

From: [Paul Hickey](#)
To: [David Steele](#); [Michael Kennedy](#)
Subject: Re: Notes from Ministerial Briefing
Date: Friday, August 25, 2017 5:40:23 PM
Attachments: [image003.jpg](#)

Mike,

We need you to step in here and take the lead on resolving these points. ASAP.

Paul

Paul D Hickey KC*SG, CPA, CA, CIRP, LIT
Senior Vice President | Transaction Advisory Services

Ernst & Young Inc.

Fortis Place, 5 Springdale Street, Suite 800, St. John's , NL A1E 0E4 Canada

Direct: (709) 570-5404 | Mobile: (709) 685-4998 | paul.d.hickey@ca.ey.com

Fax: (709) 726 0345 | Home: (709) 437-5179 | EY/Comm: 8647286

Melanie Brooks | Phone: (709) 570-8235 | melanie.brooks@ca.ey.com

From: David Steele <david.steele@ca.ey.com>
Date: August 25, 2017 at 4:57:53 PM NDT
To: Paul Hickey <paul.d.hickey@ca.ey.com>, Michael Kennedy <Michael.Kennedy@ca.ey.com>
Subject: Notes from Ministerial Briefing
Importance: High

Gents,

Overall she is happy.

Here is the feedback that should be considered :

1. Where we identify that certain strategic risks have been excluded from the forecast, the Minister would like us to indicate if we feel this is an appropriate treatment of such risks. She believes the report as currently written indicates that we are not in agreement (i.e. our wording is negative or can be perceived as such).
2. Our status on implementation of Recommendation 5.
 - a. She feels that the “however” statement is too broad and completely nulls the fact that there has been true positive progress. She would prefer that we be specific to the point where we believe progress can be made. In this case, she’d prefer something like “..however, an opportunity exists to implement a full independent assurance function that would support the OC and the Nalcor Board.”

- b. She wondered why decided to not use the word “substantial” in recommendation 5 as we did in other Recommendation 1, 2 and 4. She feels there have been substantial improvements made and would like to see the word used.
3. Our status on implementation of Recommendation 6. She feels that the “however” statement is too broad and completely nulls the fact that there has been true positive progress. She would prefer that we be specific to the point where we believe progress can be made. In this case, she’d prefer something like “..however, opportunities exist to standardize project reporting to the OC and the Nalcor Board.”
4. Additional Recommendation 4 – there was discussion and agreement that it’s important that standardizing the reporting from the Project to the OC and Board is important, however disagreement that there needs to be standardization of reporting from the OC and Board to Government. Reasons:
 - a. A point was made that the OC is Government so the sentence doesn’t make sense.
 - b. The OC has reps that report to appropriate Department heads and Ministers and the Premiers Office.
 - c. Feels the risk of timing and nature of what’s being reported is around syncing up reporting to the OC and the Board.
5. The section of the report with the Governance model charts. She has a problems with it:
 - a. Thinks the charts may not be useful. Are words enough?
 - b. Can we not provide a “suggested governance model”? Feels its not necessary to describe it as a wholesale model change to governance. Really we are just recommending an enhancement to the existing model by supplementing the OC (and Board) with a strong independent assurance function.
6. We have included a statement in the report declaring that EY is the only source of independent assurance activities (and the IE to the Feds). The Minister said that she thinks other service providers (Westney, Hatch) could take offence that we are saying they are not independent on how they do their work. She gets what we are saying, but suggested we look at the wording to remove the risk she suggested.

The Minister would like EY to provide her with formal definitions of the following for her communications purposes:

- Stochastic schedule risk modelling and why it’s a good thing for the project (in plain English)

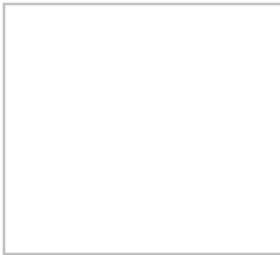
Regards,

David

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David Steele | Managing Partner – St. John’s

Ernst & Young LLP
Fortis Place, 5 Springdale Street, Suite 800, St. John’s, Newfoundland and Labrador A1E
0E4, Canada



Office: +1 709 570 8264 | Cell: +1 709 769 2080 | David.Steele@ca.ey.com

Website: <http://www.ey.com>

Melanie Brooks | Phone: 1 709 726 2840 | melanie.brooks@ca.ey.com

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