

From: pharrington@lowerchurchillproject.ca
Sent: Wednesday, February 4, 2015 3:40 PM
To: Bown, Charles
Cc: gbennett@nalcoreenergy.com
Subject: meeting with Craig Martin

Importance: High

Charles

Mark and jim met with Craig today - I am rather concerned with what they reported back to me and wanted to let you know since we chatted about that earlier today.

here are some of the things that are concerning... this is what Jim advised.....

Approach - Jim asked Craig very point blank what is the OC's desired approach. He advised they need to have EY conduct an "independent review" which IA could certainly be part of, but having Nalcor IA lead and EY piggyback off that would not work.

I think this may be offside with discussions held at the Ed/Premier level on this matter back before Xmas. I understood it was agreed that Internal audit from Nalcor would lead and EY would join in that Audit

Timing - E&Y are talking about a 6 to 12 week effort to carry out the cost and schedule task - That seems excessive to me and if that was carried forward will be a further drain on project resources .

Duplication of effort - I understand that OC are talking about a Change Management and Risk Review also - Internal Audit have just completed a full audit of the process and are now moving into a compliance audit - so I question the value of E&Y duplicating effort

I had agreed some principles with Craig and avoiding duplication of effort was a key principle - However that seems to be exactly what is happening here.

Regards Paul

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