

**From:** [David Steele](#)  
**To:** [Emiliano Mancini](#)  
**Cc:** [Richard Noble](#)  
**Subject:** Agenda-Memo to Oversight Committee - 8May2015.docx  
**Date:** Saturday, May 9, 2015 11:15:00 AM  
**Attachments:** [Agenda-Memo to Oversight Committee - 8May2015.docx](#)

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Emiliano,

Please put this on file and indicate that this meeting was held with Craig Martin, Richard Noble (by phone) and David Steele on May 8, 2015.

Richard, please add a few notes to the file to confirm what we discussed beyond the notation on the agenda itself. Thank you.

Dave

**Ernst & Young  
Muskrat Falls Oversight - Update – Agenda  
Cost and Schedule Process and Controls Review - SOW  
May 8, 2015**

1. Update on progress to date
2. Information limitations/other concerns that may preclude fully completing the current SOW:
  - The availability of and access to contractor schedules and reports (approved and unapproved). Repeated requests have been issued. These are important inputs into Nalcor processes for forecasting schedule and cost.
  - Conflicting representations concerning processes being used to assess and manage any larger scale cost and schedule risk/contingency requirements (e.g. the use of Monte Carlo Simulations, scenario analysis or other processes governing any need for rebaselining, recasting of schedule and cost, etc.) – these are typical management processes that would be used to assess the appropriateness of current schedule and cost forecasts.
3. Moving forward – Actions required to complete the assignment
  - Receipt and review of requested information
    - Communicate any areas of outstanding information at the end of next week and related reporting impact
  - Once all information is received, complete review activities and commence validation and reporting phases

This update is important given the OC need for visibility into the intensive activity (120 plan) being undertaken by Nalcor and Astaldi to manage the reported challenges, any resultant analysis being performed by Nalcor, and any resultant cost and schedule impacts.

**Other Items – Review of Internal Audit Reports**

4. In addition to the SOW undertaken by EY to which the above status relates, we have had the opportunity to review Internal Audit reports related to Risk and Scope Management. As noted in previous conversations, a full understanding of all Project Management and Controls processes (Scope (Change), Risk, Cost, and Schedule) are required to provide the Oversight Committee comfort over the information being reported to them on Cost and Schedule performance of the project.

Based on EYs review of IA Reports and considering them in relation to the SOW we are currently completing, we recommend that the Oversight Committee perform a targeted review of the Risk Management process and Nalcor's analysis of the quantified confidence limits on its schedules and estimates.