

Government of Newfoundland and Labrador

Review of Government protocols to oversee the Lower Churchill Project

Extracted Recommended Information Request

21 March 2014

- The Government's commitment to the LCP program and its oversight has a very high profile at present.
- The Oversight Committee charged with providing that oversight would like to further establish its role with regards to the timely and effective review of the program's cost and schedule.
- This is to include the review of cost and schedule performance, forecasts and risk management in addition to having traditional insight on the validity of costs incurred.
- However, the Oversight Committee is also very conscious that it should minimize -as far as is possible- any additional burden to the Nalcor LCP team.
- To this end, we have outlined in the data request the type of data that would typically already exist and be maintained within a Program Management and Control System(s) for initiatives of the scale and complexity of LCP.
- Our initial discussions with the Nalcor Finance and Internal Audit functions further suggested that much of this information may be in use by the program.
- As a next step, we would like to work with the Nalcor Project Controls team to confirm what information is available and how this can be most efficiently and transparently provided to the Oversight Committee on a regular basis.
- We would also wish to further understand the working level program /project oversight functions and their use of this data so as to further help the Oversight Committee tightly target its own oversight activities.
- The information request attached is a draft and we look forward to good working discussions on the content, its provision to the Oversight Committee and its use.

We understand that a full project cost control suite for the IPT has been developed in collaboration with the SNC Lavalin. We also received indication that Earned Value Management methods may be being used on the project. Given this, we would like to confirm if the following information is maintained and available.

- a. Baseline Budget with Basis of Estimate
- b. Cost reporting showing: Cost Performance Index (CPI), Budget (Baseline, Change Approved, Change Pending, In Period), Actuals (Incurred -In Period, Cumulative), Estimate To Complete (ETC), Estimate at Complete (EAC), Variance – Period and Cumulative
- c. Contingency draw log, report of planned vs. consumed contingency
- d. Performance Graphs showing performance, trend and forecast
- e. If available, To Complete CPI (TCPI) and Independent Estimate At Complete (IEAC)
- f. Project/Contract level cost reporting as above but including: original commitments, approved changes, pending changes, revised commitments, invoiced to date, paid to date, percentage complete and CPI
- g. Rolling cash flow (TBD Period) – planned versus actual
- h. Log for tracking funding draws
- i. Analysis and management corrective actions for variance at the individual line item level

We understand that a full project schedule control suite for the IPT has also been put in place. Schedules (we suspect maintained in Primavera) can provide a rapid and reliable insight on progress versus plan. If Earned Value Management methods are also being used on the project this may also provide further indication of performance of the program and individual projects.

Given this, we would like to confirm if the following information is maintained and available.

- a. Basis of Schedule and/or Assumptions
- b. Updated Gantt Charts (at level 1 to 4) including with critical path, baseline, float, % complete, actual/forecast start, actual/forecast end date (a full spec of configuration of the report type will be brought for our discussions)
- c. Schedule milestone report showing Baseline Finish, Actual/Forecast Finish, Schedule Performance Index, Variance
- d. Performance graph showing schedule performance, trend and forecast end date
- e. Top 10 Critical Items and +Float
- f. Schedule Specification used to guide teams in the creation of schedule
- g. Predecessor/Successor report (if used)
- h. Analysis and management corrective action (at individual line item level)

3. Other supporting information request

CIMFP Exhibit P-03284

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The following additional information provides corroborating support and insight on the projects, their performance and risks. In addition, the Oversight Committee can reduce scrutiny effort by:

- a) Understanding the project structure as well as management processes and controls being used and
- b) Knowing where it may place further reliance on Nalcor's own management and assurance functions.

Given this, we would also appreciate confirming access to the following (or their equivalents)

- i. Standard project monthly progress report (including Health & Safety, Environment, Community/Stakeholder, Scope & Change, Cost, Schedule, Quality, Risk and Contract reports)
- ii. Resource profiles and graphs/histograms (planned versus actual/forecast)
- iii. Project WBS structure and dictionary
- iv. Project policies and procedures (Project Management Plan, Project Execution Plan, other processes)
- v. Project execution and contracting strategy
- vi. Project risk register
- vii. Change order log
- viii. Claims log
- ix. Liens register
- x. Project assurance plan(s) – including internal audit and third party assurance