

Inspections are conducted in order to ensure ongoing compliance with the *Travel Industry Act, 2002* and Ontario Regulation 26/05 made under the Act (the "Act" and "Regulation"). TICO operates a risk management programme, which includes two broad types of inspections: Financial Inspections and Compliance Inspections. TICO Inspectors are designated by the Registrar under the authority of the Act.

TICO inspections are conducted for the following purposes:

- Ensuring compliance with the Act and the Regulation;
- Dealing with a complaint against a registrant; and
- Ensuring the registrant remains entitled to registration.

TICO Inspectors have the right to:

- Access and inspect the registrant's premises, books and records;
- Remove records to make photocopies; and
- Make inquiries regarding any complaint about the registrant's conduct.

The registrant must assist the Inspector when asked, such as producing a document or record, or helping the Inspector use the registrant's own data storage, processing or retrieval device.

Results of inspections conducted under the Act are not a matter of public record.

Financial Inspections

TICO operates a risk management programme, which includes financial inspections of registrants carried out under the direction and control of the Registrar, *Travel Industry Act, 2002*. The objective of the programme is to identify as early as possible any registrants at risk and to work with these registrants to ensure compliance with the Act and Regulation.

TICO has a team of Financial Inspectors, who all have financial designations. Through early identification of registrants at financial risk, TICO attempts to minimize potential claims against the Compensation Fund and disruption to consumer travel.

All registrants are required to file at least annually financial statements with TICO and these financial statements are reviewed by the Inspectors to determine if the registrant is compliant with the working capital and trust accounting requirements. Other financial information such as sales, losses and equity are tracked to determine

if there are potential financial problems.

TICO's Inspectors conduct site inspections based on the review of financial statements and other information that TICO may receive. Specifically, the Inspector will ensure that the registrant is maintaining proper trust accounting, working capital, bank accounts, invoicing and documentation. The Inspector will examine the books and records, bank statements, cancelled cheques and invoices relevant to the purposes of the inspection.

Typically, after concluding an inspection, the Inspector will prepare and present the registrant with an Inspections Findings Report to record any issues and identify any deficiencies required to be corrected.

TICO's Inspectors will generally make appointments with the registrant at a mutually convenient time. However, this is a courtesy. Under section 17 of the Act, notice is not required to be given and the Inspector is entitled to free access to all records being inspected that are relevant to the inspection.

Compliance Inspections

TICO has a team of Compliance Officers who are designated by the Registrar as Inspectors under the Act. TICO's Compliance Team works to ensure that registrants are compliant in areas that relate to non-financial compliance with the Act and the Regulation. These include invoicing, advertising, consumer complaints, closures resulting in claims, follow-up site inspections of terminated, lapsed or suspended registrants as well as inspections of entities and individuals suspected of operating without TICO registration.

Compliance Officers have the same powers and authority as the Inspectors noted above. Typically after concluding an inspection, the Inspector will prepare and present the registrant with an Inspections Findings Report to record any issues and identify any deficiencies required to be corrected.

TICO's Compliance Officers will generally make appointments with the registrant at a mutually convenient time. However, this is a courtesy. Under section 17 of the Act, notice is not required to be given and the Inspector is entitled to free access to all records being inspected that are relevant to the inspection.