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Private and Confidential

Mr. Ken Woods
Audit Committee Chair
British Columbia Investment Management Corporation
Sawmill Point, 3rd Floor
2940 Jutland Road
Victoria, BC V8T 5K6

Mr. Gordon Fyfe
Chief Executive Officer
British Columbia Investment Management Corporation
Sawmill Point, 3rd Floor
2940 Jutland Road
Victoria, BC V8T 5K6

October 10, 2014

Dear Sirs,

This letter (the Engagement Letter) confirms our understanding of our engagement to report upon agreed upon procedures and our audit of British Columbia Investment Management Corporation's ("bcIMC" or the "Entity") and Shared Services BC's ("SSBC"¹) description (the "description") of bcIMC's Investment System for processing user entities' transactions, and SSBC's computer hosting, operations and maintenance services to bcIMC with respect to components of bcIMC's Investment System as specified in the description, for user entities of the Investment System during some or all of the period April 1, 2014 to March 31, 2015 (the "Period"), and their user auditors (including but not limited to the auditors' of bcIMC's pooled investment portfolios) who have a sufficient understanding to consider it, along with other information, including information about controls implemented by user entities themselves, when assessing the risks of material misstatements of user entities' financial statements or the pooled investment portfolio financial statements, as relevant. The description is prepared by bcIMC and is provided to its user entities and their user auditors, and includes computer hosting, operations and maintenance services for which SSBC is responsible in relation to specific elements of the Investment System, as identified in the description. SSBC uses subcontractors to

¹ SSBC is a division of the Ministry of Technology, Innovation and Citizens' Services of the Government of British Columbia.



perform certain of its responsibilities, but the overall ownership of and responsibility to bcIMC with respect to these services remains with SSBC, and is reflected as such in the description.

Canadian Standard for Assurance Engagements No. 3416 (CSAE 3416) defines the service organization's system as the policies and procedures designed, implemented, and documented by management to provide user entities with the services addressed by the service auditor's report. CSAE 3416 is applicable to controls that are likely to be relevant to a user entity's internal control over financial reporting. Audits conducted using CSAE 3416 are also referred to as Service Organization Controls 1 ("SOC 1") audits.

In addition, our audit will also report on the suitability of the design of controls to achieve the related control objectives stated in the description and on the operating effectiveness of those controls. A report on management's description of its system and the suitability of the design and operating effectiveness of controls is commonly referred to as a CSAE 3416 type 2 report (or as a "SOC 1 type 2 report").

KPMG will also conduct and report on agreed upon procedures ("AUP") to be performed in relation to over the Investment System at bcIMC and SSBC for the period from April 1, 2014 to August 31, 2014 at bcIMC and SSBC. Appendix F provides further details in relation to the scope and deliverables for the agreed upon procedures.

This letter supersedes our previous letter to the bcIMC dated May 15, 2013. The terms of the engagement outlined in this letter will continue in effect from period to period, unless amended or terminated in writing.

1. SCOPE OF SOC 1 AUDIT SERVICES

We will conduct our audit in accordance with standards established by the Canadian Institute of Chartered Accountants (CICA). The following paragraphs describe the objectives of our engagement and the nature and limitations of the services we will provide.

The specified period for the SOC 1 audit engagement will be from April 1, 2014 through March 31, 2015.

Our audit will include procedures to obtain reasonable assurance, in all material respects and based on suitable criteria, as to whether:

- The description fairly presents bcIMC's Investment System, and SSBC's computer hosting, operations and maintenance services to bcIMC with respect to components of bcIMC's Investment System as specified in the description, that were designed and implemented throughout the period April 1, 2014 to March 31, 2015.
- The controls of bcIMC and SSBC related to the control objectives of bcIMC stated in the description were suitably designed to provide reasonable assurance that those control objectives would be achieved if the controls operated effectively throughout the period April 1, 2014 to March 31, 2015 and user entities applied the complementary user entity controls contemplated in the design of bcIMC's and SSBC's controls throughout the period April 1, 2014 to March 31, 2015.



- The controls of bcIMC and SSBC that we will test, which together with the complementary user entity controls referred to in the scope paragraph of our report, if operating effectively, were those necessary to provide reasonable assurance that the control objectives stated in the description were achieved, operated effectively throughout the period April 1, 2014 to March 31, 2015.

The control objectives for the audit are specified by bcIMC's management. The anticipated control objectives are described in **Appendix A**.

In conducting the audit we will examine, on a test basis, evidence supporting bcIMC's and SSBC's description of the Investment System, including the operating effectiveness of the controls that we will select for testing, and perform other procedures as we consider necessary in the circumstances to provide a reasonable basis for our report. Our audit will not include other systems, controls, operations, or services not specified herein, including internal control at user entities; and, accordingly, we will express no opinion on such items.

An audit is planned and performed to obtain reasonable assurance of detecting both intentional and unintentional misstatements that are material to the description of the system taken as a whole and whether the relevant controls were not operating with sufficient effectiveness to achieve the control objectives throughout the specified period. Absolute assurance is not attainable because of factors such as the need for judgment regarding the areas to be tested and the nature, timing, and extent of tests to be performed; the concept of selective testing of the data; the nature of fraud; and the inherent limitations of the controls applicable to the control objective. Therefore, there is a risk that fraud or a material misstatement may exist or that the controls are not operating effectively and may not be detected by an audit performed in accordance with professional standards. Also, an audit is not designed to detect matters that are not material to the description or operating effectiveness of controls. In addition, the projection of any conclusions, based on our findings, to future periods is subject to the risk that changes made to the system or controls, or the failure to make needed changes to the system or controls, may alter the validity of such conclusions.

If we conclude that the description of the Investment System contains material omissions or material misstatements of fact, that controls are not operating effectively, or if we determine that there is evidence that fraud may exist, or if we determine that an illegal act may exist (unless such illegal act is clearly inconsequential), we will report the matter to management and, if deemed appropriate, to the audit committee or board of directors.

2. SOC 1 REPORT

Our SOC 1 report will be addressed to the management of bcIMC. We cannot provide assurance that we will render an unqualified opinion. Circumstances may arise in which it is necessary for us to modify our report or withdraw from the engagement. In such circumstances, we will communicate our findings or reasons for withdrawal to management and the Audit Committee.

Our reports may be sent to bcIMC electronically for your convenience. Only a final signed hardcopy or a final, signed, secured PDF copy is to be relied upon as our work product. An example audit opinion is provided in **Appendix B**.



3. RESPONSIBILITIES OF bcIMC

Management of bcIMC acknowledges and accepts its responsibility for:

- Preparing its description of its Investment System and its assertion, including the completeness, accuracy, and method of presentation of the description and assertion;
- Having a reasonable basis for its assertion;
- Selecting the criteria to be used and stating them in the assertion;
- Specifying the control objectives and stating them in the description;
- Identifying the risks that threaten the achievement of the control objectives and designing, implementing, and documenting controls that are suitably designed and operating effectively to provide reasonable assurance that the controls objectives stated in the description will be achieved; and
- Providing a written assertion that will be included in, or attached to its description of its Investment System, and provided to user entities. An example bcIMC management assertion is provided in **Appendix C**.

bcIMC agrees to provide us with access to all information, such as records and documentation, of which management is aware that is relevant to the description of its Investment System and assertion; additional information that we may request from management for the purpose of our audit; and unrestricted access to personnel within the organization from whom we determine it is necessary to obtain evidence relevant to this engagement.

At the conclusion of the engagement, bcIMC's management will provide us with a representation letter that:

- Reaffirms its assertion included in or attached to the description of bcIMC's Investment System;
- It has provided the service auditor with all records, documentation, and information relevant to the description;
- It has disclosed to the service auditor any of the following of which it is aware:
 - Instances of noncompliance with laws and regulations or uncorrected errors that may affect one or more user entities;
 - Knowledge of any actual, suspected, or alleged intentional acts by bcIMC's management or employees, that could adversely affect the fairness of the presentation of management's description of its Investment System or the completeness or achievement of the control objectives stated in the description;
 - Design deficiencies in controls;
 - Instances when controls have not operated as described; and



- Any subsequent events to the period covered by management's description of bcIMC's Investment System up to the date of our audit opinion that could have a significant effect on management's assertion.

bcIMC management's responses to our inquiries, written representations, and the results of our other audit procedures comprise the evidential matter we will rely upon in forming our opinion.

The management of bcIMC is responsible for the implementation and reliability of information systems, processes, and controls described in the description of its Investment System.

Where the "inclusive method" is used, a service organization that uses a subservice organization presents management's description of the service organization's system to include a description of the services provided by the subservice organization as well as the subservice organization's relevant control objectives and related controls. When the inclusive method is used, the requirements of CSAE 3416 also apply to the services provided by the subservice organization. As bcIMC intends to use the inclusive method with respect to the computer hosting, operations and maintenance services for which SSBC is responsible in relation to specific elements of the Investment System, the above bcIMC responsibilities will also apply to SSBC with respect to the services provided by SSBC. For information purposes, a draft example SSBC management assertion is provided in **Appendix D**, and a draft example Acknowledgment Letter from SSBC to KPMG acknowledging SSBC's responsibilities is provided in **Appendix E**. Note that, should SSBC not be willing to assume these responsibilities and provide the required cooperation, assertion, information, and documentation, the inclusive method may not be used but the "carve-out" method may be used instead. Under the carve-out method: (i) bcIMC management's description of the Investment System would identify the nature of the services performed by the subservice organization and exclude from the description the subservice organization's relevant control objectives and related controls; and (ii) bcIMC management's description of the service organization's system would need to include controls at bcIMC that monitor the effectiveness of controls at the subservice organization.

4. TIMETABLE

The planned timetable for the SOC 1 audit and agreed upon procedures is set out in our Audit Planning Report to the Audit Committee dated June 6, 2014, as presented at the Audit Committee meeting on June 26, 2014.

5. KPMG RESOURCES

Our engagement leadership team will consist of:



Service team member	Contact information
Shaun Wilson SOC 1 & AUP Engagement Partner	604-691-3188 shwilson@kpmg.ca
Abby Hakim SOC 1 & AUP Engagement Senior Manager	604-691-3403 aahakim@kpmg.ca
Jason Stevenson SOC 1 & AUP IT Controls Lead	250-480-3531 jasonstevenson@kpmg.ca
Lisa Mooi SOC 1 & AUP Business Process Controls Lead	604-691-3522 lmooi@kpmg.ca
Erik Niemi SOC 1 & AUP Engagement Quality Control Review Partner	604-691-3276 email: erniemi@kpmg.ca

Our service organization controls audit team will work closely with KPMG's bcIMC financial statement audits team, led by **Nik Assanand** and **Lisa Mooi**.

KPMG controlled entities operating under our supervision may also participate in providing the services described in this letter.

6. RELEASE TO THIRD PARTIES

We understand that our SOC 1 and/or AUP report(s) will not be used, nor will we be referred to in any manner relating to this engagement, in any marketing or promotional literature.

The SOC 1 report is intended solely for use by the management of bcIMC, its user entities that used the Investment System during some or all of the Period, and the auditors of such user entities and of bcIMC's pooled investment portfolios who have a sufficient understanding to consider it, along with other information, including information about controls implemented by user entities themselves, when assessing the risks of material misstatements of user entities' financial statements or the pooled investment portfolio financial statements, as relevant.

The AUP report is intended solely for use by user entities of the Investment System during some or all of the period April 1, 2014 to August 31, 2014, and their user auditors who have a sufficient understanding to consider it, along with other information, including information about controls implemented by user entities themselves, when assessing the risks of material misstatements of user entities' financial statements or the pooled investment portfolio financial statements, as relevant.

The SOC 1 and AUP reports are not intended to be and should not be used by anyone other than these specified parties. Management of bcIMC is responsible for distributing the respective reports to its user entities and to the independent auditors of such user entities and of bcIMC's pooled investment portfolios.



7. TERMS AND CONDITIONS

The attached *Terms and Conditions for Assurance Services* in **Appendix G** are incorporated herein by reference.

bcIMC consents to KPMG's use of names, logos, trademarks and trade names of bcIMC solely for presentations and reports to bcIMC or for internal KPMG presentations and intranet sites.

8. PROFESSIONAL FEES

Our fees for the professional services outlined in this letter will be set forth and agreed separately.

ACCEPTANCE

We are available to assist bcIMC, upon request, with a wide range of services beyond those outlined above. Additional services are subject to separate terms and arrangements.

We are proud to serve bcIMC and we appreciate your confidence in our work. We shall be pleased to discuss this letter with you at any time. If the arrangements outlined are in accordance with bcIMC's requirements and if the above terms are acceptable to bcIMC, please sign the duplicate of this letter in the space provided and return it to us.

Very truly yours,

Chartered Accountants

Shaun Wilson
Partner
604 691 3188
shwilson@kpmg.ca

cc: Mr. David Woodward, Senior Vice President – Finance



Enclosures:

- Appendix A – Anticipated Control Objectives
- Appendix B – Example Service Auditors’ Report
- Appendix C – Example Assertion By Management Of A Service Organization (i.e. bcIMC)
- Appendix D – Example Assertion By Management Of A Sub-Service Organization (i.e. SSBC)
- Appendix E – Example Acknowledgement Letter By Management Of A Sub-Service Organization (i.e. SSBC)
- Appendix F – Agreed Upon Procedures
- Appendix G – Terms And Conditions For Assurance Services

ACCEPTED

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

The terms of the engagement set out are as agreed:

By [s] Ken Woods

Mr. Ken Woods, Audit Committee Chair

Date (dd/mm/yy) 3/27/15

By [s] Gordon Fyfe

Mr. Gordon Fyfe, Chief Executive Officer

Date (dd/mm/yy) 3/27/15



APPENDIX A - ANTICIPATED CONTROL OBJECTIVES

Business Process Control Objectives

Safeguarding of Assets - Controls provide reasonable assurance that:

- accounts are set up on IPS and at the custodian for only approved clients, external managers and pools.
- fund transfers are authorized.
- securities are safeguarded against loss and unauthorized use or disposition.
- only eligible securities are lent, securities are lent to only authorized borrowers and adequate collateral is provided.
- investment transactions are authorized and investments purchased conform to applicable investment guidelines.
- unit transactions (issuances and redemptions) are authorized.

Completeness & Accuracy – Fund Transfers and Investment Transactions - Controls provide reasonable assurance that:

- fund transfers are accurately and completely recorded in IPS.
- investment transactions are accurately and completely recorded in IPS.

Completeness & Accuracy – Investment Income - Controls provide reasonable assurance that:

- investment income earned from investments and security lending activities, including amortization of premiums and accretion of discounts, is completely and accurately recorded in IPS and recorded only for investments held.

Completeness & Accuracy – Expenses and Withholding Taxes - Controls provide reasonable assurance that:

- expenses and withholding taxes are completely and accurately recorded in IPS.

Valuation – Investments - Controls provide reasonable assurance that

- fair values are assigned to investments:
 - as at each regular pool opening and month-end date for money market securities, bonds, equities, futures and foreign currency contracts for pooled funds, and as at each month-end date for client accounts;
 - as at each month-end date for open-ended pools and annually for closed-ended pools, for mortgage investments and the holding corporations and limited partnerships that own them;



- as at each quarter-end for domestic real estate investments and holding corporations and limited partnerships that own them; and
- annually based upon an annual formal valuation process for international real estate and private placement investments, and related holding corporations and limited partnerships that own them.

Valuation – Units - Controls provide reasonable assurance that:

- unit prices for the money market, bond, equity, mortgage, and currency hedging pools and All Weather Fund pools are accurately determined and recorded in the IPS pricing database as at each regular pool opening and month-end date.
- the correct dollar value for unit transactions and the correct number of units are issued and redeemed for each unitholder transaction in the open-ended pools (other than the Realpool Global Fund).
- the correct dollar value for unit transactions and the correct number of units are issued and redeemed for each unitholder transaction in the Realpool Global Fund.
- the unit price for the domestic real estate pool is accurately determined and recorded in the IPS pricing database as at each quarter-end date.
- correct dollar values for unit transactions and the correct number of units are issued or redeemed for each unitholder transaction in the closed-ended pools.
- unit prices are assigned to closed-ended pools and the Realpool Global Fund annually based upon a formal valuation process.
- the net investment income and net realized gains of the funds are attributed completely and accurately to unitholders.

Client Reporting - Controls provide reasonable assurance that:

- monthly client financial reports are accurately stated.
- for each month-end date between annual formal valuations:
 - carrying values are assigned to investments held in corporations, limited partnerships, trusts and co-investments in the mezzanine mortgage, international real estate, Realpool Global, private placements, infrastructure and renewable resource pools, taking into account cash flows and exchange rate changes since the last formal valuation date;
 - carrying values are assigned to holding corporations that own the mezzanine mortgage, international real estate, Realpool Global private placements, infrastructure and renewable resource investments based on the underlying recorded value of the net assets held by them; and
 - Unit prices are assigned to each closed-ended pool and the Realpool Global Fund based on the underlying recorded value of the net assets held by them.
- as at each month-end date, carrying values are assigned to:



- fixed term mortgages in the mezzanine mortgage pool taking into account credit spreads, government of Canada yields, and risk ratings; and
- construction mortgages in the mezzanine mortgage pool taking into account principal and interest.



General Information Technology Control Objectives

Changes to IT Systems - Controls provide reasonable assurance that:

- new application programs and related data management systems are authorized, tested, documented, approved, and implemented to result in the complete, accurate and timely processing and reporting of transactions and balances.
- changes to application programs and related data management systems are authorized, tested, documented, approved, and implemented to result in the complete, accurate and timely processing and reporting of transactions and balances.
- network infrastructure is configured as authorized (i) to support the effective functioning of application controls to result in valid, complete, accurate, and timely processing and reporting of transactions and balances, and (ii) to protect data from unauthorized changes.

Systems Security - Controls provide reasonable assurance that:

- logical access to programs, data, and computer resources is restricted to authorized and appropriate individuals.
- physical access to computer resources is restricted to authorized and appropriate individuals.

Computer Operations - Controls provide reasonable assurance that application and system processing are authorized and executed in a complete, accurate, and timely manner, and deviations, problems, and errors are identified, tracked, recorded, and resolved in a complete, accurate, and timely manner.

Manage Third Party IT Service Providers - Controls provide reasonable assurance that third party IT services are secure, accurate and available, support processing integrity, and are defined appropriately in performance contracts.



APPENDIX B - EXAMPLE SERVICE AUDITORS' REPORT

[DRAFT] Independent Service Auditors' Report

To: Management of the British Columbia Investment Management Corporation

Scope

We have audited British Columbia Investment Management Corporation's (bcIMC) and Shared Services BC's (SSBC) description (the Description) of bcIMC's Investment System for processing user entities' transactions, and SSBC's computer hosting, operations and maintenance services to bcIMC with respect to components of bcIMC's Investment System as specified in the Description, throughout the period April 1, 2014 to March 31, 2015, and the suitability of the design and the operating effectiveness of bcIMC's and SSBC's controls to achieve the related control objectives stated in the Description. SSBC, a division of the Ministry of Technology, Innovation and Citizens' Services of the Government of British Columbia, is an independent service organization that provides computer hosting, operations and maintenance services to bcIMC. The Description includes a description of the IT infrastructure and processes used by SSBC to host and support the operation and maintenance of specified components of bcIMC's Investment System, as well as relevant control objectives and controls of SSBC. The Description indicates that certain control objectives specified in the Description can be achieved only if complementary user entity controls contemplated in the design of bcIMC's and SSBC's controls are suitably designed and operating effectively, along with related controls at the service organizations. We have not evaluated the suitability of the design or operating effectiveness of such complementary user entity controls.

bcIMC uses several external service providers and investment managers to perform various activities for bcIMC, such as holding and servicing securities, developing and providing upgrades to the Investment System applications (IPS, LMS, and Recon), providing security pricing, corporate action information and foreign currency exchange rates, managing some investments, and providing managed network services. Also, SSBC uses external service providers to perform various activities related to SSBC's services to bcIMC and other SSBC customers. The Description includes only the control objectives of bcIMC related to the processing of transactions by the Investment System of bcIMC, and the related controls of bcIMC and SSBC. The Description does not include control objectives and related controls of any other service providers. Our audit did not extend to controls of service providers other than bcIMC and SSBC.

Service organization's responsibilities

On pages #-# and #-# respectively, bcIMC and SSBC have provided their assertions about the fairness of the presentation of the Description and suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the Description. bcIMC is responsible for specifying the control objectives. bcIMC and SSBC are responsible for preparing the Description and assertions, including the completeness, accuracy, and method of presentation of the Description and assertions, providing the services covered by the Description, stating the control objectives in the Description, identifying the risks that threaten the achievement of the control objectives, selecting and using suitable criteria, and designing, implementing, and documenting controls to achieve the related control objectives stated in the Description.



Service auditors' responsibilities

Our responsibility is to express an opinion on the fairness of the presentation of the Description, the suitability of the design and the operating effectiveness of the controls to achieve the related control objectives stated in the Description, based on our audit. We conducted our audit in accordance with the Canadian Standard on Assurance Engagements for Reporting on Controls at a Service Organization, set out in the CPA Canada Handbook – Assurance. This standard requires that we plan and perform our audit to obtain reasonable assurance about whether, in all material respects, the Description is fairly presented, the controls were suitably designed and the controls were operating effectively to achieve the related control objectives stated in the Description, throughout the period April 1, 2014 to March 31, 2015.

An audit of a description of a service organization's system and the suitability of the design and operating effectiveness of the service organization's controls to achieve the related control objectives stated in the description involves performing procedures to obtain evidence about the fairness of the presentation of the description and the suitability of the design and operating effectiveness of those controls to achieve the related control objectives stated in the description. Our procedures included assessing the risks that the Description is not fairly presented and that the controls were not suitably designed or operating effectively to achieve the related control objectives stated in the Description. Our procedures also included testing the operating effectiveness of those controls that we consider necessary to provide reasonable assurance that the related control objectives stated in the Description were achieved. An audit engagement of this type also includes evaluating the overall presentation of the Description and the suitability of the control objectives stated therein, and the suitability of the criteria specified by bcIMC and SSBC and described on pages #-# and #-# respectively. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Inherent limitations

Because of their nature, controls at a service organization may not prevent, or detect and correct, all errors or omissions in processing or reporting transactions. Also, the projection to the future of any evaluation of the fairness of the presentation of the Description, or conclusions about the suitability of the design or operating effectiveness of the controls to achieve the related control objectives is subject to the risk that controls at a service organization or subservice organization may become inadequate or fail.

Opinion

In our opinion, in all material respects, based on the criteria described in bcIMC's and SSBC's assertions on pages #-# and #-# respectively,

- 1) the Description fairly presents bcIMC's Investment System, and SSBC's computer hosting, operations and maintenance services to bcIMC with respect to components of bcIMC's Investment System as specified in the Description, that were designed and implemented throughout the period April 1, 2014 to March 31, 2015,
- 2) the controls of bcIMC and SSBC related to the control objectives of bcIMC stated in the Description were suitably designed to provide reasonable assurance that those control objectives would be achieved if the controls operated effectively throughout the period April 1, 2014 to March 31, 2015, and user entities applied the complementary user entity controls contemplated in the



design of bcIMC's and SSBC's controls throughout the period April 1, 2014 to March 31, 2015, and

- 3) the controls of bcIMC and SSBC that we tested, which together with the complementary user entity controls referred to in the scope paragraph of this report, if operating effectively, were those necessary to provide reasonable assurance that the control objectives stated in the Description were achieved, operated effectively throughout the period April 1, 2014 to March 31, 2015.

Description of tests of controls

The specific controls tested and the nature, timing, extent, and results of those tests are listed on pages #-#.

Restricted use

This report, including the description of tests of controls and results thereof on pages #-#, is intended solely for the information and use of bcIMC, user entities of bcIMC's Investment System during some or all of the period April 1, 2014 to March 31, 2015, and the independent auditors of such user entities and of bcIMC's pooled investment portfolios, who have a sufficient understanding to consider it, along with other information, including information about controls implemented by user entities themselves, when assessing the risks of material misstatements of user entities' financial statements or of bcIMC's pooled investment portfolios, as relevant. This report is not intended to be and should not be used by anyone other than these specified parties.

[final to be signed in name of KPMG LLP]

Chartered Accountants

Vancouver, BC, Canada

Month Day, 2015



APPENDIX C: EXAMPLE ASSERTION BY MANAGEMENT OF A SERVICE ORGANIZATION (I.E. BCIMC)

[DRAFT] Assertion by bcIMC Management

We have prepared British Columbia Investment Management Corporation's (bcIMC) and Shared Services BC's (SSBC) description (the Description) of bcIMC's Investment System for processing user entities' transactions, and SSBC's computer hosting, operations and maintenance services to bcIMC with respect to components of bcIMC's Investment System as specified in the Description, for user entities of the Investment System during some or all of the period April 1, 2014 to March 31, 2015 (the Period), and their user auditors (including but not limited to the auditors' of bcIMC's pooled investment portfolios) who have a sufficient understanding to consider it, along with other information, including information about controls implemented by user entities themselves, when assessing the risks of material misstatements of user entities' financial statements or the pooled investment portfolio financial statements, as relevant. The Description was prepared by bcIMC, and includes computer hosting, operations and maintenance services for which SSBC (a division of the Ministry of Technology, Innovation and Citizens' Services of the Government of British Columbia) is responsible in relation to specific elements of the Investment System, as identified in the Description. SSBC uses subcontractors to perform certain of its responsibilities, but the overall ownership of and responsibility to bcIMC with respect to these services remains with SSBC, and is reflected as such in the Description.

We confirm, to the best of our knowledge and belief, that:

- 1) The Description fairly presents the Investment System for processing user entities' transactions during the Period. The Description includes both the control objectives and related controls of bcIMC and the control objectives and related controls of SSBC. The criteria we used in making this assertion were that the Description:
 - a) Presents how the system made available to user entities of the system was designed and implemented to process relevant transactions, including:
 - i) The classes of transactions processed;
 - ii) The procedures, within both automated and manual systems, by which those transactions are initiated, authorized, recorded, processed, corrected as necessary, and transferred to the reports presented to user entities of the system;
 - iii) The related accounting records, supporting information, and specific accounts that are used to initiate, authorize, record, process, and report transactions; this includes the correction of incorrect information and how information is transferred to the reports presented to user entities of the system;
 - iv) How the system captures and addresses significant events and conditions, other than transactions;
 - v) The process used to prepare reports or other information provided to user entities' of the system;



- vi) Specified control objectives and controls designed to achieve those objectives, including as applicable complementary user-entity controls contemplated in the design of bcIMC's and SSBC's controls; and
 - vii) Other aspects of our control environment, risk assessment process, information and communication systems (including the related business processes), control activities, and monitoring controls that are relevant to processing and reporting transactions of user entities of the system.
- b) Does not omit or distort information relevant to the scope of the Investment System, while acknowledging that the Description is prepared to meet the common needs of a broad range of user entities of the system and the independent auditors of those user entities, and may not, therefore, include every aspect of the Investment System that each individual user entity of the system and its auditor may consider important in its own particular environment.
- 2) The Description includes relevant details of changes to the Investment System during the Period.
- 3) The controls related to the control objectives stated in the Description were suitably designed and operated effectively throughout the Period to achieve those control objectives. The criteria we used in making this assertion were that:
- a) The risks that threaten the achievement of the control objectives stated in the Description have been identified by bcIMC;
 - b) The controls identified in the Description would, if operating as described, and if user entities applied the controls contemplated in the design of bcIMC's and SSBC's controls, provide reasonable assurance that those risks would not prevent the related control objectives stated in the Description from being achieved; and
 - c) The described bcIMC controls were consistently applied as designed, including whether manual controls were applied by individuals who have the appropriate competence and authority.

Gordon Fyfe
Chief Executive Officer

David Woodward
Senior Vice President, Finance

British Columbia Investment Management Corporation

Month Day, 2015



APPENDIX D: EXAMPLE ASSERTION BY MANAGEMENT OF A SUB-SERVICE ORGANIZATION (I.E. SSBC)

[DRAFT] Assertion by Shared Services BC Management

We have reviewed British Columbia Investment Management Corporation's (bcIMC) and Shared Services BC's (SSBC) description (the Description) of bcIMC's Investment System for processing user entities' transactions, and SSBC's computer hosting, operations and maintenance services to bcIMC with respect to components of bcIMC's Investment System as specified in the Description, for user entities of the Investment System during some or all of the period April 1, 2014 to March 31, 2015 (the Period), and their user auditors (including but not limited to the auditors' of bcIMC's pooled investment portfolios) who have a sufficient understanding to consider it, along with other information, including information about controls implemented by user entities themselves, when assessing the risks of material misstatements of user entities' financial statements or the pooled investment portfolio financial statements, as relevant. The Description was prepared by bcIMC, and includes computer hosting, operations and maintenance services for which SSBC (a division of the Ministry of Technology, Innovation and Citizens' Services of the Government of British Columbia) is responsible in relation to specific elements of the Investment System, as identified in the Description. SSBC uses subcontractors to perform certain of its responsibilities, but the overall ownership of and responsibility to bcIMC with respect to these services remains with SSBC, and is reflected as such in the Description.

We confirm, to the best of our knowledge and belief, that:

- 1) The Description fairly presents the computer hosting, operations and maintenance services provided by SSBC to bcIMC with respect to the Investment System during the Period. The criteria we used in making this assertion were that the Description:
 - a) Presents the types of computer hosting, operations and maintenance services provided by SSBC to bcIMC with respect to the Investment System, and the manual and automated procedures by which those services are provided.
 - b) Presents how the computer hosting, operations and maintenance services provided by SSBC to bcIMC with respect to the Investment System, and the manual and automated procedures by which those services are provided, were designed and implemented, including:
 - i) How significant events and conditions are captured and addressed;
 - ii) Specified control objectives and controls designed to achieve those objectives, including SSBC's controls, and, as applicable, complementary controls at bcIMC and at user entities contemplated in the design of SSBC's controls; and
 - iii) Other aspects of our control environment, risk assessment process, information and communication systems, control activities, and monitoring controls relevant to the computer hosting, operations and maintenance services provided by SSBC to bcIMC with respect to the Investment System.
 - c) Does not omit or distort information relevant to the scope of the computer hosting, operations and maintenance services provided by SSBC to bcIMC with respect to the Investment System during the Period, while acknowledging that the Description is prepared to meet the common



needs of a broad range of user entities of the Investment System and the independent auditors of those user entities, and may not, therefore, include every aspect of the operation and maintenance of the Investment System by bcIMC and SSBC that each individual user entity of the Investment System and its auditor may consider important in its own particular environment.

- 2) The Description includes relevant details of changes during the Period to the computer hosting, operations and maintenance services provided by SSBC to bcIMC with respect to the Investment System, including changes to the manual and automated procedures by which those services are provided.
- 3) The controls of SSBC related to the control objectives stated in the Description were suitably designed and operated effectively throughout the Period to achieve those control objectives. The criteria we used in making this assertion were that:
 - a) The risks that threaten the achievement of control objectives specified in the Description for which there are related controls that SSBC is responsible for, as stated in the Description, have been identified by SSBC;
 - b) The SSBC controls identified in the Description would, if operating as described, and if bcIMC and user entities applied the controls contemplated in the design of SSBC's controls, provide reasonable assurance that those risks would not prevent the related control objectives stated in the Description from being achieved; and
 - c) The described SSBC controls were consistently applied as designed, including whether manual controls were applied by individuals who have the appropriate competence and authority.

Name
Assistant Deputy Minister
Ministry of Technology, Innovation and Citizens' Services
Shared Services BC

Month Day, 2015



**APPENDIX E: EXAMPLE ACKNOWLEDGEMENT LETTER BY MANAGEMENT OF A
SUB-SERVICE ORGANIZATION (I.E. SSBC)**

(To Be On SSBC Letterhead)

KPMG LLP
Attention: Shaun Wilson, Partner
Suite 900, 777 Dunsmuir Street
PO Box 10426, Pacific Centre
Vancouver, BC, Canada V7Y 1K3

Ladies and Gentlemen:

We are writing at your request to confirm our understanding that KPMG LLP (KPMG) has been engaged to report upon its audit of British Columbia Investment Management Corporation's ("bcIMC") and Shared Services BC's ("SSBC") description (the "description") of bcIMC's Investment System for processing user entities' transactions, and SSBC's computer hosting, operations and maintenance services to bcIMC with respect to components of bcIMC's Investment System as specified in the description, throughout the period April 1, 2014 to March 31, 2015, and the suitability of the design and operating effectiveness of bcIMC's and SSBC's controls to achieve the related control objectives stated in the description. SSBC, a division of the Ministry of Technology, Innovation and Citizens' Services of the Government of British Columbia, is a service organization independent from bcIMC that provides computer hosting, operations and maintenance services to bcIMC. The description will include a description of the IT infrastructure and processes used by SSBC to host and support the operation and maintenance of specified components of bcIMC's Investment System, as well as relevant control objectives and controls of SSBC.

SSBC agrees to be included in bcIMC's report, and we hereby acknowledge and accept our responsibility for:

- Preparing our description of, and assertion with respect to, the computer hosting, operations and maintenance services provided by SSBC to bcIMC with respect to the Investment System during some or all of the period April 1, 2014 to March 31, 2015, including the completeness, accuracy, and method of presentation of the description and assertion to be included in bcIMC's report;
- Having a reasonable basis for our assertion;
- Selecting the criteria to be used and stating them in the assertion;
- Stating the control objectives in the description;
- Identifying the risks that threaten the achievement of the control objectives and designing, implementing, and documenting controls that are suitably designed and operating effectively to provide reasonable assurance that the control objectives stated in the description will be achieved; and
- Providing a written assertion that will be included in, or attached to the description and provided to bcIMC's user entities.



SSBC agrees to provide KPMG with:

- access to all information, such as records and documentation, of which management is aware that is relevant to our description of and assertion with respect to the computer hosting, operations and maintenance services provided by SSBC to bcIMC with respect to the Investment System;
- additional information that KPMG may request from management for the purpose of its examination; and
- unrestricted access to personnel within the organization from whom KPMG determines it is necessary to obtain evidence relevant to this engagement.

At the conclusion of the engagement, SSBC's management will provide KPMG with a representation letter that, among other things, will confirm management's responsibility for its assertion and the description, and that all records, documentation, and information relevant to the description have been made available to KPMG including disclosure of any of the following of which it is aware:

- Instances of noncompliance with laws and regulations or uncorrected errors that may affect one or more user entities of bcIMC's Investment System; and
- Knowledge of any actual, suspected, or alleged intentional acts by SSBC's management, employees, or contractors that could adversely affect the fairness of the presentation of the description of the system or the completeness or achievement of the control objectives stated in the description.

We understand that management's responses to KPMG's inquiries, written representations, and the results of KPMG's other examination procedures comprise the evidential matter KPMG will rely upon in forming its opinion.

The management of SSBC is responsible for the implementation and reliability of SSBC systems, processes, and controls described in the description to be included in bcIMC's report.

Acknowledgement

Name
Assistant Deputy Minister
Ministry of Technology, Innovation and Citizens' Services
Shared Services BC



APPENDIX F – AGREED UPON PROCEDURES SCOPE AND DELIVERABLES

Scope

KPMG will conduct agreed upon procedures over selected internal controls for the Investment System for the period from April 1, 2014 to August 31, 2014 at bcIMC and SSBC with respect to bcIMC's Investment System for processing user entities' transactions, and SSBC's computer hosting, operations and maintenance services to bcIMC with respect to certain components of bcIMC's Investment System.

Our work and resulting agreed upon procedures report will be performed in accordance with the Canadian generally accepted standards for agreed-upon procedures engagements established by the Canadian Institute of Chartered Accountants.

The procedures will be the tests of business process controls and general IT controls for the period April 1, 2014 to August 31, 2014 being tested for the SOC 1 audit of the Investment System for the period April 1, 2014 to March 31, 2015. These procedures will be executed as part of the interim testing for the SOC 1 audit, and will form the basis of the AUP report. We will not perform and will not be obligated to perform any additional procedures beyond those needed for our SOC 1 interim testing for business process and general IT controls, unless agreed upon in advance between management and KPMG.

Deliverables

Our report on the application of the agreed upon procedures will be issued on KPMG letterhead, and addressed to the Directors of British Columbia Investment Management Corporation. Our report will identify the business process and general IT controls to which the procedures were applied, and specify the actual procedures performed and the factual results of the procedures applied, including any errors found for the period April 1, 2014 to August 31, 2014. The report will be worded in such a manner that it does not imply a greater degree of assurance than is warranted by our findings. Accordingly, it will not express an absence of adverse findings on controls to which procedures were not applied.

The nature and extent of the procedures we will perform will not be sufficient to constitute an audit, examination, attestation or review engagement as such services are defined in CICA literature applicable to such engagements conducted by independent auditors. Accordingly, our report will not describe the procedures performed as being in accordance with generally accepted auditing standards, and will not express a conclusion, opinion, or any form of negative assurance on the internal controls over the Investment System. Our report will state that an audit has not been performed and will disclaim an opinion. It will also state that the procedures performed would not necessarily reveal all material facts with respect to the Investment System, and that determining the sufficiency of the agreed upon procedures for their purposes is solely the responsibility of the auditors of the various user entities of the Investment System.

Our report will be issued initially in draft for management's review and comment, and then updated and finalized as appropriate.



The Terms and Conditions are an integral part of the accompanying engagement letter from KPMG that identifies the engagement to which they relate (and collectively form the "Engagement Letter"). The Engagement Letter supersedes all written or oral representations on this matter.

1. SEVERABILITY.

If any of the provisions of this Engagement Letter are determined to be invalid or unenforceable, the remaining provisions shall remain in effect and be binding on the parties to the fullest extent permitted by law.

2. GOVERNING LAW.

This Engagement Letter shall be subject to and governed by the laws of the province where KPMG's principal office performing this engagement is located (without regard to such province's rules on conflicts of law) and all disputes arising hereunder or related thereto shall be subject to the exclusive jurisdiction of the courts of such province of Canada.

3. LLP STATUS.

KPMG LLP is a registered limited liability Partnership ("LLP") established under the laws of the Province of Ontario and, where applicable, has been registered extra-provincially under provincial legislation. KPMG is a partnership, but its partners have a degree of limited liability. A partner is not personally liable for any debts, obligations or liabilities of the LLP that arise from a negligent act or omission by another partner or by any other person under that other partner's direct supervision or control. The legislation relating to limited liability partnerships does not, however, reduce or limit the liability of the firm. The firm's insurance exceeds the mandatory professional indemnity insurance requirements established by the various Institutes/Ordre of Chartered Accountants. Subject to the other provisions hereof, all partners of the LLP remain personally liable for their own actions and/or actions of those they directly supervise or control.

4. DOCUMENTS AND INFORMATION.

Management's cooperation in providing us with documents and related information and agreed-upon assistance on a timely basis is an important factor in being able to issue our report. KPMG shall be entitled to share all information provided by the Entities with all other member firms of KPMG International Cooperative ("KPMG International") performing services hereunder, subject to the restriction that KPMG shall not share any such information with KPMG member firms outside Canada without bclMC's express prior consent. All work papers, files and other internal materials created or produced by KPMG during the engagement and all copyright and intellectual property rights in our work papers are the property of KPMG.

KPMG agrees not to communicate any of the Entities' documents subject to privilege (as defined in section 10 below) via email without bclMC's prior consent, except where such communication is required by law or where such request for consent is prohibited by law.

5. [INTENTIONALLY DELETED].

6. PERSONAL INFORMATION CONSENTS AND NOTICES.

Any collection, use or disclosure of personal information is subject to KPMG's Privacy Policy available at www.kpmg.ca. KPMG may be required to collect, use and disclose personal information about individuals during the course of this engagement.

The Entities represent and warrant that it will obtain any consents reasonably required to allow KPMG to collect, use and disclose personal information in the course of the engagement. KPMG's Privacy Officer noted in KPMG's Privacy Policy is able to answer any individual's questions about the collection of personal information required for KPMG to deliver services hereunder.

The Entities consent to KPMG sending to the Entities, its officers, directors and employees, as applicable, electronic messages (including emails) relating to KPMG products and services and other matters of interest to the Entities. The Entities, their officers, directors or employees may withdraw such consent by contacting KPMG's National Office located at Bay Adelaide Centre, 333 Bay Street, Suite 4600, Toronto, Ontario M5H 2S5, Attention: Unsubscribe; or info@kpmg.ca.

7. OFFERS OF EMPLOYMENT.

In order to allow issues of independence to be addressed, management agrees that prior to extending an offer of employment to any KPMG partner, employee or contractor, the matter is communicated to the engagement partner or associate partner.

8. OFFERING DOCUMENTS.

If the Entities wish to include or incorporate by reference the financial statements and our report thereon in an offering document, we will consider consenting to the use of our report and the terms thereof at that time. Prior to issuing any consent, comfort or advice letter, if any, we will be required to perform procedures as required by professional standards. Management agrees to provide us with adequate notice of the preparation of such documents.

9. FEE ARRANGEMENTS.

KPMG's estimated fee is based on the quality of the Entities' accounting records, the agreed-upon level of preparation and assistance from the Entities' personnel, and adherence to the agreed-upon timetable. KPMG's estimated fee also assumes that the Entities' financial statements are in accordance with the applicable financial reporting framework and that there are no significant new or changed accounting policies or issues, or financial reporting, internal control over financial reporting or other reporting issues. KPMG will inform the Entities on a timely basis if these factors are not in place.



APPENDIX G: TERMS AND CONDITIONS FOR ASSURANCE ENGAGEMENTS

Additional time may be incurred for such matters as significant issues, significant unusual and/or complex transactions, informing management about new professional standards, and any related accounting advice. Where these matters arise and require research, consultation and work beyond that included in the estimated fee, the Entities and KPMG agree to revise the estimated fee. No significant additional work will proceed without management's concurrence, and, if applicable, without the concurrence of those charged with governance. Upon completion of these services KPMG will review with the Entities any fees and expenses incurred in excess of KPMG's estimate, following which KPMG will render the final billing. Routine administrative expenses such as long distance telephone calls, photocopies, fax charges, printing of statements and reports, postage and delivery and secretarial and report department assistance will be charged on the basis of a percentage of KPMG's professional costs. Other disbursements for items such as travel, accommodation and meals will be charged based on KPMG's actual disbursements.

KPMG's invoices are due and payable upon receipt. Amounts overdue are subject to interest. In order to avoid the possible implication that unpaid fees might be viewed as creating a threat to KPMG's independence, it is important that KPMG's bills be paid promptly when rendered. If a situation arises in which it may appear that KPMG's independence is threatened because of significant unpaid bills, KPMG may be prohibited from signing the report and, if applicable, any consent.

Fees for any other services will be billed separately from the services described in this engagement letter and may be subject to written terms and conditions supplemental to those in this letter.

Canadian Public Accountability Board (CPAB) participation fees, when applicable, are charged to the Entities based on the annual fees levied by CPAB.

To the extent that KPMG partners and employees are on the Entities' premises, the Entities will take all reasonable precautions for the safety of KPMG partners and employees at the Entities' premises.

10. LEGAL PROCESSES.

The Entities on their own behalf hereby acknowledges and agrees to cause its subsidiaries and affiliates to hereby acknowledge that KPMG may from time to time receive requests or orders from the Canadian Public Accountability Board or from professional, securities or other regulatory, judicial or governmental authorities to provide them with information and copies of documents in KPMG's files including working papers and other work-product relating to the affairs of the Entities, their subsidiaries and affiliates. Except where prohibited by law, if a request or order is directly related to an inspection or investigation of KPMG's audit of the Entities, KPMG will promptly advise the Entities of the request or order. The Entities hereby acknowledges that KPMG will provide these documents and information without further reference to, or authority from, the Entities, their subsidiaries and affiliates.

When such an authority requests access to KPMG's working papers and other work-product relating to the Entities' affairs, KPMG will, on a reasonable efforts basis, refuse access to any document over which the Entities have expressly informed KPMG at the time of delivery that the Entities assert privilege, except where disclosure of documents is required by law. The Entities must mark any document over which it asserts privilege as "privileged".

Where privileged Entities documents are disclosed, KPMG is directed to advise the authority that the Entities are permitting disclosure only to the extent required by law and for the limited purpose of the authority's exercise of statutory authority. KPMG is directed to advise the authority that the Entities do not intend to waive privilege for any other purpose and that the Entities expect its documents to be held by the authority as privileged and confidential material (held securely, limited distribution, etc.). For greater certainty, the Entities and KPMG hereby agree that this acknowledgement (and, if required, consent) does not negate or constitute a waiver of privilege for any purpose and the Entities expressly rely upon the privilege protections afforded under statute and otherwise under law.

The Entities agree to reimburse KPMG, upon request, at standard billing rates for KPMG's professional time and expenses, including reasonable legal fees, incurred in dealing with the matters described above.

11. KPMG INTERNATIONAL MEMBER FIRMS.

The Entities agree that any claims that may arise out of this engagement will be brought solely against KPMG, the contracting party, and not against any other KPMG International Cooperative ("KPMG International") member firms participating in this engagement.

12. CONNECTING TO THE ENTITIES' IT NETWORK.

KPMG personnel are authorized to connect their computers to the Entities' IT Network, subject to any restrictions communicated to KPMG from time to time. Connection to the Entities' IT Network or the Internet via the Network, while at the Entities' premises, will be for the express purpose of conducting normal business activities, primarily relating to facilitating the completion of work referred to in this letter.

13. DELIVERABLES OR COMMUNICATIONS.

KPMG may issue other deliverables or communications as part of the services described in this Engagement Letter. Such deliverables or communications may not be included in, summarized in, quoted from or otherwise used or referred to, in whole or in part, in any documents or public oral statement.

KPMG expressly does not consent to the use of any communication, report, statement or opinion prepared by us on the interim financial statements and such communication, report, statement or opinion may not be included in, summarized in, quoted from or otherwise used in any document or public oral statement.

14. ALTERNATIVE DISPUTE RESOLUTION.

The parties hereby agree that they will first attempt to settle any dispute arising out of or relating to the Engagement Letters or the services provided hereunder through good faith negotiations in the spirit of mutual cooperation between representatives of each of the parties with authority to resolve the dispute. In the event that the parties are unable to settle or resolve their dispute through negotiation within 30 days of the dispute first arising or such longer period as the parties may mutually agree upon, such dispute



APPENDIX G: TERMS AND CONDITIONS FOR ASSURANCE ENGAGEMENTS

shall, as promptly as is reasonably practicable, be subject to mediation pursuant to the National Mediation Rules of the ADR Institute of Canada, Inc. All disputes remaining unsettled for more than 60 days following the parties first meeting with a mediator or such longer period as the parties may mutually agree upon shall, as promptly as is reasonably practicable, be subject to arbitration pursuant to the National Arbitration Rules of the ADR Institute of Canada, Inc. (the "Arbitration Rules"). Such arbitration shall be final, conclusive and binding upon the parties, and the parties shall have no right of appeal or judicial review of the decision. The parties hereby waive any such right of appeal which may otherwise be provided for in any provincial arbitration statute made applicable under the Arbitration Rules. The place of mediation and arbitration shall be the city in Canada in which the principal KPMG office that performed the engagement is located.