

Prince Rupert Port Authority



Special Examination – Summary Report

Report to Audit Committee and Management

September 26, 2023

Independent Auditor's Reasonable Assurance Report

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

We have undertaken a reasonable assurance engagement of the financial and management control and information systems and management practices ("the Subject Matter") maintained by the Prince Rupert Port Authority (the "Authority") during the period of January 1, 2022, to December 31, 2022.

Objective

The objective of this reasonable assurance engagement is to determine whether the systems and practices we selected for examination at the Prince Rupert Port Authority were providing the Authority with reasonable assurance that its assets were safeguarded and controlled, its resources were managed economically and efficiently, and its operations were carried out effectively as required by Sections 38 and 41(1) of the Canada Marine Act (1998).

Applicable Criteria

The applicable criteria established to evaluate the financial and management control and information systems and management practices of the Authority are listed in the Special Examination Report.

Management's Responsibility

Management is responsible for the implementation, design and operation of the financial and management control and information systems and management practices.

Our Responsibility

Our responsibility is to express a reasonable assurance opinion on the Authority's financial and management control and information systems and management practices based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with Canadian Standard on Assurance Engagements 3001, *Direct Engagements*. This standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the financial and management control and information systems and management practices are free from significant deviation.

Reasonable assurance is a high level of assurance, but is not a guarantee that an engagement conducted in accordance with this standard will always detect a significant deviation when it exists. Deviations can arise from fraud or error and are considered significant if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of our report. The nature, timing and extent of procedures selected depends on our professional judgment, including an assessment of the risks of significant deviation of the financial and management control and information systems and management practices, whether due to fraud or error, and involves obtaining evidence about the financial and management control and information systems and management practices as measured against the Applicable Criteria.

We believe the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Our Independence and Quality Management

We have complied with the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Canadian Standard on Quality Management, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Opinion

In our opinion, based on the criteria established, there was reasonable assurance there were no significant deficiencies in the Authority's systems and practices that we examined. We concluded that the Authority maintained its systems and practices during the period covered by the audit in a manner that provided the reasonable assurance required under Sections 38 and 41(1) of the Canada Marine Act (1998).

Grant Thornton LLP

Victoria BC, Canada

Chartered Professional Accountants

September 18, 2023

Prince Rupert Port Authority – 2023 Special Examination Criteria

Key area	Specific areas for review	Criteria (i.e., Expected state to be reviewed)
Governance	1.1 Board packages/information sharing	<p>The Board communicates its expectations regarding reporting to senior management, including the type of information, level of detail and format.</p> <p>Board packages are appropriately comprehensive and provided in a timely manner. Committee and Board minutes are appropriately maintained, and actions from meetings are documented, and carried out in a timely manner</p>
	1.2 Board Agendas	<p>A process exists to support the development of robust Board meeting agendas, considering current issues and advancement of the PRPA strategy. The process is well understood by all stakeholders and ensures that any new business identified is analyzed and considered prior to any decisions being made.</p>
	1.3 Diversity, equity, and inclusion (DEI)	<p>A DEI strategy is in place which identifies, prioritizes, defines, and monitors progress against specific DEI goals and objectives. This strategy is well communicated and understood by the organization</p>
	1.4 Delegation of Authority	<p>A Delegation of Authority policy is being developed that effectively outlines the process around defining, assigning, levels which are considered appropriate to enable management to fulfill its responsibilities. The policy also is designed to ensure the appropriate monitoring protocols are in place when delegation is assigned.</p>
Risk management	2.1 Internal Processes	<p>A project gating framework exists which defines points during the life of a project, from the early concept to post- implementation phases, when executive management carefully considers the project status and grants approval to proceed to the next decision point or “gate.” This process is scalable and applies to large capital projects, as well as smaller internal initiatives</p> <p>IT security policies, procedures and permissions are evaluated and reviewed on a regular basis and updated to reflect changes to technology and risk exposure. All changes are documented and communicated appropriately to support future plans of the organization, including change readiness</p> <p>There is a whistleblower policy/hotline in place that is well communicated, easily accessible and understood by the organization. The policy explains how employee can report misconduct</p>
	2.2 Regulatory compliance	<p>Responsibility for managing and monitoring regulatory compliance is clearly delegated within the management structure of the Port Authority.</p> <p>Assessments of regulatory compliance are conducted regularly, and actions are taken when required.</p>
Leadership and talent	3.1 Learning and Development	<p>A leadership development program exists to align performance, develop skills, and provide growth opportunities to current and future leaders with the Authority.</p>
	3.2 Human Resource Strategy	<p>The HR strategy is forward looking and integrated with the business planning process, including, where appropriate, considerations to the required staff complement either through numbers and/or new or changing positions.</p> <p>An organizational succession plan has been developed which identifies potential to fill leadership or key operational roles</p>
	3.3 Talent attraction and retention	<p>There are effective HR strategies and processes (recruitment, retention, performance management) in place to facilitate strategic talent management and alignment with PRPA’s strategic goals.</p> <p>There is a work from home (WFH) policy in place that balances both leading practice and operational requirements, and is well communicated, easily accessible and understood by the organization.</p> <p>The PRPA employee value proposition has been well defined and is leveraged in the Port’s recruitment initiatives and branding strategy.</p>
	3.4 External subject matter experts	<p>External advisors are used strategically by the organization to either supplement skill set and expertise or create a capacity building opportunity (both from a skill and a time perspective) for the organization. When reliance</p>

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Stakeholder Engagement		is considered to be long-term, a cost benefit analysis of hiring talent is considered.
	4.1 First Nations engagement and relationships	There is an integrated First Nations engagement and partnership strategy in place, and this is regularly reviewed for relevance. This would include considerations of key commitments and expectations, progress against specific goals and objectives for those communities that are impacted by Port activities.
	4.2 Environmental, Social and Governance	An ESG plan, including communication protocols is developed, and clearly understood by those responsible for communicating to partners
	4.3 Partnerships	Engagement with regulators and other stakeholders of influence impacting the Authority's objectives is approached as a strategic partnership. These partnerships are leveraged for proactive collaborative planning, identification of shared goals for maximizing value, shared risk and rewards, and alignment on shared priorities.
Technology	5.1 Technology solutions	<p>Asset Management processes are reviewed regularly.</p> <p>There is technology in place to support the organization's ability to effectively manage all assets across the organization (e.g., personnel, buildings, software and hardware, inventory, monetary assets, and anything vital to the business's day-to-day running).</p> <p>Document Management technology used is sufficient to store, share, track and manage files or documents across the organization.</p>
	5.2 Technology strategy	<p>A technology strategy is in place which identifies, prioritizes, defines, and monitors progress against specific goals and objectives, as well as helps to inform decision-making around tools and infrastructure</p> <p>The Port Authority periodically assesses the value it receives from the existing systems by considering whether the system continues to meet the Port Authority's needs.</p>