

Travel Industry Council of Ontario Implementation Plan on the Auditor General of Ontario's 2023 Value-for-Money Audit Recommendations

Background

On December 6, 2023, the Office of the Auditor General of Ontario (OAGO) released its value-for-money audit of the Travel Industry Council of Ontario (TICO).

The report identifies opportunities for TICO to enhance its operations in administering the Travel Industry Act, 2002, while also considering the significant changes that have occurred in Ontario's travel marketplace.

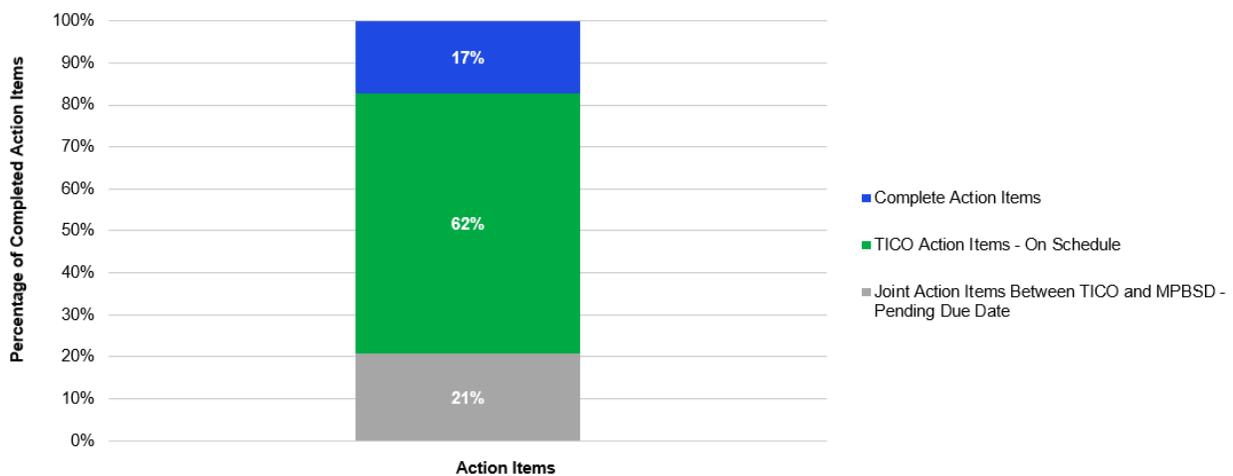
The OAGO's report contains a total of 16 recommendations, with nine of those directed at TICO, six directed at both TICO and the Ministry of Public and Business Service Delivery (now the Ministry of Public and Business Service Delivery and Procurement) (Ministry) and one directed at the Ministry. This quarterly update of the Public Action Plan provides a summary of the actions taken by TICO, as of May 31, 2024, to address the OAGO's recommendations directed to TICO as well as those recommendations that are joint between TICO and the Ministry. This includes 15 recommendations with 29 action items. The one recommendation and three action items directed solely at the Ministry are not included as part of this plan.

TICO recognizes that the Ministry has indicated to the Auditor General that it will prioritize consideration of recommendation 16, which calls for a comprehensive review of the Travel Industry Act, 2002 and TICO. This plan reflects this fact, and this has been noted accordingly throughout.

TICO is committed to enhancing its policies and procedures, risk-based decision-making processes, and its collection and analysis of data to improve business intelligence of the travel marketplace and the businesses it regulates.

TICO will provide quarterly updates on the plan's progress.

As of May 31, 2024, TICO has 5 actions items that have been completed (17%), 18 action items that are on schedule for completion (62%), and 6 action items for which implementation dates are pending due to the Ministry prioritizing consideration of recommendation 16 (21%), noted above.



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

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Recommendation #1:

So that the Travel Industry Council of Ontario (TICO) complies with the Travel Industry Act, 2002 (Act) and its regulation, and handles registrant security deposits fairly, we recommend that TICO:

Action #	Action Item	Status
1.1	Immediately assess all registrant security deposits held for more than two years, and return all deposits where the Registrar has no concerns over the registrant's compliance with the Act and its regulation.	In Progress

Target Completion Date – June 2024

Steps taken

- \$1.7 million or 86% of registrant deposits held for more than two years, as identified by the OAGO, returned to registrants.
- Reviewed and documented compliance rationale for holding the remaining balance of unreturned security deposits.
- Established a policy and process to address unclaimed security deposit returns of \$150,000 where TICO was unable to locate the former registrants.

Steps to be completed

- Complete accounting for all returned and unreturned registrant security deposits.
- Communicate to registrants regarding unclaimed security deposits and the process to file a security deposit application.

Action #	Action Item	Status
1.2	Establish a reasonable target timeframe to review and return registrant security deposits where TICO does not have any concerns about a registrant's compliance with the Act and its regulation.	Completed on May 31, 2024

Target Completion Date – May 2024

Steps taken

- Reviewed internal processes related to the return of registrant security deposits to inform an appropriate timeframe when no further compliance concerns exist.
- Reviewed current policy and procedures in applicable departments that may trigger a security deposit to be returned.
- Established target timelines and policy for the return of registrant security deposits.
- Determined updates required for each department's procedures to ensure a clear process is established to trigger an assessment for all security deposits.
- Where return of a registrant's security was no longer possible, a policy has been created that includes a resolution for the appropriate use of the deposit.
- Conducted staff training on new policy and procedures.

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Action #	Action Item	Status
1.3	Develop and implement a process for reviewing and returning registrant security deposits within the established target timeframe.	In Progress

Target Completion Date – June 2025

Steps taken

- This action item is dependent on the outcome of action item 1.2, which was completed on May 31, 2024.

Steps to be completed

- Implement an operational process for each department to trigger and monitor the assessment of security deposits held for possible return.
- Implement system changes and reporting capabilities to ensure security deposits held for two years may be identified and processed in a timely manner.
- Enhance disclosures on TICO's website and enhance registration application form content about security deposits and parameters relating to length of time held and conditions for deposit returns.
- Conduct staff training on new process and reporting.

Recommendation #2:

So that the Travel Industry Council of Ontario (TICO) can process applications for new travel agent and travel wholesaler registration in a timely manner, we recommend that TICO:

Action #	Action Item	Status
2.1	Set targets and measure all components of application-processing times, from when the application is received to when it is closed.	In Progress

Target Completion Date – December 2024

Steps to be completed

- Research best practices across other regulators.
- Complete an operational review of TICO's registration process to identify potential bottlenecks and opportunities for efficiencies.
- Review current registration policy and procedures to determine enhancements, if any.
- Implement system changes for enhanced monitoring and reporting capabilities.
- Update Balanced Scorecard, as required, to reflect changes with associated metrics and targets.
- Conduct staff training.

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Action #	Action Item	Status
2.2	Review and revise its application form so that it is clear to applicants what specific information and supporting documents they are required to provide with their application.	Completed on April 30, 2024

Target Completion Date – April 2024

Steps taken

- Completed an internal review of the existing new registration application form and accompanying checklist to identify opportunities to streamline and clarify requirements.
- Updated forms and made enhancements to registration policy and procedures.
- Conducted staff training on policy and procedural changes.
- Communicated the changes to registrants by publishing the enhanced application form on TICO's website.

Action #	Action Item	Status
2.3	Perform a cost-benefit analysis of implementing an electronic version of the application process with built-in controls to prevent incomplete applications from being submitted.	In Progress

Target Completion Date – Phase 1: October 2024, Phase 2: June 2025

Steps to be completed

- Phase one:
 - Conduct an internal review and consult with other regulators on best practices.
 - Update current process map for a future online registration application process.
- Phase two:
 - Based on the results from phase one, complete a cost/benefit analysis by identifying automation opportunities to prevent incomplete applications from being submitted.
 - As required, prepare a business case for Board approval to consider proceeding with process and systems development.

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Recommendation #3:

To confirm that applicants seeking to register as travel agents or travel wholesalers can reasonably be expected to be financially responsible in the conduct of their business, as required by the Travel Industry Act, 2002, we recommend that the Travel Industry Council of Ontario (TICO):

Action #	Action Item	Status
3.1	Require supporting documentation or third-party verification of key financial information submitted by applicants.	Completed on April 30, 2024

Target Completion Date – April 2024

Steps taken

- Conducted a review, including consulting with other regulators on best practices.
- Made necessary changes to new registration form and checklist.
- Communicated the changes to registrants by publishing the enhanced application form on TICO's website.
- Assessed and updated registration policy and procedures.
- Conducted staff training on new requirements.

Recommendation #4:

So that the Travel Industry Council of Ontario (TICO) effectively oversees the travel agents and travel wholesalers it registers (registrants), we recommend that TICO:

Action #	Action Item	Status
4.1	Review and update its risk rating system for registrants to include an assessment of additional non-financial factors, including the results of past registrant inspections and registrant violations of legislative requirements.	In Progress

Target Completion Date – December 2024

Steps to be completed

- Research best practices of other regulators with similar non-financial risk rating factors.
- Review current non-financial factors included in TICO's overall risk analysis and identify and document all additional non-financial risk factors that may impact a registrant's risk rating.
- Enhance the Risk Assessment Forms with new non-financial risk factors.
- Update financial compliance and inspections policy, procedures and inspections checklists.
- Conduct staff training.

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Action #	Action Item	Status
4.2	Assign every registrant a risk rating.	In Progress

Target Completion Date – December 2025

Steps taken

- This action item is dependent on the outcome of action 4.1.

Steps to be completed

- Establish an end-to-end risk rating system and process.
- Based on this enhanced risk assessment process, establish a plan to assign risk ratings to all active registrants.
- Establish enhanced reporting capabilities to identify all active registrants, associated risk ratings and inspection status.
- Update IT systems to track and report on the status of each registrant and respective risk-rating to ensure alignment with policy and procedures.
- Document updated policies and procedures.
- Conduct staff training.

Action #	Action Item	Status
4.3	Establish a policy for how frequently it should update registrant risk ratings.	In Progress

Target Completion Date – September 2025

Steps taken

- This action item is dependent on the outcome of actions 4.1 and 4.2.

Steps to be completed

- Develop guidelines and criteria for the frequency of updates to risk assessments.
- Develop an automated and current risk assessment roster of registrants.
- Develop guidelines to ensure priority risks are identified, including that the frequency of assessments and inspections are maintained.
- Document updated policies and procedures.
- Conduct staff training.

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Action #	Action Item	Status
4.4	Create guidelines for using registrant risk ratings to guide oversight activities.	In Progress

Target Completion Date – September 2025

Steps taken

- This action item is dependent on the outcome of actions 4.1, 4.2, 4.3, and 5.1.

Steps to be completed

- In conjunction with an established risk rating system, process and frequency, develop corresponding guidelines to proactively drive compliance and enforcement activities.
- Incorporate criteria from guidelines into IT system requirements to develop an automated current risk assessment roster of registrants to proactively prompt compliance and enforcement activities.
- Update compliance policy and procedures.
- Conduct staff training.
- Enhance transparency of risk rating process with registrants.

Recommendation #5:

So that the Travel Industry Council of Ontario (TICO) inspects travel agents and travel wholesalers (registrants) based on their risk to consumers and non-compliance with legislative requirements, we recommend that TICO:

Action #	Action Item	Status
5.1	Establish a policy on how frequently it should conduct inspections based on each risk rating assigned to registrants (low, medium and high).	In Progress

Target Completion Date – December 2024

Steps taken

- This action item is dependent on the outcome of actions 4.1 to 4.4.

Steps to be completed

- Align with the new risk rating system established in Recommendation No. 4 and determine frequency of financial compliance reviews and risk assessments triggering a site inspection linked to a registrant's risk-rating.
- Incorporate criteria from guidelines into IT system requirements to develop an automated current risk assessment roster of registrants to proactively prompt compliance and enforcement activities.
- Update compliance policy and procedures.
- Conduct staff training.

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Action #	Action Item	Status
5.2	Inspect each registrant in accordance with the registrant's risk rating.	In Progress

Target Completion Date – December 2025

Steps taken

- This action item is dependent on the outcome of actions 4.1 to 4.4 and 5.1.

Steps to be completed

- Conduct inspections of registrants identified based on established risk assessment and risk rating process.
- Develop system reporting for all assigned, work-in-process and completed inspections.
- Incorporate manager quality review for adherence to process as part of ongoing inspector performance audits.

Recommendation #6:

So that the Travel Industry Council of Ontario (TICO) can take disciplinary action against registrants for misconduct that falls outside of the current scope of the Travel Industry Act, 2002, we recommend TICO work with the Ministry of Public and Business Service Delivery to:

Action #	Action Item	Status
6.1	Create a mandatory code of ethics for registrants.	TBD
6.2	Establish a discipline committee and related processes for conducting hearings to determine when registrants have violated the code of ethics, and take disciplinary action when warranted.	TBD

Target Completion Date – TBD

These recommendations would require regulatory changes under the Travel Industry Act, 2002. However, the Ministry has indicated that it will prioritize consideration of recommendation 16, which calls for a comprehensive review of the Travel Industry Act, 2002, and TICO. As a result, assessment of these recommendations for consideration and decision-making, as appropriate, is pending the outcome of the government's consideration of recommendation 16.

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Recommendation #7:

So that complaints against travel agents and travel wholesalers that warrant further investigation or enforcement action are consistently escalated for such action, we recommend that the Travel Industry Council of Ontario (TICO):

Action #	Action Item	Status
7.1	Record the outcome of each complaint in TICO's information system, including whether it was referred for investigation and enforcement action, and the results of the action.	In Progress

Target Completion Date – October 2024

Steps to be completed

- Review and update the list of compliance issues that may be identified during the complaints process, as well as possible complaint outcomes/dispositions.
- Develop and document a process map to link and track complaint referral actions and all outcomes with the applicable department(s) involved.
- Update IT systems and establish reporting requirements.
- Make updates to applicable policies and procedures.
- Conduct staff training.

Action #	Action Item	Status
7.2	Monitor complaint outcomes and referrals to assess whether they are handled appropriately and in accordance with TICO's complaint-handling policy.	In Progress

Target Completion Date – September 2025

Steps to be completed

- Establish a monitoring and review process of complaints for managers of processes, referrals and outcomes to ensure consistency and effectiveness.
- Develop key trends report to identify complaint types/outcomes that may inform other regulatory responses, including potential regulatory changes to propose to government.

Action #	Action Item	Status
7.3	Create a policy outlining the documentation TICO expects its complaint handlers to record in its document management system, and the timeframe in which it expects all such information to be recorded.	Completed on April 30, 2024

Target Completion Date – April 2024

Steps taken

- Enhanced current policy and procedures to clarify a standard operating procedure for complaint officers to use in their daily routines related to complaint file supporting documentation.

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Recommendation #8:

So that Ontario consumers are protected from travel salespersons with a history of misconduct, we recommend the Travel Industry Council of Ontario (TICO) work with the Ministry of Public and Business Service Delivery to:

Action #	Action Item	Status
8.1	Advance amendments to the Travel Industry Act, 2002—made under the Strengthening Protection for Ontario Consumers Act, 2017, but not yet in force—that would give TICO the authority to register and regulate individual travel salespersons.	TBD

Target Completion Date – TBD

This recommendation would require regulatory changes under the Travel Industry Act, 2002 to be developed before the legislative provisions could be proclaimed. However, the Ministry has indicated that it will prioritize consideration of recommendation 16, which calls for a comprehensive review of the Travel Industry Act, 2002, and TICO. As a result, assessment of this recommendation for consideration and decision-making, as appropriate, is pending the outcome of the government's consideration of recommendation 16.

Recommendation #9:

So that fees paid by registrants to the Travel Industry Compensation Fund (Compensation Fund) are used to compensate consumers who have suffered a financial loss, we recommend that the Travel Industry Council of Ontario (TICO):

Action #	Action Item	Status
9.1	Pay from the Compensation Fund only expenses that can reasonably be attributed to the administration, management, maintenance, and protection of the Fund.	In Progress

Target Completion Date – December 2024

Steps to be completed

- Review and revise policies associated with the Compensation Fund and financial reporting.
- Implement internal reporting structure supported by new and/or revised recording and monitoring processes, including strong internal controls.
- Develop and implement a new policy for determining the method and frequency of recovering reasonable costs associated with the administration, management and protection of the Compensation Fund.
- Implement enhanced reporting structure that reflects applicable financial accounting policies, aligned with the legislation and supported by the external auditor.

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Action #	Action Item	Status
9.2	Revise its fee structure to ensure operating costs are sufficiently funded through registration and other fees charged to registrants.	Completed on April 30, 2024

Target Completion Date – April 2024

Steps taken

- Following stakeholder consultations in fall 2023, informed registrants and industry stakeholders of the new funding model and fee schedule on February 1, 2024 (60 days notice), along with guidance for the transition period.
- System changes based on new fee model completed to support new registration renewal fees and compensation fund assessments.
- Implemented changes to internal processes, specifying IT requirements to deliver new fee model.
- Finalized system requirements for late filing fees.

Recommendation #10:

So that the Travel Industry Compensation Fund (Compensation Fund) is providing value-for-money for the travel industry and consumers, we recommend the Travel Industry Council of Ontario work with the Ministry of Public and Business Service Delivery (Ministry) to:

Action #	Action Item	Status
10.1	Study and determine whether significant risk to consumers still exists to justify the cost of maintaining and administering the Compensation Fund, and whether the Fund can provide a positive net benefit.	TBD

Target Completion Date – TBD

The Ministry has indicated that this recommendation will be addressed, as appropriate, with the consideration of recommendation 16, which calls for a comprehensive review of the Travel Industry Act, 2002, and TICO.

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Recommendation #11:

So that the Board of Directors of the Travel Industry Council of Ontario (TICO) effectively executes its responsibilities to oversee the travel industry and protect consumers, we recommend that:

Action #	Action Item	Status
11.1	TICO utilize its board competency matrix and assessments to inform nominations to TICO’s Board.	In Progress

Target Completion Date – September 2024

- Steps taken**
- Reviewed the Competency Matrix to ensure that it continues to reflect the knowledge and skills required for the Board to effectively execute its mandate.
 - Received Board approval on proposed changes to the Competency Matrix (reflected in Schedule C of the Administrative Agreement).
 - Required all Board members to complete the Competency Matrix Self-Assessment, which is required on an annual basis.
 - Completed a gap analysis using the Competency Matrix Self-Assessments to identify any competency gaps and how they can be addressed. This analysis will continue to be conducted annually.
 - Assessed whether competency gaps could be best addressed through board education and development or through board recruitment.

- Steps to be completed**
- Obtain Minister’s approval for any changes to the Competency Matrix.
 - Communicate with the Minister regarding the skills required by the Board.
 - Prepare and release board recruitment materials for the Board elected positions to be filled, emphasizing the competencies and skills that the Board is seeking.
 - The Governance and Nominations Committee will review applications received for elected board member positions based on an enhanced Competency Matrix and process.
 - Revisit competency gaps following any changes to the Board.

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Recommendation #12:

So that consumers purchasing travel services through registered travel agents are aware of the Travel Industry Council of Ontario's (TICO's) role, and the protections available under the Travel Industry Act, 2002, we recommend that TICO work with the Ministry of Public and Business Service Delivery (Ministry) to:

Action #	Action Item	Status
12.1	Require that, at the time of purchase, registrants provide purchasers of travel services with information brochures that outline TICO's regulatory role and consumer protections available.	TBD

Target Completion Date – TBD

Steps taken

- As a voluntary measure, the winter issue of the TICO Talk newsletter promoted consumer protection tools available to registrants in the Registrant Toolkit.

This recommendation would require regulatory changes under the Travel Industry Act, 2002. However, the Ministry has indicated that it will prioritize consideration of recommendation 16, which calls for a comprehensive review of the Travel Industry Act, 2002, and TICO. As a result, assessment of this recommendation for consideration and decision-making, as appropriate, is pending the outcome of the government's consideration of recommendation 16.

TICO's voluntary initiative (led by TICO):

- TICO will continue to encourage registrants to share materials found in its existing Registrant Toolkit to inform their clients of the travel consumer protection available from TICO.
- TICO will review the Registrant Toolkit for possible enhancements and implement any identified changes by March 2025.
- Based on the above review, TICO will consider implementation of enhancements within the current budget envelope.

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Recommendation #13:

So that consumers can make more informed decisions about which travel agents they may choose to purchase travel services from, we recommend that the Travel Industry Council of Ontario (TICO):

Action #	Action Item	Status
13.1	Provide detailed compliance and enforcement information about all registrants on its public directory.	In Progress

Target Completion Date – December 2024

Steps taken

- Completed early stages of the review for opportunities related to enhanced consumer disclosures.
- Reviewed a new draft policy with the Regulatory Business Strategy Committee of the Board that is in relation to enhanced public disclosures of compliance and enforcement information.
- Reviewed and received Board approval regarding enhanced registrant disclosures to the public and on future direction.

Steps to be completed

- Review best practices of other regulators for the disclosure of compliance and enforcement information.
- Finalize a corporate policy addressing compliance and enforcement information for public disclosure required by the Act and/or Regulation.
- Launch a more user-friendly agency search engine.
- Advise registrants of changes to the directory.

Recommendation #14:

So that it can better inform its regulatory efforts to protect consumers, we recommend the Travel Industry Council of Ontario (TICO):

Action #	Action Item	Status
14.1	Conduct a review of data collection across all core regulatory functions to identify areas where additional data would help improve its regulatory efforts.	In Progress

Target Completion Date – June 2025

Steps to be completed

- Review registrant data that is collected and archived.
- Determine if new data is needed or if existing data is no longer required.
- Assess against the legislation and obtain necessary approvals for any new registrant data required.
- Document process maps and procedures with interdepartmental dependencies.
- Develop a design document for database development.
- Communicate with registrants in advance of any new data requirements.

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Action #	Action Item	Status
14.2	Update its information systems to capture data identified by this review.	In Progress

Target Completion Date – December 2025

Steps to be completed

- Based on the review in action item 14.1, design system changes for new data management.
- Develop a detailed project plan for data migration and approval by the business line owner.
- Complete operating system enhancements.
- Conduct data migration with controls to ensure completeness and accuracy.

Action #	Action Item	Status
14.3	Obtain and analyze relevant travel market statistics on a regular basis.	In Progress

Target Completion Date – September 2024

Steps taken

- Conducted a review of available market data from a variety of sources.

Steps to be completed

- Determine the relevancy and use of the data.
- Design and implement system changes for new data collection.
- Develop relevant reporting and dashboards for data utilization.

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Recommendation #15:

So that the Ministry of Public and Business Service Delivery (Ministry) can effectively monitor and assess the Travel Industry Council of Ontario's (TICO's) performance in protecting consumers and regulating travel agents and wholesalers, we recommend that the Ministry work with TICO to:

Action #	Action Item	Status
15.1	Revise the performance indicators the Ministry uses to include indicators that more closely monitor TICO's operations, including in the areas of inspections, security deposits, complaint-handling, and the Travel Industry Compensation Fund.	TBD

Target Completion Date – TBD

The Ministry has indicated that this recommendation will be assessed for consideration and decision-making, as appropriate, after the consideration of recommendation 16, which calls for a comprehensive review of the Travel Industry Act, 2002, and TICO. While the Ministry prioritizes consideration of recommendation 16, TICO will continue to report to the Ministry on current performance measures as part of TICO's business plans and annual reports.