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Special Examination Report

To the Minister of Transport and the Board of Directors of Thunder Bay Port Authority

As required by Subsection 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 Thunder Bay Port Authority (“The Port Authority”) for the year ended December 31, 2013. The Port Authority is required by subsections 38(1) and 38(2) of the CMA to maintain these systems and practices in such a manner as will provide reasonable assurance that:

- The assets of the Port Authority are safeguarded and controlled;
- The transactions of the Port Authority are in accordance with Part I of the Act and its letters patent and by-laws; and
- The financial, human and physical resources of the Port Authority are managed economically and efficiently and its operations are carried out effectively.

Our responsibility is to express an opinion on whether during the period under examination, from January 1, 2013 to December 31, 2013; there was reasonable assurance that there were no significant deficiencies in the systems and practices examined.

A plan for the examination was submitted to and approved by the Port Authority’s Audit Committee on December 4, 2013. The plan included the criteria to be applied in the special examination. The criteria for this examination were selected in consultation with the Port 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 Port Authority and by other organizations. The plan also identified those systems and practices that were considered to be essential to providing the Port Authority with reasonable assurance regarding its assets being safeguarded and protected, its resources being managed economically and efficiently, and its operations being carried out effectively. The areas examined and criteria are shown in Appendix A.

Our examination was made in accordance with the plan, as well as, 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.



Special Examination Report (cont'd)

In our opinion, with respect to the criteria established, there is reasonable assurance that during the period of examination of January 1 to December 31, 2013, there were no significant deficiencies in the systems and practices examined.

This report is intended solely for the internal use of the Minister of Transport and the Board of Directors of the Thunder Bay Port Authority. BDO Canada LLP assumes no responsibility or liability for damages incurred by any other entity or person resulting from the use or reliance on this report.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Thunder Bay, Ontario
June 26, 2014

Thunder Bay Port Authority Special Examination Report Appendix A - System, Practices and Criteria

Systems and practices examined covered each of three broad functional areas that were identified in the plan:

- 1) Finance, which includes procurement, asset protection, treasury, human resources, information technology and statistics;
- 2) Property management, which includes physical asset management, maintenance/upkeep and property development and marketing; and
- 3) Harbour administration, which includes monitoring environmental response capabilities, port security, ice conditions and vessel traffic.

The criteria that were applied to each of these areas were as follows:

Item	Description
Management direction and leadership	The extent to which the Port Authority's objectives are incorporated into the Port Authority's plans, structure and decision-making processes.
Appropriateness	The extent to which the Port Authority's procedures and controls allow it to operate effectively, efficiently, and economically.
Achievement of intended results	The extent to which the anticipated outcome is achieved for each aspect of the Port Authority's operations.
Responsiveness/anticipation	The extent to which the Port Authority responds to changes in the operating environment and other conditions.
Asset protection	The extent to which assets were adequately safeguarded and maintained.
Monitoring and Reporting	The extent to which systems and procedures help the Port Authority economically, effectively, efficiently and transparently monitor its operations and ensure that reporting requirements are met.