

**From:** [Richard Noble](#)  
**To:** [David Steele](#)  
**Subject:** Notes from our telecon with Craig Martin re: Draft Report Review 9:30 (5am Pacific) 26/11/2014  
**Date:** Wednesday, November 26, 2014 11:56:00 PM

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Dear David,

I made the following notes from our meeting:

- We verbally advised Craig as follows:
  - The position the Government of NL finds itself in is very difficult.
  - They have limited time to perform any reporting
  - They have inadequate data on which to perform meaningful analysis
  - The processes and systems used to generate the available data have not been validated prior to its use
  - They are being restricted to restating Nalcor management assertions... with no analysis
  - The risk of saying “Management Reports That” is that while accurate, the OC risks losing credibility as providing no real oversight
- Immediate feedback on the executive summary included:
  - The method of progress calculation appears to be an “approximate” figure based on weightings and so limited comfort is to be gained from numbers / differences (positive or negative) in the planned versus actual data where those difference are measured in a few decimal points of a per cent.
  - All work should be phrased as “Management Reports That”
  - Reword all comparative information as “Actual is YYY versus planned of ZZZ” (He indicated we did not have the current version of the report)
  - The rate of expenditures quoted throughout is not an accurate measure of progress... it simply says what has been spent... not what has been delivered for what is spent... it is also not a reliable proxy measurement of schedule progress.
  - We should not state absolute % differences versus final project value... the true comparison of performance is comparing versus plan for the period... so reporting 9% progress versus 12% planned is not a 3% difference, but is a statement of only 75% of work planned being completed ... which is a very significant
  - The section needs a statement on the limitations on the work performed by the OC group [which by the way will then again question the value of the OC]
- Feedback on Schedule Section
  - Where variances occur... the questions posed should ask
    - What was the cause of the issue
    - How does this impact cost and schedule
    - What corrective action is being taken.
  - A lot of the wordy statements are used through out that aren’t comparison against plan ... just work continues statements
  - There are places where “management reports that” is used... then subsequent section where it is not... the whole section perhaps needs to start with a “Management reports that”... Craig said he’ll do a scrub throughout

- o I questioned SOBI (page 11) saying they are reporting on schedule... but the curves presented yesterday said they were 6 months behind plan... Craig looked at the September IPS chart and confirmed the “actual” was just tracking “forecast”... but that “Plan” curve was six months behind.
- o Craig then opened the October Integrated Project Schedule (IPS) Report and read SOBI reporting XX.X progress versus 51.8 planned
- o I pointed out that in September report, the planned was 52.1%... so there was a decrement in cumulative amount of work planned (!!)
- o Craig became quite concerned that the baseline for comparison was shifting on what was being planned/performed.
- o We confirmed that while their maybe a change in total work content that resulted in a shift in the basis for calculation of % complete, we could not be clear on this as the “change information” was not provided
- o Craig further confirmed that the weighting factors for each of the areas had also change in the October data (which was not provided for EY to review)
- o This means the basis of reporting was shaky... and inference the baseline was changing month on month for the period.
- The call ended at this point agreeing to have further discussion following the briefing with Emiliano Mancini on Thursday.

While this has been relayed to Craig verbally... if there is no progress in addressing these concerns, we will need to put this in writing and consider EY’s position on the assignment.

Best regards,

Richard