

Deloitte.



St. John's Port Authority Special Examination

For the period covering October 1, 2018 – September 30, 2019
December 9, 2019

December 9, 2019

Private and confidential

Report on Supplementary Matters Arising from an Audit Engagement

Special Examination - Final Report

To the Minister of Transport and the Board of Directors of the St. John's Port Authority

In accordance with paragraph 41(1) of the Canada Marine Act, we have been engaged to determine whether, the criteria established in accordance with paragraph 41(3) (the "supplementary matter"), it can be assured that the financial and management controls, information systems and management practices of the St. John's Port Authority (the "Authority") have no significant deficiencies and therefore, meet the provisions of paragraph 38(2) of the Canada Marine Act for the period October 1, 2018 to September 30, 2019 (the "other reporting responsibility"). This other reporting responsibility relates to our audit of the financial statements of the Authority for the year ended December 31, 2018 on which we issued our report dated April 11, 2019. We have prepared the supplementary matter.

This report has been prepared in accordance with Canadian Standard on Related Services (CSRS) 4460, *Reports on Supplementary Matters Arising from an Audit or a Review Engagement*. Our responsibility is to report on the supplementary matter. This standard requires us to comply with ethical requirements and to plan and perform procedures to address the other reporting responsibility. The procedures were selected based on our professional judgment to enable us to form a basis for this report. The procedures vary in nature from, and are less in extent than for, those required when providing an audit opinion or a review conclusion. Users are cautioned that the procedures performed may not be suitable for their purposes.

Accordingly, we do not express an audit opinion or a review conclusion on the supplementary matter.

In response to the other reporting responsibility, we report that, according to the criteria established in accordance with paragraph 41(3), it can be assured that, the financial and management controls, information systems and management practices have no significant deficiencies to meet the provisions of paragraph 38(2) of the Canada Marine Act for the period October 1, 2018 to September 30, 2019.

This report is intended solely for use by Minister of Transport and the Board of Directors of the Authority and should not be used by other parties.

Yours very truly,



Chartered Professional Accountants

Appendix – Objectives, Scope and General Examination Criteria

Objectives

The Special Examination was designed to achieve the following objectives:

- To enable the special examiner to conclude, based on the procedures performed, that management's books, records, systems and practices are kept and maintained in a manner that will provide reasonable assurance that:
 - Financial, human and physical resources are managed economically and efficiently;
 - Corporate assets are adequately safeguarded and controlled;
 - Operations are carried out effectively; and
 - Transactions of the Authority are in accordance with the *Canada Marine Act* and the letters patent and by-laws of the Authority.
- To identify (and report to the Board) any significant deficiencies that exist with respect to management's system and practices, including (where possible) a description of their likely impact on the Authority.
- To provide management and the Board with information related to areas of management where improvements could benefit the Authority.
- To encourage management to develop action plans to accomplish improvements, where warranted.

Scope

The Special Examination included a review of the Authority's organization structure, information systems, and key management processes and practices related to operational resources, financial resources, human resources and asset management. Each area was examined within the context of the Authority's mandate, goals and objectives. Matters of corporate policy, such as corporate objectives and Board directives, were excluded from the examination scope.

General Examination Criteria

The following general criteria were applied in evaluating all aspects of management included within the examination scope. These criteria were the basis for the establishment of key management systems and practices.

- Relevant information about the operational effectiveness and the economic and efficient use of resources is being reported to the Board fairly, completely and on a timely basis.
- Sufficient information exists to hold all levels of management accountable for their use of resources and their contribution toward the Authority's mission and objectives.
- Critical corporate property, which, if lost or damaged, would impair the Authority's operations, is adequately safeguarded. For our purpose, property includes information (files, agreements, proprietary market information) and computer systems, in addition to land, buildings and equipment.

The plan outlined the approach to the examination of the Authority's management systems and practices in four areas – financial resource management, human resource management, physical resource management, and operations management. The plan also described the specific examination criteria to be applied in evaluating each of the four topic areas.