10.2 Annual Reports

- a. The Chair is responsible for ensuring that the Agency's annual report is prepared and submitted to the Minister for approval within 120 calendar days after the Agency's fiscal year end or 90 calendar days if the Auditor General completed the financial audit. The annual report shall be in accordance with the requirements set out in the AAD.
- b. The Chair, through the President and CEO, will ensure that the annual report is prepared in the format specified in the AAD.
- 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 Provincial Agency in the marketplace, and information that would otherwise pose a risk to the security of the facilities and/or operations of the Provincial Agency.
- d. The Minister will receive and review the Provincial Agency's annual report to confirm adherence with AAD requirements, 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 President and CEO, will ensure that its annual report is publicly posted in an accessible format, in both official languages, on the Agency's 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 by directive or legislation.

10.3 Other Reports

The Chair is responsible on behalf of the Board for:

- a. Ensuring that the reports and documents set out in Appendix 1 to this MOU are submitted for review and approval by the Minister in accordance with the prescribed timelines.
- b. 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 Ministry's administration.

11. Public Posting Requirements

- a. The Provincial Agency, through the Chair on behalf of the Board, will ensure that the following approved governance documents are posted in an accessible format, in both official languages, on the Agency's website within the specified timelines:
 - MOU and any letter of affirmation – 30 calendar days of signing by both parties
 - Agency Mandate Letter – no later than the corresponding annual business plan
 - Annual Business Plan – 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 Provincial Agency in the marketplace, and information that would otherwise pose a risk to the security of the facilities and/or operations of the Provincial Agency.
- c. The Provincial Agency, through the Chair on behalf of the Board, will ensure that the expense information for appointees and senior management staff are posted on the Agency or Ministry website, in accordance with the requirements of the MBC Travel, Meal and Hospitality Expenses Directive.
- d. The Provincial Agency, through the Chair on behalf of the Board, 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 Agency is essential for the Minister to meet the Minister's responsibilities for reporting and responding to the Legislative Assembly on the affairs of the Agency. The parties also recognize that it is essential for the Chair on behalf of the Board to be kept informed of Government initiatives and broad policy directions that may affect the Agency's mandate and functions.

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

- a. The Chair 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 the Minister's responsibilities.
- b. The Minister will consult with the Chair in a timely manner, as appropriate, on broad Government policy initiatives or legislation being considered by the Government that may impact on the Agency's mandate or functions, or which otherwise will have a significant impact on the Agency.
- c. The Minister and the Chair 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 Agency's mandate, management and operations.
- e. The Deputy Minister and the President and 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 Agency. The Deputy Minister and the President and CEO shall provide timely information and advice to each other concerning significant matters affecting the Agency's management or operations.

13. Administrative Arrangements

13.1 Applicable Government Directives

- a. The Chair, on behalf of the Board, is responsible for ensuring that the Agency operates in accordance with all applicable TB/MBC 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 Agency of amendments or additions to directives, policies and guidelines that apply to the Agency; however, the Agency is responsible for complying with all directives, policies and guidelines to which it is subject.
- c. In addition to complying with the MBC Realty Directive, the Agency shall comply with the Ministry of Infrastructure Realty Policy, where applicable, including any appendices to this policy when acquiring space for accommodation and program purposes. The Ministry will ensure that the Agency is provided with any updates to this policy.
- d. The Agency 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

The Board of the Agency has the authority and responsibility for its administrative services and is accountable to the Minister for those administrative services.

13.3 Agreements with Third-Parties

- a. Upon request, and to the extent permitted by law, the Agency shall provide the Minister with information about any agreement, memorandum of understanding or arrangement between the Agency and a third party, as soon as practicable.
- b. The Agency may enter into written agreements with the Liquor Control Board of Ontario (LCBO) providing that the LCBO, or any of its officers or employees, provide services, advice, assistance, goods or other property to the Agency, as provided for under section 15 of the Act.

13.4 Legal Services

The Agency shall employ or retain, as appropriate, its own legal counsel.

13.5 Creation, Collection, Maintenance and Disposition of Records

- a. The Chair, on behalf of the Board, is responsible for ensuring that a system is in place for the creation, collection, maintenance and disposal of records.
- b. The Board, through the Chair, is responsible for ensuring that the Provincial Agency complies with all Government legislation, directives and policies related to information and records management.
- c. The President and CEO, the Chair and the Board shall protect the legal, fiscal and other interests of the Agency by implementing reasonable measures to ensure the ongoing viability, integrity, preservation and security of all official records created, commissioned or acquired by the Agency. This includes, but is not limited to, all electronic records, such as emails, information posted on the Agency's website(s), database data sets, and all records stored on personal computers and shared drives.
- d. The Chair, on behalf of the Board, is responsible for ensuring measures are implemented requiring the Agency'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 Chair, on behalf of the Board, 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 Agency may enter with a third party that involves the creation of intellectual property.

13.7 Freedom of Information and Protection of Privacy

- b. The Chair and the Minister acknowledge that the Agency is bound to follow the requirements set out in FIPPA in relation to the collection, retention, security, use, distribution and disposal of records.
- c. The President and CEO is the institution head for the purposes of the FIPPA.

13.8 Service Standards

- a. The Provincial Agency 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 Chair will ensure the Agency delivers its services at a quality standard that reflects the principles and requirements of the OPS Service Directive.
- c. The Agency will ensure that it has in place a formal process for responding to complaints about the quality of services received by customers of the Agency consistent with the Government's service quality standards.
- d. The Agency's annual business plan will include performance measures and targets for customer service and the Agency's response to complaints.
- e. The Provincial Agency shall comply with the *Accessibility for Ontarians with Disabilities Act, 2005*, S.O. 2005, c. 11, as amended.

14. Financial Arrangements

14.1 General

- a. All financial procedures for the Agency shall be in accordance with applicable TB/MBC and Ministry directives and guidelines, Ministry corporate financial and administrative policies and procedures, and other Government guidelines, directives and policies, as set out in Appendix 2 of this MOU.
- b. Pursuant to section 19 of the Act, the Agency shall pay into the Consolidated Revenue Fund its net profits at such times and in such manner as the Lieutenant Governor in Council may direct.
- c. Pursuant to Section 28 of the *Financial Administration Act*, R.S.O. 1990, c. F.12, the Agency shall not enter into any financial arrangement or commitment, guarantee, indemnity or similar transaction that may increase, directly or indirectly, the indebtedness or contingent liabilities of the Government without the written approval of the Minister of Finance and/or the President of the Treasury Board.
- d. The Agency will report to the Minister items, including any Major Capital Expenditure, that could significantly impact the Agency's revenues.
- e. The President and CEO shall be responsible for providing the Ministry with the necessary documentation to support the Agency's expenditures.

14.2 Funding

- a. The Agency shall maintain one or more bank accounts in its own name and manage its financial activities, including leasing, investment and management of cash in accordance with the Ontario Financing Authority's policy directions.

- b. The revenue and assets of the Agency do not form part of the Consolidated Revenue Fund. The revenue of the Agency shall be applied to carrying out its objects.

14.3 Financial Reports

- a. The Chair, on behalf of the Board, will provide to the Minister audited annual financial statements, and will include them as part of the Agency'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 Agency 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*, S.O. 1996, c. 1, Sched. A.

14.4 Taxation Status: Harmonized Sales Tax (HST)

- a. The Agency is responsible for complying with its obligations as a supplier under the federal *Excise Tax Act*, R.S.C., 1985, c. E-15, to collect and remit HST in respect of any taxable supplies made by it.
- b. The Agency is responsible for paying HST where applicable, in accordance with the federal *Excise Tax Act*, R.S.C., 1985, c. E-15. The Agency 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 Agency is subject to periodic review and value-for-money audit by the Auditor General of Ontario under the *Auditor General Act*, R.S.O. 1990, c. A.35 or by the Ontario Internal Audit Division of TBS.
- b. 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.
- c. Regardless of any previous or annual external audit, the Minister may direct that the Agency be audited at any time.
- d. The Agency will promptly provide a copy of every report from an audit to the Minister and President of Treasury Board. The Agency will also provide a copy of its response to the audit report and any recommendations therein. The Agency will advise the Minister annually on any outstanding audit recommendations.
- e. The Chair, on behalf of the Board, may request an external audit of the financial transactions or management controls of the Agency, at the Agency's expense.
- f. The accounts and financial transactions of the Agency shall be audited annually by the Auditor General pursuant to section 24 of the Act.

15.2 Other Reviews

- a. The Agency 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 Agency that are determined by TB/MBC or the Minister, and may include the mandate, powers, governance structure and/or operations of the Agency. 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, and the Minister, and how any other parties are involved.
- b. In addition to the foregoing, a mandate review of the Agency will be conducted at least once every six years. A review under section 28.2 of the Act will be completed by October 16, 2024. The Minister will consult the Chair, on behalf of the Board, as appropriate during any such review.
- c. The Chair, President and CEO and Board will cooperate in any review.
- d. 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 Agency to TB/MBC for consideration.

16. Staffing and Appointments

16.1 Staffing Requirements

- a. Agency employees are public servants under the PSOA and are employed under the Act.

16.2 Appointments

- a. The Chair is designated by the Lieutenant Governor in Council among Members pursuant to section 9 (2) of the Act. There is no fixed term of appointment required under the Act.
- b. The Vice-chair may be designated by the Lieutenant Governor in Council among Members pursuant to section 9 (3) of the Act. There is no fixed term of appointment under the Act. If the Chair is absent or unable to act, or if the office of the Chair is vacant, the Vice-chair shall act as Chair.
- c. The Members are appointed by the Lieutenant Governor in Council pursuant to section 9 (1) of the Act. There is no fixed term of appointment under the Act. If the Chair and Vice-chair are absent, the Members present shall appoint an acting Chair from among themselves.
- d. The minimum number of Members is three and the maximum number of Members is nine, as set out in the Act.

16.3 Remuneration

- a. Remuneration for Members is set by the Lieutenant Governor in Council.
- b. As set out in section 9 (7) of the Act and Order in Council 1179/2018, as may be amended from time-to-time, the Chair is remunerated at a per diem rate of \$350.00, the Vice-chair is remunerated at a per diem rate of \$250.00 and the Members are each remunerated at a per

diem rate of \$200.00 and reimbursement for reasonable expenses as the Lieutenant Governor in Council determines.

- c. Travel expenses of Members must comply with the MBC Travel, Meal and Hospitality Expenses Directive.

17. Risk Management, Liability Protection and Insurance

17.1 Risk Management

- a. The Chair, on behalf of the Board, is responsible for ensuring that a risk management strategy is developed for the Provincial Agency, in accordance with the OPS Risk Management process.
- b. The Agency shall ensure that the risks it faces are addressed in an appropriate manner.

17.2 Liability Protection and Insurance

- a. Subsections 17(1) and (2) of the Act provides that no action or other proceeding for damages may be instituted against:
 - i. a Member, officer or employee of the Agency as a result of any act done in good faith in the performance or intended performance of his or her duties or any alleged neglect or default in the performance in good faith of his or her duties;
 - ii. the Crown, a minister of the Crown or an employee of the Crown as a result of any act or omission of a person who is not a minister of the Crown or a Crown employee, if the act or omission is related, directly or indirectly, to the Agency's affairs or to the administration of the Act; or
 - iii. the LCBO or a member, officer or employee of the LCBO as a result of any act or omission of a person who is not a member, officer or employee of the LCBO, if the act or omission is related, directly or indirectly, to the Agency's affairs or to the administration of this Act.
- b. The Agency maintains directors' and officers' errors and omissions insurance for its Members and officers and shall issue an indemnity to its Members and officers in a form as prescribed by the Board.

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. 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.
- c. Either the Minister or the Chair, on behalf of the Board, may initiate a review of this MOU by written request to the other.

- d. 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.
- e. A full review and replacement of this MOU will be conducted immediately in the event of a significant change to the Agency's mandate, powers or governance structure as a result of an amendment to the Act or any other applicable legislation.
- f. At a minimum, this MOU will be reviewed at least once every five (5) years, or upon change in Chair or Minister, to ensure it is current and consistent with Government expectations.

Signatures



Chair
Ontario Cannabis Retail Corporation

June 25, 2021

Date



Minister
Minister of Finance

November 9, 2021

Date

Appendix 1: Summary of Agency Reporting Requirements

| DUE DATE | REPORT / DOCUMENT | NAMES OF RESPONSIBLE OFFICIALS |
|---|--|---|
| Submitted annually, a draft no later than three (3) months before the start of the fiscal year to the CAO or responsible Assistant Deputy Minister, and a final no later than one (1) month before the start of the fiscal year to the Minister | Business Plan a. Prepares b. Approves c. Provides to Minister | a. Agency Staff b. Board / Chair c. Chair |
| Submitted annually within 90 calendar days of the Auditor General's completion of the audited financial statement. | Annual Report a. Prepares b. Approves c. Provides to Minister | a. Agency Staff b. Board / Chair c. Chair |
| Annually | Compliance Attestation | President and CEO / Board / Chair |
| Annually | Audited Financial Statements Financial Reports | President and CEO |
| Submitted within approximately 45 days after the end of each quarter, and following Board review and approval | Quarterly Financial Report The unaudited statement will include at least a balance sheet; quarterly and year-over-year sales; statement of revenues and expenses to date; statement of projected revenues and expenses for the fiscal year; statement of cash flows; net income; full-time equivalents. | President and CEO |
| Reviewed at least once every 5 years | Memorandum of Understanding | Chair |
| Quarterly | Expenses Reporting The OCRC will post expenses online as directed by the AAD. | President and CEO |
| Quarterly | Agency Risk Assessment The OCRC will submit its quarterly risk assessment as directed by the AAD. | President and CEO |

| DUE DATE | REPORT / DOCUMENT | NAMES OF RESPONSIBLE OFFICIALS |
|---|--|---|
| As requested | In-year financial / operational performance / other reporting – quarterly / monthly / etc. Including quarterly material litigation report. | President and CEO |
| As requested | Procurement Directive – Interim measures or other reporting | President and CEO, or alternate as required |
| As requested | Realty Directive | President and CEO, or alternate as required |
| As requested | Executive Compensation | President and CEO, or alternate as required |
| As requested | Trade Agreement Reporting | President and CEO, or alternate as required |
| As required by the Agency or the Ministry | <i>Financial Administration Act</i> s28 – Increase Indebtedness or Contingent Liabilities | President and CEO |

Appendix 2: Applicable Government of Ontario Directives

1. The following TB/MBC and Government directives, guidelines and policies apply to the Agency:
 - Accountability Directive
 - Accounting Advice Directive
 - Advertising Content Directive
 - Agencies & Appointments Directive
 - Broader Public Sector Compensation Information Directive
 - Business Planning and Allocations Directive
 - Capital Expenditure Evaluation Directive
 - Cash Management Directive
 - Communications in French Guidelines
 - Corporate Policy on Recordkeeping
 - Data Integrity Policy
 - Disclosure of Wrongdoing Directive for Employees and Appointees in Public Bodies
 - Enterprise Risk Management Directive
 - Expenditure Management Directive
 - Financial Record Retention Policy
 - Governance and Management of Information and Data Directive
 - Internal Audit Directive
 - Internal Control Policy
 - Indemnification Directive
 - Digital and Data Directive Perquisites Directive
 - Procurement Directive (sections 3 and 8)
 - Procurement Directive on Advertising, Public and Media Relations and Creative Communications Services
 - Realty Directive, subject to the exemptions granted to the Agency on October 25, 2017
 - Relocation Expenses Directive
 - Service Directive
 - Travel, Meal and Hospitality Expenses Directive
 - Visual Identity Directive
2. The Agency 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 Agency of amendments or additions to directives, policies and guidelines that apply to the Agency.

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