

**From:** [David Steele](#)  
**To:** [Craig Martin](#)  
**Subject:** Muskrat Falls - SOW for Project Controls Review\_v5.pptx  
**Date:** Friday, December 5, 2014 2:36:00 PM  
**Attachments:** [Muskrat Falls - SOW for Project Controls Review\\_v5.pptx](#)

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Craig,

Attached is a new version, with a few edits from Richard on the Project Management Manual. Nothing has changed substantially. Thank you.

Dave

# Government of Newfoundland and Labrador

Muskrat Falls

## Project Controls Review

December 2014

## Background/ objective

The Muskrat Falls Oversight Committee is accountable to Cabinet for providing reliable and transparent oversight on the cost and schedule performance of the Muskrat Falls Project.

The objective of this review is to assess the management processes and controls at the Muskrat Falls Project to give the Oversight Committee insight on the appropriateness of such processes and provide the Oversight Committee assurance as to the completeness and quality of information being provided to the Oversight Committee.

## Scope

To deliver on these objectives, the scope of the review includes assessing the appropriateness of the Muskrat Falls project management processes related to:

- ▶ Schedule management, reporting and control
- ▶ Cost management, reporting and control
- ▶ Risk management, reporting and control
- ▶ Scope management, reporting and control

We will work with Nalcor Internal Audit during the planning phase of this engagement to identify opportunity to leverage work performed by Internal Audit (avoid duplication) and contemplate opportunities for Internal Audit to participate or leverage off the work performed in this engagement.

## EY Team

- ▶ David Steele – Partner
- ▶ Richard Noble – Associate Partner
- ▶ Aman Gill – Senior Manager
- ▶ Emiliano Mancini – Manager

Our approach below shows how we will execute the scope of this engagement. Though we have a structured approach, it has the flexibility to meet your requirements. The three major components of our approach are: planning, execution and reporting. Detailed activities under each task are described below.

## Planning

### *Activity 1: Kick-off meetings*

In planning, EY will work with the Oversight Committee and the Muskrat Falls Project Group's point of contact(s) to establish an engagement protocol, to review and confirm scope of activities and related timing.

An internal kick-off meeting will be held to develop a common understanding of the scope and objectives of the engagement, establish communication protocols, and discuss potential risks. Another kick-off meeting with Nalcor will be conducted to discuss the scope, data requirements and timing.

EY will also meet with the Nalcor IA team to review their work completed to date to determine to identify areas where reliance can be placed to reduce the scope of work for this engagement. In addition, areas where IA can place reliance on the work to be performed from this engagement will also be identified.

The Nalcor liaison, review and feedback mechanism/ protocol will be co-developed in the planning phase.

### *Activity 2: Data collection and review*

EY will develop a "information and document request listing". We will then work within agreed upon protocol to collect data from the appropriate point of contact/ personnel.

Under this activity, the required information/ data will be collected from Nalcor. The type of information/ data required will include many of the items listed in the shareholders letter. This will include the Nalcor Project Management Plan/Project Management Manual which documents the processes used to manage scope, cost, schedule and risk.

The request listing will also include source information that is used for the generation of management reports and the corresponding reports provided to the Oversight Committee.

**Task 2: Execution**

The execution phase will include an evaluation of the documentation collected, including, as applicable, interviews of Nalcor Project team members (e.g. Project Controls team) to understand the application of cost, schedule, risk and scope management processes. Key activities will include:

- ▶ Reviewing the scope, cost, schedule and risk management processes to identify potential gaps and opportunities for improvement
- ▶ Testing the integrity of information flow from contractor reports into management reports
- ▶ Identifying key risks and issues in project plans and estimates
- ▶ Making practical recommendations for improvements

The management processes and controls will be assessed against standards and practices commensurate with projects of the scale and complexity of Muskrat falls.

We shall also evaluate the integrity of the associated project reporting processes including the reports basis, structure, content and control.

Periodic status meetings will be the primary tool to keep you apprised of the engagement status concerning findings, budget, and timing.

**Task 3: Reporting**

Upon completion of the various tasks described above, EY will document the findings in a findings and recommendations report. Which will comprise the following information:

- ▶ Executive Summary
- ▶ Review Scope and Approach
- ▶ Summary of Detailed Findings including Observation, Impact and Recommendations
- ▶ Appendices (Interviews conducted, data reviewed and supporting information as required)

The exact form and content of any communication and the report will be discussed and agreed with you in advance. We would also expect some discussion, review and refinement of the report in discussion with Nalcor after its first draft.

The following tables illustrate the engagement timing and proposed fee.

Activities	Wk 1	Wk 2	Wk 3	Wk 4	Wk 5	Wk 6
Planning and review initiation						
Conducting Kick Off Meeting and initiate collection of data						
Meet with Nalcor IA to plan and review documentation/ reports for potential reliance and identify areas where IA could leverage the work to be performed in this engagement						
Perform fieldwork including interviews and analysis						
Validate results with Nalcor and Oversight Committee						
Perform additional review as required						
Write and present draft report						
Finalize and issue the final report						

Resources	Hours						Hourly rate	Cost
David Steele	4	4	4	4	4	4	341	8,184
Richard Noble	4	4	4	4	4	4	390	9,360
Aman Gill	24	24	24	24	24	24	268	38,592
Emiliano Mancini	40	40	40	40	40	40	219	52,560
							<b>Total</b>	<b>108,696</b>

Our proposed fee is exclusive of applicable taxes and out-of-pocket expenses. Actual out-of-pocket expenses incurred will be passed through without any mark-up.

Timely access to data and respective stakeholders determines the amount of time required to conduct these reviews. In our experience, similar reviews typically require between 4-6 weeks. The work plan and fee estimate below is based on timely access to data and Nalcor personnel as well as timely feedback during the reporting phase. We will work with you to further customize the approach and timeline if required.