From:	jamesmeaney@nalcorenergy.com
To:	Morris, Paul J.
Cc:	Derrick Sturge; Mark Bradbury; Myrden, Paul; Pelletier, Randy; RobHull; Gilbert Bennett; Paul Harrington; Jason Kean; Ed Bush; Gerald Cahill
Subject:	Re: Muskrat Falls Oversight
Date:	Friday, March 28, 2014 10:13:46 AM
Attachments:	_.png
	Meeting requests with Nalcor- 27 March 2014.pdf

Hi Paul

Thanks for this. Myself and the key folks you'd need to meet with from the Project team are in meetings with Canada and their advisors pretty much the whole day April 2. Let us review this information request and confirm schedules, and we'll get back to you shortly on a time to get together.

Regards,

Jim

James Meaney, CFA
General Manager Finance
Nalcor Energy - Lower Churchill Project
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You owe it to yourself, and your family, to make it home safely every day. What have you done today so that nobody gets hurt?

"Morris, Paul J." ---03/28/2014 09:24:42 AM---Gentlemen, As you know, an Oversight Committee has been established with a role to review the Musk

From: "Morris, Paul J." <pmorris@gov.nl.ca>

To: Derrick Sturge <DSturge@nalcorenergy.com>, RobHull <RobHull@nalcorenergy.com>, "James Meaney " <JamesMeaney@nalcorenergy.com>, Mark Bradbury <MBradbury@nalcorenergy.com>

Cc: "Myrden, Paul" <pmyrden@gov.nl.ca>, "Pelletier, Randy" <RandyPelletier@gov.nl.ca>

Date: 03/28/2014 09:24 AM

Subject: Muskrat Falls Oversight

Gentlemen,

As you know, an Oversight Committee has been established with a role to review the Muskrat Falls project cost and schedule. This will include the review of cost and schedule performance, forecasts and risk management, in

addition to having traditional insight on the validity of costs incurred.

However, the Oversight Committee is also very conscious that it should minimize, to the extent possible, any additional burden to the Nalcor LCP team by leveraging existing information and processes in place at Nalcor and LCP. To this end, Ernst & Young (EY) have outlined in the attached information request the type of data that would typically already exist and be maintained within a Program Management and Control System(s) for initiatives of the scale and complexity of the LCP.

In EY's recent meeting with you, you indicated that much of this information may already be in use for the project. Further to that meeting and as a next step, we would like to work with the LCP Project Controls team or other relevant team members (Nalcor or LCP) to confirm what information is available and how this can be most efficiently provided to the Oversight Committee on a regular basis. We also wish to further understand the working level program /project oversight functions and their use of this data, so as to further help the Oversight Committee tightly target its own oversight activities.

The attached deck outlines a tentative meeting schedule. Would you be available next Wednesday/Thursday (April 2/3) to go through the draft information request with your applicable project controls folks and other relevant project managers? If not, would you be able to propose alternate dates?

I should emphasize that the information request attached is a draft and we look forward to productive working discussions on the content, its provision to the Oversight Committee and its use.

If you would like to discuss in advance of the proposed meetings with EY, please let me know.

Thanks,

Paul

Meeting requests with Nalcor- 27 March 2014.pdf

Government of Newfoundland and Labrador

Oversight Protocol for the LCP

Potential information request items to be reviewed with Nalcor

March 2014

EY
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Requested schedule of meetings

The following is a potential schedule of events and meetings. We look forward to understanding from Nalcor who is available and the appropriate contact for these discussions.

- **Thursday, Mar 27** – send request to Nalcor

- **Friday, Mar 28 – Monday, Mar 31** – Nalcor to review request, scheduling of meetings, preparation

- **Wednesday, Apr 2 (Morning)**
    - Mid to late morning – Nalcor executive briefing

- **Wednesday, Apr 2 (Afternoon) – Thursday Apr 3 (Mid-afternoon)**
    - 2 hrs with head of project controls – walk through of information available, processes/ controls, reports, systems
    - 1.5 hrs with relevant project manager(s) to understand project management reporting
    - 1 – 1.5 hrs with head or senior management of contracts to understand contract provisions and reporting for compliance, performance management and assurance
    - 1 hr with Internal Audit to understand/ clarify assurance program on contracts and project controls

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EY

1. Cost information request

We understand that a full project cost control suite has been developed. We also received indication that Earned Value Management methods may be being used on the project. Given this, we would like to confirm if the following information is maintained and available.

a. Baseline Budget with Basis of Estimate

b. Cost reporting showing: Cost Performance Index (CPI), Budget (Baseline, Change Approved, Change Pending, In Period), Actuals (Incurred -In Period, Cumulative), Estimate To Complete (ETC), Estimate at Complete (EAC), Variance – Period and Cumulative

c. Contingency draw log, report of planned vs. consumed contingency

d. Performance Graphs showing performance, trend and forecast

e. If available, To Complete CPI (TCPI) and Independent Estimate At Complete (IEAC)

f. Project/Contract level cost reporting as above but including: original commitments, approved changes, pending changes, revised commitments, invoiced to date, paid to date, percentage complete and CPI

g. Rolling cash flow (TBD Period) – planned versus actual

h. Log for tracking funding draws

i. Analysis and management corrective actions for variance at the individual line item level

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2. Schedule information request

We understand that a full project schedule control suite has also been put in place. Schedules can provide a rapid and reliable insight on progress versus plan.   If Earned Value Management methods are also being used on the project, this may also provide further indication of performance of the program and individual projects.

Given this, we would like to confirm if the following information is maintained and available.

a.   Basis of Schedule and/or Assumptions

b.   Updated Gantt Charts (at level 1 to 4) including with critical path, baseline, float, % complete, actual/forecast start, actual/forecast end date (a full spec of configuration of the report type will be brought for our discussions)

c.   Schedule milestone report showing Baseline Finish, Actual/Forecast Finish, Schedule Performance Index, Variance

d.   Performance graph showing schedule performance, trend and forecast end date

e.   Top 10 Critical Items and +Float

f.   Schedule Specification used to guide teams in the creation of schedule

g.   Predecessor/Successor report (if used)

h.   Analysis and management corrective action (at individual line item level)

EY

3. Other supporting information request

The following additional information provides corroborating support and insight on the projects, their performance and risks. In addition, it will assist the Oversight Committee in:

a) **Understanding the project structure as well as management processes and controls being used, and**

b) **Knowing where it may place further reliance on Nalcor's own management and assurance functions.**

Given this, we would also appreciate confirming access to the following (or their equivalents).

i. Standard project monthly progress report (including Health & Safety, Environment, Community/Stakeholder, Scope & Change, Cost, Schedule, Quality, Risk and Contract reports)

ii. Resource profiles and graphs/histograms (planned versus actual/forecast)

iii. Project Work Breakdown Structure (WBS) and dictionary

iv. Project policies and procedures (Project Management Plan, Project Execution Plan, other processes)

v. Project execution and contracting strategy

vi. Project risk register

vii. Change order log

viii. Claims log

ix. Liens register

x. Project assurance plan(s) – including internal audit and third party assurance

EY