
**Memorandum of
Understanding Between the
Minister of Transportation and the
Chair of the Owen Sound
Transportation Company,
Limited**

July 2025

Signatures

I have read, understood and concur with this MOU dated July 2025 and will abide by the requirements for this MOU and the AAD.



Minister

07/25/2025

Date

I have read, understood and concur with this MOU dated July 2025 and will abide by the requirements for this MOU and the AAD.

Jamie Colliver

Jamie Colliver (Jul 23, 2025 14:12:27 EDT)

23/07/2025

Agency Chair

Date

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The parties to this memorandum of understanding agree to the following:

1. Preamble

- a. Provincial agencies deliver important and valued services to the people of Ontario. In delivering these public services, provincial agencies are accountable to the government through the responsible minister.
- b. Provincial agencies must use public resources efficiently and effectively to carry out their mandates, as established by their respective constituting instruments and in alignment with the key priorities of the provincial government. Their operations are guided by the key principles of the Agencies and Appointments Directive (AAD).
- c. The parties to this MOU acknowledge that the agency is part of government and is required to comply with legislation, government directives, policies and guidelines applicable to them. Further, the agency may be required to ensure that their directives and policies adhere to certain government directives, policies and guidelines, including those for human resources, while being mindful of collective agreement and bargaining obligations.

2. Purpose

- a. The purpose of this memorandum of understanding (MOU) is to:
 - Establish the accountability relationships between the Minister of Transportation and the Chair of the Owen Sound Transportation Company, Limited (OSTC).
 - Clarify the roles and responsibilities of the minister, the chair, the deputy minister, the agency's chief executive officer (CEO), and the agency's board of directors.
 - Clarify the operational, administrative, financial, staffing, auditing and reporting arrangements between the OSTC and the Ministry of Transportation.
- b. This MOU should be read together with the Ontario *Business Corporations Act*, R.S.O. 1990, chapter B. 16, the By-laws of the OSTC, the letters patent and supplementary letters patent of the OSTC, as amended, dated March 10, 1921, and August 5, 1949 respectively, declarations made pursuant to section 108 of the Act, including Sole Shareholder Declaration 1, and the declaration of the Minister of Transportation dated June 19, 2024 (the Act, By-laws, letters patent, supplementary letters patent, and sole shareholder declarations collectively referred to in this MoU as the Constituting Instruments as defined in section 3(m) of this MoU). This MOU does not affect, modify or limit the powers of the agency as set out under the agency's Constituting Instruments, 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.

- c. This MOU replaces the memorandum of understanding between the agency and the Ministry of Northern Development and Mines dated February 12, 2013.

3. Definitions

In this MOU:

- a. “AAD” means the Agencies and Appointments Directive, issued by Management Board of Cabinet;
- b. “Act” means the Ontario *Business Corporations Act*, R.S.O 1990, chapter B. 16;
- c. “Agency” or “provincial agency” means Owen Sound Transportation Company, Limited (OSTC);
- d. “Annual Report” means the annual report referred to in article 10.2 of this MOU;
- e. “Applicable Government Directives” means the government directives, policies, standards and guidelines that apply to the agency;
- f. “Artificial intelligence system” means a machine-based system that, for explicit or implicit objectives, makes inferences, from the input it receives, in order to generate outputs such as predictions, content, recommendations, or decisions that can influence physical or virtual environments.
- g. “Board” means the board of directors of the Owen Sound Transportation Company, Limited;
- h. “Business Plan” means the annual business plan described under article 10.1 of this MOU;
- i. “By-laws” means the by-laws of the OSTC as may be duly passed or amended by the Board and approved by the minister as the Sole Shareholder of the OSTC;
- j. “CEO” means the chief executive officer of the agency;
- k. “Chair” means the Chair of the Owen Sound Transportation Company, Limited;
- l. “Constituting Instruments” means the Act, the By-laws, the letters patent and supplementary letters patent of the OSTC, as amended, dated March 10, 1921, and August 5, 1949 respectively, declarations made pursuant to section 108 of the Act including Sole Shareholder Declaration 1 and the declaration of the Minister of Transportation dated June 19, 2024;
- m. “Deputy Minister” means the Deputy Minister of Transportation;
- n. “Designated Executive” means designated executive defined in the *Broader Public Sector Executive Compensation Act, 2014*, S.O. 2014;

- o. "Executive Council Act" means the *Executive Council Act*, R.S.O. 1990, c. E. 25, as amended;
- p. "FIPPA" means the *Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, c.F.31, as amended;
- q. "Fiscal Year" means the period from April 1 to March 31;
- r. "Government" means the Government of Ontario;
- s. "MBC" means the Management Board of Cabinet;
- t. "Member" means an individual appointed to the agency in accordance with the agency's Constituting Instruments, but does not mean an individual employed or appointed by the agency as staff;
- u. "Minister" means the Minister of Transportation or such other person who may be designated from time to time as the responsible minister in relation to this MOU in accordance with the *Executive Council Act*, R.S.O. 1990, c.E.25, as amended;
- v. "Minister of Finance" means the Minister of Finance or such other person who may be designated from time to time under the Executive Council Act;
- w. "Ministry" means the Ministry of Transportation or any successor to the ministry;
- x. "MOU" means this memorandum of understanding signed by the minister and the chair;
- y. "OPS" means the Ontario Public Service;
- z. "President of the Treasury Board" means this President of the Treasury Board or such other person who may be designated from time to time under the Executive Council Act;
- aa. "PSOA" means the *Public Service of Ontario Act*, 2006, S.O. 2006, c. 35, Sched. A, as amended;
- bb. "Sole Shareholder Declaration 1" means the declaration dated April 1, 2002 made by the Minister of Northern Development and Mines as the sole shareholder for the OSTC pursuant to section 108 of the Act;
- cc. "TBS" means the Treasury Board Secretariat;
- dd. "TB/MBC" means the Treasury Board/Management Board of Cabinet;
- ee. "Vice-Chair" means the Vice-Chair of the Board that is appointed from among the directors by the minister in accordance with the agency's Constituting Instruments.

3.1 Agency's Legal Authority and Mandate

- a. The legal authority of the Owen Sound Transportation Company, Limited is set out in the Constituting Instruments.
- b. The provincial agency's mandate is set out in Schedule A of the Sole Shareholder Declaration 1 as follows:

The Owen Sound Transportation Company contributes to the provision of safe, efficient and reliable ferry transportation in the province of Ontario, primarily through the operation of a seasonal vehicle/passenger ferry service between Tobermory and South Baymouth, Manitoulin Island. It promotes and contributes to economic development in this region by supporting the creation of a positive business climate and by enhancing and promoting the tourism sector through partnerships with local communities and regional stakeholders.

- c. Other activities carried out by the agency in furtherance of its mandate include operating the Moose Island ferry service between the town of Moosonee and Moose Factory Island on the Moose River, in addition to operating any other transportation services, such as the Pelee Island Transportation Service, as may from time to time be agreed to by the agency and the province.

4. Agency Type, Function and Public Body Status

- a. The agency is designated as a board-governed provincial agency with an Operational Enterprise function under the AAD.
- b. The agency is prescribed as a public body in accordance with Ontario Regulation 146/10 under the PSOA.

5. Corporate Status and Crown Agency Status

- a. The agency is a Crown agency within the meaning of the *Crown Agency Act*.
- b. The provincial 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 agency's Constituting Instruments and/or limitations imposed by Treasury Board/Management Board of Cabinet.
- c. The *Business Corporations Act* applies to the agency. The agency has one common share issued and outstanding, held by His Majesty the King in right of Ontario as represented by the Minister of Transportation.

6. Guiding Principles

The parties agree to the following principles:

- a. **Accountability:** Provincial agencies deliver public services and are accountable to the government through the responsible minister. In delivering on their mandate, provincial

agencies balance operational flexibility with the minister's accountability for the provincial agency to Cabinet, the Legislative Assembly and the people of Ontario. Accountability of the minister for each provincial agency cannot be delegated.

Every provincial agency complies with all applicable legislation and Ontario Public Service (OPS) directives and policies. Further, agencies ensure that their directives and policies adhere to certain government directives, policies and guidelines, including those for human resources, while being mindful of collective agreement and bargaining obligations. This includes applicable legislation and directives related to procurement.

- b. **Responsiveness:** Provincial agencies align their mandate and operations with government priorities and direction. Open and consistent communication between provincial agencies and their responsible ministry helps ensure that government priorities and direction are clearly understood and helps to manage risks or issues as they arise. Provincial agencies deliver a high standard of public service that meets the needs of the population that they serve.
- c. **Efficiency:** Provincial agencies use public resources efficiently and effectively to carry out their mandates, as established by their respective constituting instruments. They operate in a cost-effective manner, and pursue efficiencies throughout the agency's service delivery and administration.
- d. **Sustainability:** Provincial agencies operate in a way so that their current form is sustainable over the long-term while delivering a high standard of service to the public.
- e. **Transparency:** Good governance and accountability practices for provincial agencies are complemented by transparency in the form of public posting of governance and accountability documents including the business plan, annual report, MOU and expenses information
- f. **Impartial decision-making** is the paramount requirement.

7. Accountability Relationships

7.1 Minister

The minister is accountable:

- a. To 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 Treasury Board/Management Board of Cabinet on the agency's performance and compliance with government's applicable direction, including 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 of directors, 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 agency's Constituting Instruments, this MOU, and applicable government directives and policies.
- 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, government directives, and applicable accounting, financial, and I&IT policies.

7.3 Board of Directors

The board of directors 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 as outlined in the annual letter of direction; and for carrying out the roles and responsibilities assigned to it by the agency's Constituting Instruments, this MOU, and applicable other government directives and policies.

7.4 Deputy Minister

The deputy minister reports to the Secretary of the Cabinet and is responsible for supporting the minister in the effective oversight of provincial agencies. The deputy minister is accountable 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, this MOU, and applicable government directives and policies.

The deputy minister is also accountable for attesting to TB/MBC on the agency's compliance with applicable directives to the best of their knowledge and ability.

7.5 Chief Executive Officer (CEO)

Where the CEO is employed under the agency's authority and not under Part III of the *Public Service of Ontario Act, 2006*, the CEO 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 CEO works under the direction of the chair to implement policy and operational decisions. The CEO reports the agency's performance results to the board, through the chair. The board and chair are accountable to the minister.

This also applies where the CEO is appointed by the Lieutenant Governor in Council (LGIC).

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 directives, the government's operational policies and policy directions.
- c. Meeting with the chair at least quarterly on: government and ministry priorities for the agency; agency, board, chair and CEO performance; emerging issues and opportunities; agency high risks and action plans including direction on corrective action, as required; and agency business plan and capital priorities.
 - i. As a best practice, meetings are to be quarterly. The minister may delegate some of the meetings to an associate minister or parliamentary assistant. The minister should meet with the chair at least twice per year, with one meeting focused on agency, board, chair and CEO performance.
 - ii. If the minister deems the agency to be low-risk, the minister may reduce the number of meetings to twice a year, instead of quarterly, with one meeting focused on agency, board, chair and CEO performance.
- d. Informing the chair of the government's priorities and broad policy directions for the agency, and setting expectations for the agency in the annual letter of direction.
- e. Working with the chair to develop appropriate measures and mechanisms related to the performance of the agency.
- f. Reviewing the advice or recommendation of the chair on candidates for appointment or re- appointment to the board.
- g. Making appointments and reappointments to the agency, pursuant to the agency's Constituting Instruments and the process for agency appointments established by MBC through the AAD.
- h. Determining at any time the need for a review or audit of the agency, directing the chair to undertake reviews or audits 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.
 - i. Signing the MOU into effect after it has been signed by the chair.
 - j. Receiving the agency's annual business plan and approving or providing suggested changes to the plan no later than 30 calendar days from receiving it.
 - k. Ensuring that the agency's business plan is made available to the public no later than 30 calendar days from approving it.

- I. Receiving the agency's annual report and approving the report no later than 60 calendar days of the ministry's receipt of the report from the agency.
- m. Ensuring the annual report is made available to the public no later than 30 calendar days from approval.
- n. Recommending to TB/MBC any provincial funding to be allocated to the agency.
- o. When appropriate or necessary, taking action or directing that the agency take corrective action with respect to the agency's administration or operations.
- p. Consulting, as appropriate, with the chair (and others) on significant new directions or when the government is considering regulatory or legislative changes for the agency.
- q. Recommending to TB/MBC the application of the OPS Procurement Directive.
- r. Recommending to TB/MBC, where required, the merger, any change to the mandate, or dissolution of the agency.
- s. 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.

8.1.1 Minister as sole shareholder

In representing His Majesty the King in right of Ontario as the sole shareholder of the OSTC, the minister carries out various responsibilities set out in the Constituting Instruments, which include:

- a. Giving effect to changes to the agency by making declarations under section 108 of the *Business Corporations Act*, passing special resolutions in accordance with the By-laws, or executing any other instruments under any applicable authority.
- b. Providing direction or written approval, as the case may be, to the board in respect of any proposed resolution or by-law.

Actions by the sole shareholder are subject to, and do not replace, any usual process through which the minister or the Government of Ontario may consider matters relating to the agency.

8.2 Chair

The chair is responsible to support the board of directors by:

- a. Providing leadership to the agency's board of directors and ensuring that the board carries out its fiduciary responsibilities for decisions regarding the agency.
- b. Providing strategic leadership to the agency by working with the board of directors to set the goals, objectives and strategic directions as outlined in the annual letter of direction.
- c. Ensuring that the agency prioritizes the safety of customers and employees while also ensuring that the agency's transportation operations are compliant with all applicable legislation, directives and agreements.
- d. Ensuring compliance with legislative and TB/MBC policy obligations.
- e. 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, financial and I&IT policies.
- f. Meeting with the minister at least quarterly on: government and ministry priorities for the agency; agency, board and CEO performance; emerging issues and opportunities; agency high risks and action plans including direction on corrective action, as required; and agency business plan and capital priorities.
 - i. As a best practice, meetings are to be quarterly. The minister may delegate some of the meetings to an associate minister or parliamentary assistant. The minister should meet with the chair at least twice per year, with one meeting focused on agency, board and CEO performance.
 - ii. If the minister deems the agency to be low-risk, the minister may reduce the number of meetings to twice a year, instead of quarterly, with one meeting focused on agency, board, chair and CEO performance.
- g. Ensuring timely communications with the minister regarding any issues or events that may concern or can reasonably be expected to concern the minister in the exercise of their responsibilities relating to the agency.
- h. Ensuring the agency is fulfilling the government's priorities and expectations from the annual letter of direction, and achieving its key performance measures.
- i. Informing the minister on progress on achieving the government's priorities and broad policy directions for the agency as outlined in the annual letter of direction.

- j. Working with the minister to develop appropriate measures and mechanisms related to the performance of the agency.
- k. Utilizing the agency's skills matrix to advise the minister of any competency skills gaps on the board and provide recommendations for recruitment strategies, appointments, or re-appointments as needed, including advising the minister on appointee attendance and performance.
- l. Cooperating with any review or audit of the agency.
- m. Requesting an external audit of the financial transactions or management controls of the agency, at the agency's expense, if required.
- n. Advising the minister and deputy minister, annually at minimum, on any outstanding audit recommendations/issues.
- o. Sharing all audit engagement reports (including those prepared by their own internal audit function and/or those reported to the agency's chair) with their respective minister and deputy minister (and when requested, with the President of the Treasury Board).
- p. Seeking strategic policy direction for the agency from the minister.
- q. Signing the agency's MOU on behalf of the board, along with the CEO.
- r. Submitting the agency's business plan/attestation memo, budget, annual report/attestation memo and financial reports, on behalf of the board, to the minister in accordance with the timelines specified in the applicable government directives and this MOU.
- s. Ensuring that the agency operates within its approved budget allocation in fulfilling its mandate, and that public funds are used for the purpose intended with integrity and honesty.
- t. 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.
- u. Chairing board meetings, including the management of the board's agenda.
- v. Reviewing the performance of the CEO annually in consultation with the board of directors and deputy minister.
- w. Reviewing and approving claims for per diems and travel expenses for board members.
- x. Ensuring appropriate management systems are in place (financial, information technology (including cyber security), human resources, procurement) for the effective administration of the agency.

- y. Establishing and implementing artificial intelligence (AI) risk management in alignment with the principles of the Responsible Use of AI Directive and requirements in section 6.3, ensuring that they fulfill the role outlined for “Provincial Agency Heads or Equivalent” in the Responsible Use of AI Directive.
- z. Carrying out effective public communications and relations for the agency as required by the Communications Protocol.
- aa. Acknowledging the importance of promoting an equitable, inclusive, accessible, anti-racist and diverse workplace within the agency, and supporting a diverse and inclusive workplace within the agency.
- bb. Ensuring that board members are informed of their responsibilities under the PSOA with regard to the rules of ethical conduct, including the political activity rules.
- cc. Fulfilling the role of ethics executive for public servants who are **government appointees** to the OSTC promoting ethical conduct and ensuring that all members of the agency are familiar with the ethical requirements of the PSOA, and the regulations and the directives made under that Act, including in respect of conflict of interest, political activity and the protected disclosure of wrongdoing.

8.3 Board of Directors

The board of directors is responsible for:

- a. Managing and controlling the affairs of the provincial agency.
- b. Ensuring the agency is governed in an effective and efficient manner and 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 directives and policies.
- c. Ensuring the agency is fulfilling the government’s priorities and expectations from the annual letter of direction in the establishment of goals, objectives, and strategic directions for the agency.
- d. Establishing robust performance measures, targets and management systems, and monitoring and assessing the agency’s performance measures, targets and management systems.
- e. Governing the affairs of the agency in fulfilling the government’s priorities and expectations from the annual letter of direction as set out in 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.
- f. Directing the development of, and approving the agency’s business plans for submission to the minister within the timelines established by the AAD.

- g. Directing the preparation of, and approving the agency's annual reports for submission to the minister for approval within the timelines established by the AAD or the agency's constituting instrument as applicable.
- h. 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.
- i. Making decisions consistent with the business plan approved for the agency and ensuring that the agency operates within its budget allocation.
- j. Ensuring the CEO is fulfilling their responsibilities as outlined in this MOU and the AAD.
- k. Reviewing the performance of the CEO annually in consultation with the chair and deputy minister.
- l. Ensuring that the agency is governed in an effective and efficient manner according to accepted business and financial practices, and in accordance with applicable directives and policies.
- m. 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.
- n. Approving the agency's MOU, and any amendments to the MOU, subject to TB/MBC approval, in a timely manner and authorizing the chair to sign the MOU, or any amendments to the MOU, on behalf of the agency.
- o. 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.
- p. Where applicable, ensuring that conflict of interest rules that the agency is required to follow, as set out in Ontario Regulation 381/07 under PSOA (or as have been approved and published by the Integrity Commissioner on the Commissioner's website), are in place for the members of the board and employees of the agency.
- q. Directing corrective action on the functioning or operations of the agency, if needed.
- r. Cooperating with and sharing any relevant information on any risk-based or periodic review directed by the minister or TB/MBC.
- s. Consulting, as appropriate, with stakeholders and partners on the agency's goals, objectives and strategic directions.
- t. Providing advice to the government, through the minister, on issues within or affecting the agency's mandate and operations.

- u. Appointing officers and setting performance objectives and remuneration terms linked to these objectives for the CEO which give due weight to the proper management and use of public resources.

8.4 Deputy Minister

Deputy minister responsibilities may be fulfilled by a delegate approved by the Secretary of Cabinet.

The deputy minister is responsible for:

- a. Advising and assisting the minister regarding the minister's oversight responsibilities for the OSTC, 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, ensuring governance and accountability documents accurately adhere to the requirements of the AAD, and other directives that apply to the OSTC.
- c. Attesting to TB/MBC on the provincial agency's compliance with the mandatory accountability requirements set out in the AAD and other applicable directives, the government's operational policies and policy directions based on the annual letter of compliance from the agency chair to the minister to the best of their knowledge and ability.
- d. Reporting/responding, within prescribed timelines, to TBS on compliance tracking.
- e. Informing the CEO, in writing, of new government directives and any exceptions to, or exemptions in whole or in part from directives, government policies, or ministry administrative policies.
- f. Ensuring regular briefings and consultations between the chair and the minister at least quarterly, and between the ministry staff and the agency staff as needed.
- g. Meeting with the agency's CEO at least quarterly on matters of mutual importance, including emerging issues and opportunities, government priorities and progress on annual letter of direction, agency business plans and results and agency high risks and action plans.
- h. Meeting with the agency's CEO regularly and as required to discuss Certificate of Assurance (CoA) exceptions and fraud instances and their related action plans.
- i. Supporting the minister in reviewing the performance targets, measures and results of the agency.
- j. Signing the agency's MOU, acknowledging their responsibilities.
- k. Undertaking reviews of the agency as may be directed by the minister.
- l. Cooperating with any review of the agency as directed by the minister or TB/MBC.

- m. Ensuring the review of and assessing the agency's business plan and other reports.
- n. Requesting information and data as needed to fulfill obligations under the AAD.
- 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. Providing regular feedback to the minister on the performance of the agency.
- q. Providing annual feedback on the performance of the agency and CEO to the chair.
- r. Supporting ministers and minister's offices in monitoring and tracking upcoming and existing vacancies on boards, particularly where there is a legislated minimum number of members and to maintain quorum.
- s. Recommending to the minister, as may be necessary, the evaluation or review, including a risk-based review, of the OSTC or any of its programs, or changes to the management framework or operations of the OSTC.
- t. 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.
- u. 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.
- v. Undertaking timely risk-based reviews of the OSTC, its management or operations, as may be directed by the minister or TB/MBC.
- w. Submitting to the minister, as part of the annual planning process, a risk assessment and management plan for each risk category, and for each business line (as applicable).
- x. Consulting with the agency's CEO, as needed, on matters of mutual importance including services provided by the ministry and compliance with directives and ministry policies.
- y. Working with the CEO to address any issue that may arise.
- z. Arranging for administrative, financial and other support to the agency, as specified in this MOU.

8.5 Chief Executive Officer (CEO)

The chief executive officer is responsible for:

- a. Being accountable to the board, including where the CEO is appointed by the LGIC.
- b. Managing the day-to-day operational, financial, analytical, and administrative affairs of the agency in accordance with the mandate of the agency, government directives and policies, accepted business and financial practices, and this MOU and Government's direction regarding consultation and/or engagement with Indigenous communities and organizations.
- c. Supporting the chair and board in meeting their responsibilities, including compliance with all applicable legislation, directives, policies, procedures and guidelines.
- d. Advising the chair on the requirements of and the agency's compliance with the AAD, as well as other government directives and policies, and agency By-laws and policies, including annually attesting to the chair on the agency's compliance with mandatory requirements.
- e. Attesting to the compliance of the agency to applicable directives and policies and supporting the board of directors to provide the statement of compliance of the agency.
- f. Ensuring that the provincial agency meets the requirements of the AAD.
- g. Meeting with the deputy minister at least quarterly on matters of mutual importance, including: emerging issues and opportunities; government priorities and progress on annual letter of direction; agency business plans and results; and, agency high risks, the action plan and advice on corrective action as required.
- h. Meeting with the deputy minister or an approved delegate regularly and as required to discuss CoA exceptions and fraud instances and their related action plans.
- i. Keeping the chair and board informed of operational matters and the implementation of policy and the operations of the agency.
- j. Keeping the ministry and the chair advised on issues or events, or matters that may concern the minister, the deputy minister and the chair in the exercise of their responsibilities, including consultation and engagement with Indigenous communities and/or organizations and where required, provide relevant supporting materials and seek the necessary approval from the minister and government, prior to any implementation of such matters.
- k. Translating the goals, objectives and strategic directions of the board, as set out in the annual letter of direction, into operational plans and activities in accordance with the agency's approved business plan.

- I. Carrying out in-year monitoring of the agency's performance and reporting on results to the chair board through the chair.
- m. Undertaking timely risk-based reviews of the agency's management and operations.
- n. Cooperating with a periodic review directed by the minister or TB/MBC.
- o. Signing the agency's MOU, along with the chair, on behalf of the board.
- p. Preparing the agency's annual report and business plan as directed by the board.
- q. Establishing and applying systems to ensure that the agency operates within its approved business plan.
- r. 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.
- s. Establishing and applying a financial management framework for the agency in accordance with applicable Minister of Finance/Treasury Board controllership directives, policies and guidelines.
- t. Applying policies and procedures so that public funds are used with integrity and honesty.
- u. Ensuring that the agency has the oversight capacity and an effective oversight framework in place for monitoring its management and operations.
- v. Providing information and reporting as requested by the minister, deputy minister, ministry and/or TBS, and within timelines set out by the minister, deputy minister, ministry and/or TBS.
- w. Establishing and applying the agency's risk management framework and risk management plan in place as directed by the board.
- x. Seeking support and advice from the ministry, as appropriate, on agency management issues.
- y. Establishing and applying a system for the retention of agency documents and for making such documents publicly available when appropriate, for complying with the *Freedom of Information and Protection of Privacy Act* and the *Archives and Recordkeeping Act* where applicable.
- z. Carrying out effective public communications and relations for the agency as required by the Communications Protocol.
- aa. Fulfilling the role of ethics executive for employees of the agency.

- bb. Promoting ethical conduct and ensuring that all members of the agency are familiar with the ethical requirements of the PSOA and the regulations and directives made under that Act, including in respect of conflict of interest, political activity, and the protected disclosure of wrongdoing.
- cc. Preparing financial reports for approval by the board.
- dd. Ensuring the timely communication of the minister's or government's direction, including directives issued by the minister to relevant business units to ensure its prompt and efficient implementation.
- ee. Preparing, for approval by the board, a performance review system for staff and implementing the system.

9. Ethical Framework

The members of the board who are appointed by the minister are subject to the conflict of interest provisions of the AAD and the conflict of interest provisions of the PSOA and its regulations and the conflict-of-interest disclosure provisions of the *Business Corporations Act*, as applicable.

Board members shall not use any information gained as a result of their appointment to or membership on the board for personal gain or benefit or act in any other way that may cause an actual or perceived conflict of interest as set out in the PSOA or the *Business Corporations Act*. A member who has reasonable grounds to believe that they have 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 Integrity Commissioner is the ethics executive for the chair and the CEO.

The chair, as the ethics executive for the provincial agency's appointees, and the CEO, as the ethics executive for the agency's staff, are responsible for ensuring that appointees and staff, as the case may be, 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, unless otherwise specified by TB/MBC, for approval by the minister. The annual business plan shall be in accordance with the requirements set out in the AAD.
- b. The draft annual business plan is to be submitted to the ministry's chief administrative officer or designated equivalent no later than 90 calendar days

prior to the beginning of the agency's fiscal year start, and the board-approved business plan is to be submitted to the minister for approval no later than 30 calendar days prior to the beginning of the provincial agency's fiscal year.

- c. The chair will ensure that the business plan demonstrates the agency's plans in fulfilling the government priorities set out in the annual letter of direction. When the business plan is submitted to the minister for approval, an attestation memo from the agency chair must also be submitted that details how the agency plans to achieve each government priority.
- d. 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.
- e. The chair will ensure that the business plan includes a summary of HR impacts, including: current number of employees expressed as full-time equivalents and current number of executives.
- f. The chair will ensure that the business plan includes a risk assessment and risk management plan. This will 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.
- g. The chair will ensure that the business plan includes an inventory of the provincial agency's artificial intelligence (AI) use cases in accordance with requirements of the Responsible Use of AI Directive.
- h. 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. If necessary, this confidential information, included in the minister-approved business plan, may be redacted in the publicly posted version.
- i. The minister will review the agency's annual business plan and will promptly advise the chair whether or not they concur with the directions proposed by the agency. The minister may advise the chair where and in what manner the agency's plan varies from government or ministry policy or priorities as may be required, and the chair, on behalf of the board of directors, will revise the agency's plan accordingly. Business plans are only to be considered valid once the responsible minister has approved the plan and the approval has been expressed in writing.
- j. The minister will approve or provide suggested changes to the business plan no later than 30 calendar days from the minister's receipt of the report. In

certain circumstances, minister approval may be given to only certain portions of a business plan as submitted by an agency.

- k. The parties acknowledge that TB/MBC may require the minister to submit the agency's business plan to TB/MBC for review at any time.
- l. The chair, through the CEO, will ensure that the minister approved business plan is made available to the public in an accessible format (to comply with the *Accessibility for Ontarians with Disabilities Act, 2005*) on the provincial agency's website no later than 30 calendar days from minister's approval of the plan.

10.2 Annual Reports

- a. The chair will ensure that the ministry is provided annually with the agency's annual report. The annual report shall be in accordance with the requirements set out in the AAD.
- b. The annual report is to be submitted to the ministry no later than 120 calendar days after the provincial agency's fiscal year-end.
- c. The chair will ensure that the annual report includes a summary of HR impacts, including: number of employees expressed as full-time equivalents, and number of executives.
- d. 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 agency in the marketplace, and information that would otherwise pose a risk to the security of the facilities and/or operations of the agency.
- e. The chair will ensure that the annual report demonstrates how the agency has fulfilled the expectations and government priorities set out in the annual letter of direction. When the annual report is submitted to the minister for approval, an attestation memo from the agency chair must also be submitted that details how the agency has achieved each government priority.
- f. The minister will approve the annual report no later than 60 calendar days from the ministry's receipt of the report, and will table the report in the Legislative Assembly no later than 30 calendar days from approval.
- g. The chair, through the CEO, will ensure that the minister approved annual report is publicly posted in an accessible format (to comply with the *Accessibility for Ontarians with Disabilities Act, 2005*) on the provincial agency's website no later than 30 calendar days from minister's approval of the report.
- h. When distributing annual reports, digital formats and channels for distribution must be used unless otherwise required (e.g., by directive, legislation).

10.3 Human resources and compensation

- a. The CEO will ensure that the agency provides workforce, compensation and operational data as set out in the AAD Operational Policy.
- b. The CEO will also ensure that the agency reports on HR and compensation policies in its business plans and annual reports, in accordance with the requirements of the AAD, AAD Operational Policy, and articles 10.1 and 10.2 of this MOU.
- c. The CEO will also ensure that the agency provides any other additional workforce, compensation and operational data as requested by TBS.

10.4 Other Reports

The chair is responsible on behalf of the board of directors for:

- a. Ensuring that all required reports and documents, including those set out in the AAD and the agency's constituting instrument, 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 purpose of the ministry's administration.
- c. Providing to the minister a list of regularly scheduled board meetings, and promptly informing the minister of any unscheduled board meetings.
- d. Providing to the minister copies of all board materials, including agendas, reports and proposed resolutions and by-laws, at least 12 business days in advance of any regularly scheduled board meeting or, in the case of any unscheduled board meeting, as soon as notice of the meeting has been provided to board members.
- e. After each board meeting, providing to the minister copies of all resolutions or proposed by-laws passed during the meeting.

11. Public Posting Requirements

- a. The provincial agency, through the chair on behalf of the board of directors, will ensure that the following approved governance documents are posted in an accessible format (to comply with the *Accessibility for Ontarians with Disabilities Act, 2005*) on the provincial agency's website no later than the specified timelines:
 - Memorandum of understanding – 30 calendar days of signing by all parties
 - Annual letter of direction – 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.

- b. Posted governance documents should not disclose: personal information, sensitive employment and labour relations information, solicitor-client privileged information, agency confidential 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 of directors, 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 Travel, Meal and Hospitality Expenses Directive.
- d. The provincial agency, through the chair on behalf of the board of directors, will ensure that any other applicable public posting requirements are met.

12. Communications and Issues Management

The parties to this MOU recognize that the timely exchange of information on the plans, strategies, operations and administration of the agency is essential for the minister to meet their 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 of directors 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 of directors, therefore, agree that:

- a. The chair, and the CEO as necessary, will consult with the minister, in a timely manner, of all planned announcements, events or issues, including contentious matters, that concern or can be reasonably expected to concern the minister in the exercise of their responsibilities.
- b. The minister will advise the chair, and the CEO as necessary, 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 will advise the chair, and the CEO as necessary, and the chair will consult with the minister on public communication strategies and publications. They will keep each other informed of the results of stakeholder, and other public consultations, engagements and consultations with Indigenous communities and organizations, and discussions as they relate to the agency's mandate and functions.
- d. The minister and the chair will meet at least quarterly on: government and ministry priorities for the agency; agency, board, chair and CEO performance; emerging issues and opportunities; agency high risks and action plans including direction on corrective action, as required; and agency business plan and capital priorities.

- i. As a best practice, meetings are to be quarterly. The minister may delegate some of the meetings to an associate minister or parliamentary assistant. The minister should meet with the chair at least twice per year, with one meeting focused on agency, board, chair and CEO performance.
- ii. If the minister deems the agency to be low-risk, the minister may reduce the number of meetings to twice a year, instead of quarterly, with one meeting focused on agency, board, chair and CEO performance.
- e. The deputy minister and the CEO will meet at least quarterly to discuss matters of mutual importance including: emerging issues and opportunities; government priorities and progress on annual letter of direction; agency business plan and results; and agency high risks, the action plan and advice on corrective action as required.
 - i. The deputy minister and the CEO shall provide timely information and advice to each other concerning significant matters affecting the agency's management or operations.
- f. The agency and ministry will comply with the Public Communications Protocol set out in the Appendix to this MOU for ongoing issues management, public communications and paid advertising.
- g. The agency shall recognize the financial support of the government, through the ministry, in all its financial, educational, and promotional materials, in accordance with guidelines established by the ministry.

13. Administrative Arrangements

13.1 Applicable Government Directives

- a. The chair, on behalf of the board of directors, is responsible for ensuring that the agency operates in accordance with all applicable government directives and policies. This includes, but is not limited to, the list of directives and policies found on the InsideOPS Directives and Policies page.
- b. The ministry will inform the agency of amendments or additions to legislation, government directives, policies and guidelines that apply to the agency; however, the agency is responsible for complying with all legislation, government directives, policies and guidelines to which it is subject. Information on corporate direction is available on the InsideOPS Directives and Policies page.
- c. All agencies are part of government and are required to comply with legislation, government directives, policies and guidelines applicable to them. Further, agencies may be required to ensure that their directives and policies adhere to certain government directives, policies and guidelines, including those for human resources, while being mindful of collective agreement and bargaining obligations.

- d. The agency is considered an Other Included Entity under the OPS Procurement Directive and the Directive applies in part. The agency must establish their own procurement policy as set out in the OPS Procurement Directive.
- e. The agency shall comply with directives, policies and procedures related to fulfilling the Crown's duty to consult and other Indigenous relations matters.

13.2 Administrative and Organizational Support Services

- a. All agencies are part of government and are required to comply with legislation, government directives, policies and guidelines applicable to them. Further, agencies may be required to ensure that their directives and policies adhere to certain government directives, policies and guidelines, including those for human resources, while being mindful of collective agreement and bargaining obligations.
- b. Subject to statutory requirements and applicable government directives, the Agency may establish its own administrative, financial, procurement, human resources and operational policies and guidelines, exercising sound business acumen and operational flexibility.
- c. The agency shall immediately notify the ministry upon becoming aware that the Crown's duty to consult has been given rise. The agency shall work with the ministry, and take direction from the ministry, in order to ensure that the duty to consult is fulfilled.

13.3 Agreements with Third Parties

- a. The agency may, in accordance with its Constituting Instruments, enter into agreements with third parties.
- b. The agency is required to notify the ministry of a proposed agreement with a third party, if requested by the minister.
- c. The agency is required to seek the advice of the ministry before entering into any significant commitments or agreements with Indigenous communities to ensure adherence to provincial policy.

13.4 Legal Services

Where necessary, the agency may acquire outside legal services.

13.5 Creation, Collection, Maintenance and Disposition of Records

- a. The chair, on behalf of the board of directors, 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 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 of directors, 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, consultation and engagement activities, including with Indigenous communities and organizations.
- e. The board of directors, through the chair, is responsible for ensuring that the agency complies with the *Archives and Recordkeeping Act, 2006*, S.O. 2006, Chapter 34, Schedule A.

13.6 Cyber Security

- a. Agencies are responsible and accountable for the ownership and management of cyber security risks and related impacts within their organization.
- b. Agencies must ensure adequate systems, protocols and procedures are established and maintained to ensure cyber resilience, recovery and maturity.
- c. An agency's cyber security practices and protocols should be regularly reviewed and updated to address new and emerging cyber security threats.
- d. Agencies should align with any applicable policies and standards issued by the OPS, such as the Government of Ontario Information Technology Standards (GO-ITS) 25.0 and any other relevant GO-ITS standards, Corporate Policy on Information Sensitivity Classification, Corporate Policy on Cyber Security and Cyber Risk Management, Governance and Management of Information and Data Assets Directive, Governance and Management of Information Technology Directive.

13.7 Intellectual Property

- a. The chair, on behalf of the board of directors, 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.

13.8 Freedom of Information and Protection of Privacy

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

13.9 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 that the agency delivers its services at a quality standard that reflects the principles and requirements of the OPS Service Directive.
- c. The chair will ensure that the agency designs, delivers and implements its digital services, whether internally built or procured, to reflect the principles and requirements outlined in the Digital and Data Directive, including Ontario's Digital Service Standard.
- d. The OSTC 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.
- e. The agency's annual business plan will include performance measures and targets for customer service and the agency's response to complaints.

13.10 Diversity and Inclusion

- a. The provincial agency, through the chair on behalf of the board of directors, acknowledges the importance of promoting an equitable, inclusive, accessible, anti-racist and diverse workplace within the agency.
- b. The chair, on behalf of the board of directors, will support a diverse and inclusive workplace within the agency by:
 - i. Developing and encouraging diversity and inclusion initiatives to promote an inclusive environment free of workplace discrimination and harassment; and
 - ii. Adopting an inclusive process to ensure all voices are heard.
- c. The chair, on behalf of the board of directors, is responsible for ensuring that the agency operates in accordance with the *Human Rights Code*, *Accessibility for Ontarians with Disabilities Act, 2005*, and *Pay Equity Act*.

14. Financial Arrangements

14.1 General

All financial procedures for the agency shall be in accordance with applicable government directives, ministry and corporate financial and administrative policies and procedures.

- a. When ordered to do so by the Minister of Finance and/or the President of the Treasury Board, pursuant to Section 16.4 of the *Financial Administration Act*, the agency shall pay into the Consolidated Revenue Fund any money that the Minister of Finance and/or the President of the Treasury Board determines is surplus to its requirements.
- b. Pursuant to Section 28 of the *Financial Administration Act*, 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 of Ontario without the approval of the Minister of Finance and/or the President of the Treasury Board. The minister's approval is required before seeking statutory approval from the Minister of Finance or President of the Treasury Board.
- c. The provincial agency's approved operating and capital allocations may be adjusted in a given year if in-year fiscal constraints are ordered by Cabinet or the minister. The agency will be provided with notice of changes to its allocation as soon as is reasonably possible. Where the agency must reallocate resources as a result of its operating and/or capital allocations being adjusted, the agency shall inform and discuss the changes with the ministry before making such changes.
- d. The agency will report to TBS when it has sought external advice on matters where:
(i) the effectiveness of the advice depends on a particular accounting treatment or presentation in the financial statements; (ii) the outcome or consequences of the advice has or will have a material effect on the financial statements; and (iii) where there could be reasonable doubt as to the appropriateness of the related accounting treatment or presentation under the relevant financial reporting framework.
- e. The CEO shall be responsible for providing the ministry with the necessary documentation to support the agency's expenditures.

14.2 Funding

- a. The provincial agency shall maintain a bank account 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 agency is funded by the ministry via a transfer payment. Note that this form of funding does not mean that the accountability rules for transfer payments are applied. For clarity, the Transfer Payment Accountability Directive does not apply to funding for provincial agencies through the transfer payment account.
- c. The agency is funded by the Government, out of the Consolidated Revenue Fund pursuant to an appropriation authorized by the Legislative Assembly, and is subject to adjustments made by the minister, TB/MBC or the Legislative Assembly.
- d. The CEO will prepare estimates of the agency's expenditures for inclusion in the ministry's business plan for presentation to the Legislative Assembly. The chair will deliver these estimates to the minister in sufficient time to be analyzed and approved by the minister.
- e. The estimates provided by the chair may, after appropriate consultation with the chair, be altered as required. The parties acknowledge that TB/MBC has final decision-making authority.
- f. Financial procedures of the agency must be in accordance with TB/MBC and Ministry of Finance directives and guidelines and other applicable government direction.
- g. Unless otherwise required by the laws of Ontario and the federal laws of Canada, recovered costs and revenues of the OSTC shall not be used for any purpose other than the furtherance of the objects of the OSTC, including the payment of expenses that it incurs in furthering its objects. Any revenue that is surplus to the needs of the OSTC in any year shall be applied to reduce operating and capital subsidy requirements.

14.3 Financial Reports

- a. The chair, on behalf of the board of directors, 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 accordance with instructions issued by the Office of the Provincial Controller Division.
- b. The agency will submit its salary information to the ministry, in accordance with the *Public Sector Salary Disclosure Act, 1996*.
- c. The agency shall provide required financial reporting as requested by the ministry (e.g., monthly reports, quarterly reports) in accordance with ministry-established content and timeline requirements.

14.4 Taxation Status: Harmonized Sales Tax (HST)

Collection/Remittance of HST

- a. The agency is responsible for complying with its obligations as a supplier under the federal *Excise Tax Act* to collect and remit HST in respect of any taxable supplies made by it.

Payment of HST

- b. The agency is responsible for paying HST where applicable, in accordance with the *Excise Tax Act* (Canada).

HST Recovery

- c. The agency is listed on Schedule A of the Canada-Ontario Reciprocal Taxation Agreement only in respect of ferry services and may claim HST Government Rebates in respect of any HST paid or payable by the agency on expenses that are inputs to ferry services, subject to any restrictions specified by Finance Canada.
- d. The agency will not claim HST Government Rebates in respect of any HST paid on expenses that are not inputs to ferry services.
- e. The agency will not claim an HST Government Rebate in respect of HST paid or payable by it for which it has claimed a refund, input tax credit or other rebate under the *Excise Tax Act* (Canada).
- f. The agency is responsible for providing the Ministry of Finance and/or the Canada Revenue Agency, upon request, with any information necessary to determine the amount of an HST Government Rebate.
- g. The agency is responsible for informing the Ministry of Finance within 30 days if its name is changed, it merges with another agency, its mandate or major activities are significantly changed, it undergoes a significant reorganization or change to its legal structure, and if it ceases operations or is dissolved.

14.5 Realty

- a. The agency shall not, without the prior written approval of the minister and the Minister of Finance, enter into any agreement to acquire or dispose of any interest in real property.
- b. The chair, on behalf of the board of directors, is responsible for ensuring that the agency operates in accordance with the MBC Realty Directive.
- c. Appendix B of the Realty Directive sets out the Mandatory Office Space Standards and Office Space Planning Practices that must be complied with when acquiring space for accommodation and program purposes.

- d. The agency will align hybrid work policies with the OPS and identify and assess office optimization opportunities to reduce office realty footprint and find cost reductions.

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* or by the Ontario Internal Audit Division of Treasury Board Secretariat.
- b. A provincial agency can request and/or must accept the provision of internal audit services by the Ontario Internal Audit Division in accordance with the Internal Audit Directive.
- c. Regardless of any previous or annual external audit, the minister or the chair (on behalf of the board of directors) may direct that the agency be audited at any time. The results of such audit should be shared by the chair to the minister in accordance with article 8.2.
- d. A provincial agency will share all engagement reports (including those prepared by their own internal audit function and/or those reported to the agency's chair) with their respective minister and deputy minister (and when requested, with the President of the Treasury Board). The agency will advise the respective minister and deputy minister annually, at a minimum, on any outstanding recommendations/issues.
- e. A provincial agency will share its approved audit plan with their respective minister and deputy minister, (and when requested, with the President of the Treasury Board) to support understanding of agency risks.
- f. The chair, on behalf of the board of directors, may request an external audit of the financial transactions or management controls of the agency, at the agency's expense.
- g. The accounts of the agency shall be audited annually by an auditor (or auditors) appointed by the board. Audited financial statements will be included in the agency's annual report.

15.2 Other Reviews

The OSTC 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, including finance, human resources/labour relations and agency processes.

- a. In requiring a periodic review, the minister or TB/MBC shall determine the timing and responsibility for conducting the review, the roles of the chair, the board of directors, and the minister, and how any other parties are involved.

- b. A mandate review of the provincial agency will be conducted at least once every six years. The ministry will inform the agency of the date of the next review.
- c. The minister will consult the chair, on behalf of the board of directors, as appropriate during any such review.
- d. The chair, board members and CEO will cooperate in any review.
- e. 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 employed by the agency in accordance with its Constituting Instruments.
- b. Agency employees are considered public servants for the purposes of Part IV (Ethical Conduct) of the PSOA.
- c. The agency will provide to TBS workforce, compensation and operational data as set out in the AAD Operational Policy.

16.2 Designated Executives

The agency shall provide total compensation to its designated executives, including the CEO, in accordance with the legislation, directives, policies and guidelines applicable to them.

16.3 Appointments

The minister, in representing the Crown as OSTC's sole shareholder, is responsible for making appointments and reappointments to the board in accordance with the agency's Constituting Instruments.

- a. The chair and vice-chair are appointed from among the directors by the minister in accordance with the agency's Constituting Instruments. There is no fixed term of appointment.
- b. The members of the agency's board of directors are appointed by the minister in accordance with the agency's Constituting Instruments. There is no fixed term of appointment.
- c. The agency's Constituting Instruments provide that OSTC shall have at least one and no more than 12 directors. The special resolution of the sole shareholder dated March 8, 2018 fixes the number of directors at seven.

- d. The chair must utilize the agency's skills matrix and recruitment strategy in advising the minister of any competency skills gaps on the board and providing any recommendations for appointments or re-appointments, including advising the minister on appointee attendance and performance.
- e. The chair and other members of the board of directors are considered public servants for the purposes of Part IV (Ethical Conduct) of the PSOA.

16.4 Remuneration

- a. Provincial agencies, including board members, must comply with the Travel, Meal and Hospitality Expenses Directive issued by MBC. Legitimate authorized expenses incurred during the course of government business shall be reimbursed. Expenses for board members under the Directive are subject to requirements for public disclosure of expense information.
- b. Remuneration for board members is set by the minister. As set out in the minister's letter of June 19, 2024 to the chair, AAD Level 1 rates of remuneration are payable as follows:

Position	Rate
Member	Up to \$150 per day
Vice Chair	Up to \$175 per day
Chair	Up to \$225 per day

17. Risk Management, Liability Protection and Insurance

17.1 Risk Management

Ministers and ministries are accountable for working with their provincial agencies to ensure effective management of risks. The ministry and agency will meet to discuss agency high risks and action plans including direction on corrective action.

The chair, on behalf of the board of directors, is responsible for ensuring that a risk management strategy, including a continuity of operations plan, is developed and in place for the provincial agency, in accordance with the AAD and the OPS Enterprise Risk Management Directive and Risk Management process.

The agency shall ensure that the risks it faces are addressed in an appropriate manner.

17.1.1 Artificial Intelligence Risk Management

The chair, on behalf of the board of directors, is responsible for ensuring that artificial intelligence (AI) risk management is undertaken in alignment with the principles and requirements of the Responsible Use of AI Directive.

- a. The agency shall implement AI risk management in alignment with the requirements outlined in Section 6.3 of the Responsible Use of Artificial Intelligence Directive.
 - The agency shall ensure the management of technology risks in a documented and appropriate manner.
 - The agency will identify threats and risks, assess their potential impact, severity and likelihood, and document the risks and actions taken to address them.
- b. The agency shall ensure that a business process exists for accountable executives to document their ongoing efforts to treat (resolve, mitigate, or accept) risks throughout the technology lifecycle.
- c. The agency shall publish a list of AI use cases as part of the Business Plan.
- d. The agency shall track and report quarterly on IT threats and technology risks and vulnerabilities, and associated risk treatment efforts. This includes reporting on AI use cases and associated risk management.
- e. The agency shall ensure that IT systems can meet the confidentiality, integrity, and availability requirements of all information and that systems can adequately safeguard or dispose of information according to its sensitivity level.

17.2 Liability Protection and Insurance

- a. The agency shall not, without prior written approval and authorization from the minister, and the Minister of Finance or the President of Treasury Board:
 - i. Borrow money on behalf of the agency;
 - ii. Pledge any assets of the agency;
 - iii. Make loans or guarantees to any person
 - iv. Acquire or dispose of any interest in real property;
 - v. Invest any funds not immediately required for the purposes of the agency; and
 - vi. Give any indemnity to any person.
- b. The agency's Constituting Instruments provide that the agency shall indemnify a director or officer of the agency, or a former director or officer of the agency, against certain costs, charges and expenses, including amounts paid to settle an action or satisfy a judgement, reasonably incurred in respect of civil, criminal, or administrative actions or proceeding to which the director or officer is made a party by reason of being or having been a director or officer of the agency if the director or officer acted honestly and in good faith with a view to the best interests of the agency; and, in the case of a criminal or administrative action or proceeding that enforced by a monetary penalty, the director or officer had reasonable ground for believing that the impugned conduct was lawful.
- c. The *Business Corporations Act* applies to the agency, including subsection 134(1), which sets out the standards of care of directors and officers.

- d. The agency agrees to put in effect and maintain all the necessary and appropriate insurance that a prudent organization in the business of the agency would maintain, including but not limited to third-party liability insurance coverage to protect itself against claims that might arise from anything done or omitted to be done by the agency or its directors, officers, employees or other persons retained by the agency and from anything done or omitted to be done where bodily or personal injury, death or property damage, including loss of use thereof, is caused. Evidence of insurance shall be provided to the ministry annually if requested.

18. Compliance and Corrective Actions

- a. Open and consistent communication between provincial agencies and their responsible ministry helps ensure that government priorities and direction are clearly understood and helps to manage risks or issues as they arise.
- b. Situations may arise through the course of monitoring where corrective action is required. Corrective action refers to the steps taken to remedy non-compliance with this directive. Corrective action supports agencies in delivering on desired outputs and/or outcomes, and meeting the terms and conditions established by this directive.
- c. If a ministry initiates corrective action, it must be progressive in nature and in proportion to the risk associated with the degree of non-compliance. The degree of corrective action should only be increased if the agency's non-compliance continues. It is important that ministries document all actions, and provide timely and clear communication to the agency chair or senior executives relating to potential corrective actions. This may include letters of direction by the accountable minister and/or the President of the Treasury Board as required.
- d. Before engaging in more severe corrective actions, ministries must consult with TBS and legal counsel.

19. Effective Date, Duration and Review of the MOU

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

- b. A copy of the signed MOU and any successor MOU must be provided to the Secretary, Treasury Board/Management Board of Cabinet, no later than seven calendar days from being signed.
- c. Upon a change in minister, deputy minister, chair or CEO of a board-governed provincial agency, the newly appointed individual must review and sign this MOU no later than four months from the new appointment.
- d. A review of this MOU will be conducted in the event of a significant change to the agency's mandate, powers or governance structure.

Signatures

I acknowledge my role and the requirements as set out in this MOU and the AAD.

A handwritten signature in black ink, appearing to read "Doug Jones".

July 23, 2025

Deputy Minister of Transportation

Date

I acknowledge my role and the requirements as set out in this MOU and the AAD.



Agency Chief Executive Officer

23/07/2025

Date

Appendix 1: Public Communications Protocol

1. Purpose

The communications protocol sets out a framework for the ministry and agency to collaborate on public communications opportunities led by the agency.

The communications protocol applies to both the agency's implementation of its legislated mandate and the promotion of the work it does. It will also support the minister's accountability to the Legislative Assembly and to Cabinet for the same.

2. Definitions

a. "Public communications" means any material that is communicated to the public, either directly or through the media in:

- Oral form, such as a speech or public presentation or interview to be broadcast
- Printed form, such as a hard copy report
- Electronic form, such as a posting to a website
- Paid advertising, such as digital or print campaign.

b. A "contentious issue" is a matter that is, or may reasonably be expected to be, of concern to the Legislative Assembly or the public, or is likely to result in inquiries being directed to the minister or government.

Contentious issues may be raised by:

- Members of the Legislative Assembly
- The public
- Media
- Stakeholders and community partners
- Service delivery partners.

3. The agency will comply with the TB/MBC Visual Identity Directive to maintain consistent branding and representation of government support.

4. The ministry and the agency will appoint persons to serve as public communications "leads".

- The ministry lead is the Director of Communications.
- The agency lead is the CEO or designate.

5. For the purpose of this protocol, public communications are divided into three categories:
 - a. **Media responses or communications products related to the routine business** of the agency and its programs that **do not** have direct implications for either the ministry or the government, or could not be considered a government priority.
 - Media responses, news releases or other communications products are to be shared with the ministry lead on an appropriate and timely cadence (i.e., daily) who will circulate as appropriate to other individuals within the ministry.
 - **Note:** Funding related announcement are not considered routine business and must be escalated to category B. Contentious issues must be escalated to category C.
 - b. **Communications products and/or plans where provincial or ministerial messaging on government priorities would enhance the agency's or the government's profile**, or would provide opportunities for local government announcements
 - **For all non-contentious items that might generate media interest**, the agency lead will notify the ministry lead of upcoming communications plans and products a minimum of three (3) business weeks in advance.
 - **For non-contentious items which provide government messaging opportunities** or involve funding announcements, the agency must request approval of communications products seven (7) business days prior to the date required.
 - **Final approval** is required from the minister's office and will be sought via the ministry lead. If the agency were not to receive comments or approval from the minister's office or ministry lead within forty-eight (48) hours of the date on which the item is to be issued, the agency should escalate a follow-up, noting that they will proceed accordingly.
 - **Non-contentious media responses** are to be shared with the ministry lead on an appropriate and timely cadence (i.e., daily) who will circulate as appropriate to other individuals within the ministry. Contentious media responses follow the process below.

- c. **Contentious issues, media responses, and news releases** that may have direct implications for either the ministry or the government, or are likely to result in inquiries being directed to the minister or government.
 - The agency lead will notify the ministry lead immediately upon becoming aware of the issue and will notify the minister's office simultaneously. The ministry lead may also advise the agency of contentious issues that require attention. The agency will provide all required background information on the issue to the ministry lead, who will arrange to have a contentious issues note prepared.
 - The agency must obtain ministry approval prior to issuing media responses or news releases in this category. The agency lead will provide the media response or news releases to the ministry lead who will initiate the approval process within the ministry.
 - Final approval on media responses and news releases in this category is required from the minister's office.

6. Advertising

- To deliver on the long-range demands of planning advertising, the agency will provide the ministry with its annual marketing plan three (3) months in advance of its start date (on the agency's fiscal year).
- Agency to share campaign briefs with the ministry a minimum of two (2) weeks in advance of briefing creative/media (agency) partners. Ministry to ensure alignment on campaign objectives and messaging.
- Advertising materials and campaigns can be reviewed by the ministry's MO.
- Final messaging and creative to be shared with the ministry at least two (2) weeks before going live.