

From: [David Steele](#)
To: [Mullaley, Julia](#)
Subject: Muskrat Falls Project - EY Program Review.pptx
Date: Friday, December 18, 2015 1:23:00 PM
Attachments: [Muskrat Falls Project - EY Program Review.pptx](#)

Hello Julia,

Attached is the revised material as discussed. Please let me know if you have any further suggestions. Also, I have prompted the team to develop an order of magnitude of fees by end of day.

Thank you,
Dave

Briefing note: Muskrat Falls Program Review & Assurance

December 18, 2105

Muskrat Falls Project – Program Review and Assurance

Building trust and confidence through transparency

Objectives and Overview:

- ▶ Independent program review and risk oversight is required to build stakeholder trust and confidence in the Muskrat Falls Project (the “Project”).
- ▶ Establishing an independent program review and on-going program assurance are considered highly effective leading practices for major infrastructure programs.
- ▶ This will be a collaborative effort between the Provincial Government, Nalcor and EY, with the following core principles:
 - ▶ Transparency
 - ▶ Credibility
 - ▶ Ownership and accountability
 - ▶ Global best practice
 - ▶ Purpose & momentum
 - ▶ Accessibility
 - ▶ Teamwork and collaboration
 - ▶ Trust
 - ▶ Shared go-forward strategy

Outcomes:

- ▶ Clear unbiased status report will be provided to the Provincial Government, covering:
 - ▶ The true performance of the Project
 - ▶ The key risks and issues impacting the Project
 - ▶ A remediation plan of corrective actions to stabilize the Project going forward
- ▶ Assurance in respect of current and forecasted results
- ▶ Assurance to the people of Newfoundland & Labrador that good decisions, based on robust data, will be made henceforth with the Muskrat Falls Project.

Muskrat Falls Project – Program Review and Assurance

Building trust and confidence through transparency

Scope and Activities

We recommend two scope components:

1. Program Review (up front)

- ▶ A comprehensive review of the Project status – both current and projected
- ▶ Identification of the significant risks and issues facing the Project
- ▶ Root cause analysis and mitigation/remediation planning
- ▶ Performed in 2 phases:
 - ▶ Phase I (6 weeks) – interim results and observations, providing focus for Phase II
 - ▶ Phase II (2.5 months) – deeper dive into focus areas identified from Phase I
- ▶ Expected total duration of 4 months (i.e., January – April 2016)
- ▶ Additional interim reporting will be provided during the course of the review, as appropriate

2. Program Assurance (ongoing)

- ▶ On-going assessment and monitoring of the Project through to completion
- ▶ Existing sources of assurance on the Project will be used as appropriate
- ▶ The scope and intensity of this component will be determined based on the results of the Program Review, including any risks identified

The scope, duration and expectation for deliverables will be determined through collaboration with Government and EY and documented in an agreed Scope of Work.

Muskrat Falls Project – Program Review and Assurance

Building trust and confidence through transparency

Potential focus areas for the Program Review:

1. Governance / Delivery Model

- ▶ Review and assess team structure and capabilities
- ▶ Review decision making framework, processes and accountabilities
- ▶ Review contracting and procurement strategies and performance
- ▶ Review program communications strategy and status

2. Program Status / Baseline

- ▶ Cost – assess methodology / status / estimate to complete
- ▶ Schedule – assess methodology / status / forecast to complete
- ▶ Scope – changes pending / approved and claims
- ▶ Scope, Cost and Schedule - identify mitigation / improvement opportunities
- ▶ Procurement / Contracting – assess methodology / status / identify risks
- ▶ Quality management – assess methodology / status / identify risks

3. Risk identification, quantification and mitigation

- ▶ Assess the status of critical risks identified and related risk management plans
- ▶ Assess the quantification of risk and contingency provisions in budgets and schedules
- ▶ Identify additional risks and other areas of concern
- ▶ Recommend actions to mitigate risk and help define appropriate contingency plans
- ▶ Provide other recommendations to help stabilize / augment project (if and as necessary)

EY

Advisory | Assurance | Tax | Transactions |

For more information, please visit ey.com/ca

ey.com/ca

© 2015 Ernst & Young LLP

All Rights Reserved.

A member firm of Ernst & Young Global Limited