

Addressed to:
The Board of Directors, Vancouver Fraser Port Authority

and,

The Minister of Transport

23 October 2017

Summary Report – Special Examination

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 Vancouver Fraser Port Authority (VFPA) as at 31 March 2017. The VFPA 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 VFPA are safeguarded and controlled
- ▶ The financial, human and physical resources of the VFPA are managed economically and efficiently
- ▶ The operations of the VFPA are carried out effectively.

Our responsibility is to determine a conclusion on whether during the time period under examination (January 2016 to March 2017) there was reasonable assurance that there were no significant deficiencies in the systems and practices examined.

A plan for the examination was approved by the Audit Committee on October 28th, 2016. The plan was based on our survey of the VFPA's systems and practices and included the criteria to be applied in the Special Examination which were selected specifically for this examination in consultation with the VFPA. The areas examined and criteria are shown in Appendix 1.

The plan identified those systems and practices that we considered to be essential to providing the VFPA 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. This allowed a focused effort on areas where books, records, systems and practices are particularly important. Through the completion of a risk assessment, and through the consideration of other sources of assurance (including the external financial audit and the work of internal audit) the following final focus areas were deemed to be the most significant areas for detailed review:

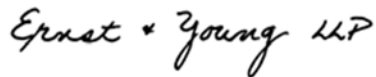
- ▶ Use of Operational Data
- ▶ Corporate Community Acceptance
- ▶ Permitting
- ▶ Cyber Security Program
- ▶ Preventative Maintenance Program
- ▶ Major Capital Projects Management

Other systems and practices of the VFPA, 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 VFPA with reasonable assurance as required by subsection 41 (1) of the CMA.

Our examination was made in accordance with the approved plan and included such tests and other procedures as we considered necessary in the circumstances. In carrying out the Special Examination we relied on the work of VFPA Internal Audit as appropriate.

Overall the Special Examination found, for the period under examination, there were no significant deficiencies in the books, records, systems and practices related to the focus areas examined. The Special Examination team noted examples of good practices in each of the focus areas examined, and would like to commend management on the robust nature of its management practices. Consistent with any Special Examination there were opportunities for improvement noted; particularly in overall information-sharing, process integration, and effectiveness in the implementation of processes and controls. This report on the results of the Special Examination has been prepared for the Board of Directors of the VFPA and the Minister of Transport, and we caution any other reader that it may not be appropriate for their purposes.

Yours sincerely



Bill Kessels
Partner, Advisory Services
604 891 8255
Bill.Kessels@ca.ey.com

Appendix 1: Areas examined and criteria

The following table summarizes the areas examined and associated criteria for the Special Examination.

Examination Criteria	Sub-Criteria
Focus Area: Use of Operational Data	
1. Operational data produced both internally and from external sources are actively used to increase the efficient and effective use of resources, and to enable operational efficiency.	1.1 A defined framework and processes exist to collect and use operational data to facilitate and increase the efficient and effective use of resources to enable operational efficiency. The framework is supported by adequate governance, defined roles and responsibilities, and relevant contract activities to ensure the integrity of data.
	1.2 The framework and processes are in place, and operational data is consistently used to drive effective and efficient operations and use of resources.
Focus Area: Corporate Community Acceptance	
2. The Corporate Social Responsibility (CSR) function at the VFPA appropriately identifies and mitigates risks related to loss of community acceptance.	2.1 A defined framework and processes exist to facilitate the identification, response to, and mitigation of risks related to loss of community acceptance, and the framework is supported by adequate governance, defined roles and responsibilities, and relevant performance measurement and reporting.
	2.2 The defined framework and processes are in place and performance measurement is actively undertaken to assess community acceptance.
Focus Area: Permitting	
3. The new permitting process meets the objectives of its implementation and is effective at managing reputational risk.	3.1 The new permitting process is designed to meet VFPA's organizational objectives, enable efficiency in operations, and manage the VFPA's reputational risk. The process is supported by effective governance, roles and responsibilities, and relevant performance measurement and reporting.
	3.2 The defined process is in place and performance measurement is actively undertaken to measure permitting process efficiency.
Focus Area: Cyber Security Program	
4. Cyber security is appropriately considered, managed, and aligned to the VFPA's business and potential risks.	4.1 A defined cyber security program exists that appropriately considers and manages risks related to cyber security, and is aligned to the organization's approach to risk management. The program is supported by adequate governance, defined roles and responsibilities, and relevant performance measurement and reporting.
	4.2 The defined program is in place and performance measurement is actively undertaken to assess the adequacy of cyber risk management.
Focus Area: Preventative Maintenance Program	
5. The preventative maintenance program for assets is designed appropriately and operates effectively to meet its objectives.	5.1 A defined framework and processes exist to enable safeguarding of assets and the effective and efficient use of resources. The program is supported by adequate governance, defined roles and responsibilities, and relevant performance measurement and reporting.
	5.2 The defined framework and processes are in place and performance measurement is actively undertaken to measure stewardship of assets and efficiency and effectiveness of resource allocation.

Examination Criteria	Sub-Criteria
Focus Area: Major Capital Project Management	
6. Capital projects are managed effectively to enable the organization to deliver them on-time, on-budget, and to meet identified objectives.	6.1 A defined project management framework exists to enable the effective management of capital projects that are on-time, on-budget, and achieve identified objectives. The framework is supported by adequate governance, defined roles and responsibilities, and relevant performance measurement and reporting.
	6.2 The defined framework is in place and performance measurement is actively undertaken to enable successful delivery of capital projects.