

From: [Richard Noble](#)
To: [David Steele](#)
Subject: RE: Scanned document from David.Steele@ca.ey.com
Date: Tuesday, January 20, 2015 2:14:00 PM

PS... I'll check if the CAN/CSA ISO 31000 compensates

From: Richard Noble
Sent: Tuesday, January 20, 2015 12:38 PM
To: David Steele
Subject: RE: Scanned document from David.Steele@ca.ey.com

1. COSO for Enterprise Risk Management when I last checked (unless there has been a subsequent update) was not a comprehensive "Best Practice" reference for major capital project risk management... COSO missed the better \$quantitative risk practices required for MCPs of this scale.
2. They reference PMBOK for Scope and Change Audits... but COSO ERM for risk? Why? A better "Leading Practice" would be PMBOK* for MCP risk also with the MCP Risk systems then interfacing to their ERM systems and reporting (with ERM which could be assessed against COSO ERM)
3. As we discussed... You can review scope and change in isolation... but if you haven't tested the inclusion of quantitative impact assessment for cost and schedule in scope control... then your assessment is again... incomplete.
4. Not clear from the write up the true extent of testing for either audits of :
 - a. Process versus Best Practice
 - b. Complete and Consistent process usage in the project
 - c. Impact of a and b on accuracy of reporting.

Really, we could use the IA reports as inputs... if they were fully scoped...but this doesn't change the fundamental requirement:

1. Scope, Cost, Schedule is an inevitable Fixed Triangle
2. Risk adds to all three.
3. Reporting accuracy and the comfort the OC should derive from it is dependent on all of the above
4. We should do the full scope review to be able to provide a platform for OC to work from.

I am not being overly hard or doctrinaire... this might appear again to be showing why you can't rely on conventional IA groups to do this work. IA groups are typically used to ERMs and use of COSO... but not Program Management Risk and Controls

Best regards,

Richard

*Note PMBOK is not truly a single process standard ... it outlines options on processes.,

From: David Steele
Sent: Tuesday, January 20, 2015 12:04 PM
To: Richard Noble
Subject: FW: Scanned document from David.Steele@ca.ey.com

Attached are the Planned audits from Nalcor IA. They apparently cover Risk and Scope (Change Management). There is also a significant discussion in an email from Mark (IA) to Craig detailing why we (EY) does not need to look at Scope or Risk (redundancy). Would appreciate your read through.

Regards,

Dave

David Steele | Partner | Advisory Services

Ernst & Young LLP
Cell: +1 709 769 2080 | David.Steele@ca.ey.com

From: David.Steele@ca.ey.com [<mailto:David.Steele@ca.ey.com>]
Sent: Tuesday, January 20, 2015 1:21 PM
To: David Steele
Subject: Scanned document from David.Steele@ca.ey.com