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## **Summary Report – Special Examination**

To the Board of Directors  
Prince Rupert Port Authority, and  
The Minister of Transport

September 27, 2013

As required by section 41 of the Canada Marine Act (CMA), we have carried out a Special Examination of the financial and management control and information systems and management practices maintained by the Prince Rupert Port Authority (PRPA, the Authority) during 2012. The Authority is required by subsection 41 (1) of the CMA to maintain these systems and practices in such manner as will provide reasonable assurance that:

- The assets of the Authority are safeguarded and controlled;
- The financial, human and physical resources of the Authority are managed economically and efficiently; and
- The operations of the Authority are carried out effectively.

Our responsibility is to express an opinion on whether during the period under examination from January 1, 2012 to December 31, 2012; there was reasonable assurance that there were no significant deficiencies in the systems and practices examined.

A plan for the examination, based on our survey of the Authority's systems and practices, was approved by the Audit Committee on April 17, 2013. The plan included the criteria to be applied in the Special Examination. We selected the criteria specifically for this examination in consultation with the Authority. They were selected based on our knowledge and experience with value for money auditing by reference to legislative and regulatory performance, to standards and practices followed by the Authority and by other organizations. The areas examined and criteria are shown in Appendix 1.

The plan also identified those systems and practices that we considered to be essential to providing the Authority with reasonable assurance with respect to its assets being safeguarded and controlled, its resources being managed economically and efficiently, and its operations being carried out effectively. Other systems and practices of the Authority, although covered in the survey, were excluded from detailed examination because our analysis of their significance and risks associated with them indicated that, during the period under examination, they were not critical to providing the Authority with reasonable assurance as required by subsection 41 (1) of the CMA.

Our examination was made in accordance with the plan, as well as in accordance with standards for assurance engagements, recommended by the Canadian Institute of Chartered Accountants. Accordingly, it included such tests and other procedures as we considered necessary in the circumstances. In carrying out the special examination, KPMG delegated examination of certain procedures to Carlyle Shepherd & Co.

In our opinion, with respect to the criteria established, there is reasonable assurance that during the period under review there were no significant deficiencies in the systems and practices examined.

*KPMG LLP*

KPMG LLP  
Vancouver, Canada  
September 27, 2013

## Appendix 1 – Areas Examined and Criteria

Key Area	Specific Areas for Review	Criteria
<b>1. Long Range Planning</b>	1.1. Business environment	PRPA conducts a comprehensive business environment review as input to the long-range plan
	1.2. Strategy research and analysis	Appropriate research and analysis is done for each component of the long-range plan prior to final approval
	1.3. Major projects	There are adequate systems and practices to manage and monitor the projects in accordance with the board-approved program
	1.4. Resource availability	There are adequate processes and practices in place to make sure there are optimum financial, physical, and human resources to implement long-range plans
	1.5. Approval process	There are effective processes in place to grant approvals which commit PRPA to proceed with projects and programs
<b>2. Organization structure and human resources</b>	2.1 Board and committee structure and processes	The Board processes in place make sure that the Board vacancies are filled in a timely manner, and that there is an appropriate degree of continuity at the Board. The current committee structure is appropriate to carry out the mandate of the Board, and the Board members are aware of and in compliance with the Directors' Handbook
	2.2 Function alignment, reporting, and responsibilities	The current organization structure appropriately groups functions to achieve strategic and operational objectives of PRPA
	2.1 HR processes	There are effective HR processes in place for recruitment, retention, performance management, and employee engagement
	2.2 HR strategy	There is an appropriate HR Strategy and leadership for succession, leadership development, and talent attraction
<b>3. Marketing and communications</b>	3.1 Marketing strategy & implementation	There is an integrated marketing strategy in place. Marketing initiatives are implemented as specified
	3.2 Social License	There are processes in place to address social license matters that may impact PRPA in achieving its objectives.
	3.3 External communications	There is an integrated external communications strategy in place that adequately communicates relevant information on a timely basis to all stakeholder groups
	3.4 Internal communications	Internal communications channels adequately support two-way information flow within PRPA
	3.5 Board communications	The Board packages are appropriately comprehensive and are provided in a timely manner. Committee and Board minutes are appropriately maintained. Actions from the meetings are carried out in a timely manner

Key Area	Specific Areas for Review	Criteria
<b>4. Protection and management of assets</b>	4.1 Land use plan and implementation (leases, vacant land)	The Authority has a current Land Use Plan (LUP) that is consistent with its Strategic Plan. The LUP is implemented as specified. Leases are signed, monitored, and renewed on a timely basis
	4.2 Financial (investments)	Investments are made in compliance with the Authority Investment Policy/Guidelines
	4.3 Contracting out (Fairview)	The contract with Maher is managed in accordance with the terms of the contract
	4.4 Project management	There are adequate processes and practices to manage projects (scaled to the size of the projects)
	4.5 IT	The IT infrastructure is adequate, safeguarded, and sufficiently robust to support the current operations and anticipated future growth of PRPA
<b>5. Risk Management</b>	5.1 Insurance Coverage	There is adequate insurance coverage in place to protect the assets, business continuity, and liability of PRPA
	5.2 Management of Existing and Potential Claims	There are systems and procedures in place to manage existing and potential claims against PRPA
	5.3 Emergency Preparedness	There is a current and adequate emergency preparedness plan that is coordinated with other groups (City, Coast Guard, Tenants) to deal with emergencies
	5.4 Security	There are effective systems and processes in place to secure the facilities of the Port Authority, harbour, information system, and provide access to appropriate individuals