

Summary Status Table in Response to the Report of the Auditor General of Ontario

Internet Gaming in Ontario

2021 Annual Report of the Auditor General, issued December 2021

Ministry of the Attorney General - Status Update (March 2022) to Standing Committee on Public Accounts

Auditor's Recommendation	Completed undertaking	Outstanding undertaking (including timeline)
Recommendation 1: To address the legal risks associated with the proposed construct for Internet gaming in Ontario, we recommend that the government take appropriate steps to ensure compliance with the Criminal Code prior to launching the new Internet gaming market.	The internet gaming model has been considered and approved by both Cabinet and Treasury Board/Management Board of Cabinet. Ontario's approach to the conduct and management of internet gaming closely follows approaches that Ontario has used for land-based lottery schemes and there have been no legal challenges to the lawfulness of those regimes. iGaming Ontario has completed the drafting of operating agreements and associated policies which will be signed by private gaming operators, and meet the 'conduct and manage' requirements of the Criminal Code. In operating gaming sites as agents of Ontario, operators will be responsible for complying with the terms of their operating agreements with iGaming Ontario; the applicable policies established by iGaming Ontario; the terms and conditions of registration; the standards established by the Registrar of the AGCO; and any other applicable standards and requirements, in accordance with section 22 of the <i>Gaming Control Act</i>. Separately, the AGCO will have independent regulatory oversight of iGaming Ontario, operators, and their suppliers. This oversight authority will include the ability to conduct compliance assurance activities, including audits, inspections, and the gathering of targeted data from operators and suppliers. No further actions will be taken to address this recommendation prior to launch.	Ontario is committed to creating a safe, regulated and competitive online gaming market to help protect consumers. The government will take any additional steps it considers necessary to address any legal risks associated with the approved framework for internet gaming in Ontario; however, at this time, the government is satisfied that no immediate next steps are required.

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Recommendation 2: - To address the governance and regulatory risks associated with the proposed construct for Internet gaming in Ontario, we recommend that the Ministry of the Attorney General: - remove the governance and operating responsibilities for iGaming Ontario from the Alcohol and Gaming Commission of Ontario; and - should the business model of iGaming Ontario meet the conduct and manage requirements under the Criminal Code, transfer the reporting relationship of iGaming Ontario to the Ministry of Finance.	The Ministry agrees that an effective regulator needs to be independent of the entities and the core industry it regulates; however, the Ministry will not be implementing this recommendation. Maintaining the AGCO's regulatory independence was of paramount importance in developing the governance and operating responsibilities for iGaming Ontario. The following measures have been put in place to address any real or perceived governance or regulatory risks associated with the construct for internet gaming in Ontario: - The regulation establishing iGaming Ontario requires that the Board of Directors develop and maintain a Conflict of Interest policy for the directors, officers and employees of iGaming Ontario. - iGO has established its own Conflict of Interest policy which has been approved by the iGO Board to address potential and actual conflicts of interest. - Similarly, the AGCO has updated its Conflict of Interest policy to reflect the existence of two new conflict of interest management policies, the AGCO-iGO Conflict of Interest Management Policy and the AGCO Board iGaming Conflict of Interest Management Policy, both of which have been approved by the AGCO Board. These policies address both potential and actual conflicts of interest that may arise between the regulatory interests of the AGCO and conduct and manage (operating mind and revenue generation) interests of iGaming Ontario. The policies support employees and Board members in the identification of real or perceived conflicts of interest and how to mitigate or avoid those conflicts. These measures will help to protect the regulatory effectiveness and independence of the AGCO and the Registrar while recognizing the ongoing role of conflict of interest management within the larger context of the AGCO's relationship with iGaming Ontario.	In the Ministry's view, the actions taken have effectively mitigated against the risks noted in the recommendation. Given the approach taken to date, and that any risks associated with a conflict of interest between the functions of the AGCO and iGaming Ontario have been addressed through the structure and requirement for supplementary policies, the benefits of maintaining the status quo outweigh the operational risks and fiscal impacts of establishing a new reporting structure for iGaming Ontario. The AGCO and the Ministry are in the final stages of updating the Memorandum of Understanding (MOU) between the organizations, to which iGaming Ontario will also be a party. The proposed tripartite MOU will serve to reiterate and reinforce AGCO's regulatory independence by appropriately delineating each party's accountabilities, including the parameters of each party's responsibilities (e.g. the MOU would make it clear that the AGCO does not have authority to oversee iGO's responsibilities beyond iGO's conduct and management of online lottery schemes) to ensure that each party's responsibilities are understood and agreed to. Work on the draft MOU is expected to be complete in Spring 2022. The Ministry will take any additional steps it considers necessary in the future to address governance and regulatory risks.

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Recommendation 3: - We recommend that the Ministry of the Attorney General: - clearly demonstrate how the province will conduct and manage Ontario's proposed Internet gaming market without directly verifying the fairness and integrity of games being offered by registered private operators; and - make this information available to the Ontario Legislature prior to the launch of the Internet gaming market.	The AGCO has developed the Registrar's Standards for Internet Gaming that address game integrity, which are available at: https://www.agco.ca/lottery-and-gaming/guides/registrars-standards-internet-gaming. The AGCO will be mandating that all games be tested and certified against the AGCO Standards by registered Independent Testing Laboratories (ITLs). In establishing this framework, the AGCO has taken several additional steps to ensure that ITLs obtain a registration from the AGCO and, in doing so, the ITLs will undergo AGCO's eligibility assessment process. AGCO has also established a dedicated ITL Oversight Unit to conduct focused compliance and quality assurance activities with respect to ITL operations. For sport and event betting, the Registrar's Standards will include a requirement that operators must engage independent integrity monitors, who receive, assess, and distribute unusual/suspicious betting alerts. Monitors must be registered by the AGCO, have the expertise to analyze and evaluate the accuracy and severity of betting alerts they receive and not have any perceived or real conflicts of interests in performing their role, including acting as an operator or as an oddsmaker. More generally, the AGCO has developed an iGaming compliance program that includes a dedicated iGaming Compliance Unit whose sole responsibility will be to conduct intensive compliance oversight of registered iGaming operators and suppliers, including with respect to game integrity. The Unit's activities will be supported by resources from existing AGCO branches, including the Audit and Financial Investigations Branch, Anti-Money Laundering Unit, Enterprise Data and Analytics Branch as well as AGCO's in-house gaming laboratory and dedicated bureau of Ontario Provincial Police Officers assigned to the AGCO. Additionally, iGaming Ontario has established a Customer Care and Dispute Resolution Policy regarding providing recourse to players who have serious concerns, allegations related to behaviours of an operator or disputes related to an operator's products and/or services. iGaming Ontario will review the nature of these disputes, concerns or allegations and will work with the operator and player on remedies to achieve resolution.	Ontario is committed to ensuring fairness and integrity of online games. Game integrity for all gaming products, regardless of the channel through which they are offered, is a regulatory responsibility of the AGCO. The Standards and other resources are available on the AGCO's website currently and available to the public, including: https://www.agco.ca/lottery-and-gaming/guides/registrars-standards-internet-gaming https://www.agco.ca/roles-agco-and-igaming-ontario https://www.agco.ca/lottery-and-gaming/guides/internet-gaming-operator-application-guide https://www.agco.ca/lottery-and-gaming/internet-gaming-suppliers-application-guide https://www.agco.ca/registered-independent-testing-labs This information is being shared with the Ontario Legislature via this update to the Standing Committee on Public Accounts.