

From: [Richard Noble](#)
To: [David Steele](#); [Emiliano Mancini](#)
Cc: [Paul Hickey](#)
Subject: RE: When speaking to Craig today...
Date: Thursday, May 7, 2015 7:11:00 PM

Thanks... but I remained concern by these being questioned.

The two points of concern are themselves easily answered but these questions highlight the impact of the constraints/limitations being placed on this assignment as well as Nalcor's intent to take a minimal interpretation on our mandate such that it renders an effective assessment almost impossible.

1. In my 17 years' experience of conducting project reviews and audits, it is highly unusual when assessing cost and schedule management that you would be constrained from examining the processes/basis of plans and estimates to start with. These underpin cost and schedule performance and its management. Everyone knows that.

This initial upfront assessment would also include reviewing the quantification of risk during planning and estimation. This is important in order to assess the adequacy of cost and schedule contingency provisions and management processes. It is also necessary in order to assess the method of draw down on the contingency and subsequent updating of forecast on that contingency... all of which end up hitting the books in some form as changes to cost and schedule.

What further confirms the reasonableness of our requesting this is that as Craig indicated this week, Nalcor appears have previously consumed contingency to the point they had to rebaseline and ask for more money and time. Prior contingency provisions cannot have been adequate and any late discovery of the need to address this indicates the tracking was insufficient.

2. Rebaselining itself is a very grand scale reforecasting of the project cost and schedule... Nalcor have had to rebaseline before... it changed the forecast cost and schedule. The OC will want to know if they are approaching a point of requiring a rebaselining, and what will be the process if it is triggered... and how much certainty (particularly given past history) they can have in any future revised baseline.

Month to month 0.1/0.2 percent progress errors are important of course... we found these... but rebaselining relates to much larger scale cost and schedule risk. To ask us not to consider this is "a tad counter intuitive" given the OC mandate and the relative significance of the concern.

My position continues to be that in order to meet its very reasonable mandate, the OC of the Gov NL should not be indulging these constraints being placed on the review by Nalcor. Nalcor should be directed to comply with Gov NL request as these are reasonable. We were assured by Craig that we would be granted access to any information we deemed necessary and yet we are receiving push

back.

The extent of challenge on our requests for data and our conducting the work is itself not reassuring.

But as ever, we will work professionally and sensitively with the client and Nalcor.

Very very best,

Richard

From: David Steele
Sent: Thursday, May 07, 2015 4:54 PM
To: Richard Noble; Emiliano Mancini
Cc: Paul Hickey
Subject: When speaking to Craig today...

Richard,

When speaking to Craig he mentioned concerns were being expressed from Nalcor about EY going outside of scope of the SOW. Specifically that we were asking for items that involved the "Plan". He says, we shouldn't be assessing the Plan, but we should be focused on assessing cost and schedule actual and forecast information.

The two items he noted were:

- Contingency – by asking questions like "how was this developed", there is an implication that we are getting at "Plan".
- Re-baselining – by asking questions about this type of activity (regardless of terminology), there is an implication that we are looking at their "Plan" or "Planning" process.

I indicated to him that indeed, these are associated to the "Plan" or "Planning", but these areas are very important and are directly in relation to our assessment of cost and schedule reporting.

Please be cognisant as we are preparing this agenda communication and in how we communicate what is needed in writing and orally next week. This is the lens that will be placed on every request, we should proactively describe why we need it in relation to our scope, in order to take the question away from them. Hopefully it will expedite the receipt of information and avoid unnecessary Q&A.

Please circulate the agenda you are preparing this evening to Paul, Jim and I. Thanks guys.

Regards,

Dave

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