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Summary Report - Special Examination

To the Board of Directors
Toronto Port Authority, and
the Minister of Transport

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 Toronto Port Authority (the Port Authority) as at December 31, 2013. The Port Authority is required by the Canada Marine Act to maintain these systems and practices in such a manner as will provide reasonable assurance that the Port Authority's:

- Assets are safeguarded and controlled;
- Transactions are in accordance with the Canada Marine Act, the letters patent and the by-laws of the Port Authority; and
- Financial, human and physical resources are managed economically and efficiently and the operations are carried out effectively.

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

A plan for the examination, based on a survey of the Port Authority's systems and practices, was approved by the audit committee on October 15, 2014. 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 based on our knowledge and experience with value for money auditing and with reference to legislative and regulatory requirements, to standards and practices followed by the Port Authority and by other organizations. These criteria are listed in Appendix A.

The plan also identified those systems and practices that we considered to be essential to providing the Port Authority with reasonable assurance regarding its assets being safeguarded and protected, the authority of its transactions, its resources being managed economically and efficiently, and its operations being carried out effectively. The systems and practices of ten departments and functional areas selected for detailed examination are listed in Appendix A.

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

To the Board of Directors
Toronto Port Authority, and
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In our opinion, with respect to the criteria established there is reasonable assurance that there are 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 Toronto Port Authority. Deloitte LLP assumes no responsibility or liability for damages incurred by any other entity or person resulting from the use or reliance on this report.

Deloitte LLP
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Chartered Accountants
Licensed Public Accountants

December 31, 2014
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Date

Appendix A–Evaluation criteria

Corporate governance

| Evaluation category | Evaluation criteria |
|------------------------|---|
| Effectiveness | Strategy |
| | Oversight and Accountability |
| | Communication of Senior Management goals and objectives |
| Efficiency | Performance measures |
| | Organizational Structure |
| Economy | Resource management |
| | Value measurement |
| Safeguarding of Assets | Risk management |
| | Delegation of Authority / Segregation of Duties |
| | Disaster Recovery |
| Letters patent/by-laws | Compliance to by-laws, patents, policies and procedures |

Corporate accounting

| Evaluation category | Evaluation criteria |
|------------------------|---|
| Effectiveness | Financial Accounting Policies and Practices |
| | Accuracy and Integrity of Financial Reporting |
| | Appropriateness/ Quality of Financial Information |
| | Capital Planning & Cash Management |
| | Adequacy of IT Systems |
| | Internal Customer Satisfaction |
| Efficiency | Timeliness of Financial Reporting |
| | Timeliness & Completeness of Billings and Collections |
| | Financial Processes |
| | Resource management |
| Economy | Tendering Process |
| | Contract/Agreement Process |
| | Timeliness of Payments |
| | Budgeting Process |
| | Insurance & Risk Management |
| Safeguarding of Assets | Segregation of Duties |
| | Authorization |
| | Safeguarding |
| | Capital Assets |
| Letters patent/by-laws | Compliance to by-laws, patents, policies and procedures |

Billy Bishop Toronto City Airport

| Evaluation category | Evaluation criteria |
|------------------------|---|
| Effectiveness | Compliance to Policies & Procedures & Guidelines of Operations Manual |
| | Uninterrupted Operations |
| | Airport Infrastructure |
| | Airport Operations – Ability to be Self-Sustaining |
| | Third Party Relationships – Vendors , Suppliers & Regulators |
| | Customer Satisfaction |
| | Safety & Security (both at the Airport and the Ferry) |
| | Adequacy of IT Systems |
| | Resource Management |
| | Accuracy of Billings |
| | Environmental Stewardship & Corporate Responsibility Reporting |
| Efficiency | Service Delivery |
| | Equipment |
| Economy | Ferry Operations & Maintenance |
| | Tendering Process |
| | Budgeting & Process |
| | Labour – permanent and casual |
| Safeguarding of Assets | Safeguarding |
| | Segregation of Duties |
| Letters patent/by-laws | Compliance to by-laws, patents, policies and procedures |

Port of Toronto and Terminal

| Evaluation category | Evaluation criteria |
|------------------------|--|
| Effectiveness | Operation of Vessels in Accordance with CMA & Practices & Procedures (Port only) |
| | Port & Terminal Security |
| | Relationships with Third Parties |
| | Use of Contracted Services for Terminal Management |
| | Customer Satisfaction |
| | Environmental Stewardship |
| | Departmental Profitability |
| | Accuracy of Billings |
| | Adequacy of IT Systems |
| | |
| Efficiency | Loading & Unloading (trucks only) |
| | Timeliness of Invoicing and Collections |
| | Use of contractor |
| Economy | Tendering Process |
| | Cargo Handling/Loading (terminal/trucks only) |
| | Equipment Maintenance |
| | Budgeting Process |
| Safeguarding of Assets | Safeguarding |
| | Segregation of Duties |

| Evaluation category | Evaluation criteria |
|------------------------|---|
| Letters patent/by-laws | Compliance to by-laws, patents, policies and procedures |

Works

| Evaluation category | Evaluation criteria |
|------------------------|--|
| Effectiveness | Certification, Licensing & Compliance to Regulations |
| | Quality of Services & Customer Satisfaction |
| | Effective Pricing Models |
| | Profit opportunities/maximization |
| | Resource Management |
| | Proactive Maintenance |
| | Safety & Security |
| | Adequacy of IT Systems |
| | Safe Operation of Vessels in the Port |
| | Accuracy of Billings |
| Efficiency | Environmental Stewardship, "Greening" & Reporting |
| | Equipment |
| Economy | Timeliness of Billings & Collections |
| | Equipment Maintenance Costs |
| | Economies of Scale |
| | Resourcing Costs/Internal Chargebacks & Rates |
| | Tendering Process |
| | Budgeting Process |
| | Labour – permanent and casual |
| Safeguarding of Assets | Safeguarding & Risk Management (Restricted Access to equipment and supplies) |
| | Segregation of Duties |
| Letters patent/by-laws | Compliance to by-laws, patents, policies and procedures |

Outer Harbour Marina

| Evaluation category | Evaluation criteria |
|---------------------|--|
| Effectiveness | Certification, Licensing & Compliance to Regulations |
| | Quality of Services & Customer Satisfaction |
| | Profit opportunities/maximization |
| | Resource Management |
| | Proactive Maintenance |
| | Safety & Security |
| | Adequacy of IT Systems |
| | Safe Operation of Vessels in the Port |
| | Accuracy of Billings |
| | Environmental Stewardship, "Greening" & Reporting |
| Efficiency | Equipment |
| | Launching / Dry Docking / Storage |
| | Timeliness of Billings & Collections |
| Economy | Equipment Maintenance Costs |
| | Resourcing Costs/Internal Chargebacks & Rates |

| Evaluation category | Evaluation criteria |
|------------------------|--|
| | Tendering Process |
| | Budgeting Process |
| | Labour – permanent and casual |
| Safeguarding of Assets | Safeguarding & Risk Management (Restricted Access to equipment and supplies) |
| | Segregation of Duties |
| Letters patent/by-laws | Compliance to by-laws, patents, policies and procedures |

Property & Film

| Evaluation category | Evaluation criteria |
|------------------------|--|
| Effectiveness | Certification, Licensing & Compliance to Regulations |
| | Quality of Services & Customer Satisfaction |
| | Effective Pricing Models |
| | Profit opportunities/maximization |
| | Resource Management |
| | Proactive Maintenance |
| | Adequacy of IT Systems |
| | Timeliness of Services |
| | Accuracy of Billings |
| | Environmental Stewardship, “Greening” & Reporting |
| Efficiency | Equipment |
| | Timeliness of Billings & Collections |
| Economy | Equipment Maintenance Costs |
| | Economies of Scale |
| | Resourcing Costs/Internal Chargebacks & Rates |
| | Tendering Process |
| | Budgeting Process |
| | Labour – permanent and casual |
| Safeguarding of Assets | Safeguarding & Risk Management (Restricted Access to equipment and supplies) |
| | Segregation of Duties |
| Letters patent/by-laws | Compliance to by-laws, patents, policies and procedures |

Human Resources

| Evaluation category | Evaluation criteria |
|------------------------|---|
| Effectiveness | Qualifications, Skills & Training |
| | Monitoring of progress towards goals and objectives |
| | Policies & Procedures |
| | Performance Measurement |
| Efficiency | Qualifications, Skills & Training |
| | Union Labour Relations and CBA |
| | Health & Safety Management |
| Economy | Budgeting Process |
| | Compensation & Benefits |
| Safeguarding of Assets | Staffing Levels and Availability |

| Evaluation category | Evaluation criteria |
|------------------------|---|
| | Succession Planning |
| | Data Integrity & Confidentiality |
| | Business Continuity & Succession Planning |
| | Personal Information Privacy |
| | Segregation of Duties |
| Letters Patent/By laws | Compliance to by-laws, patents, policies and procedures |

Information Technology

| Evaluation category | Evaluation criteria |
|---------------------------|--|
| Effectiveness | IT Governance |
| | Qualifications, Skills & Training |
| | IT Strategy & planning |
| | Customer Satisfaction |
| | Relationships with Third Party Providers & Contract Management |
| Efficiency | Tendering Process |
| | Security |
| | Adequacy of IT Systems |
| Economy | Outsourcing/Value for Money |
| | Budgeting Process |
| Safeguarding of Assets | IT Procurement |
| | Staffing Levels and Availability |
| | Disaster Recovery |
| | Business Continuity & Succession Planning |
| | Change Management |
| | Data Integrity |
| Letters/ Patents/ By-laws | Personal Information Privacy |
| Letters/ Patents/ By-laws | Compliance to by-laws, patents, policies and procedures |

Special Projects

| Evaluation category | Evaluation criteria |
|---------------------------|---|
| Effectiveness | Project Strategy and Planning |
| | Qualifications and Skills |
| | Governance |
| | Quality Management |
| | Communications |
| | Management Reporting |
| Efficiency | Performance Measures |
| | Work Planning and Scheduling |
| Economy | Cost and Financial Management |
| | Outsourcing/ Value Measurement |
| Safeguarding of Assets | Risk Assessment and Issue Management |
| | Segregation of Duties |
| Letters/ Patents/ By-laws | Compliance to by-laws, patents, policies and procedures |