From: Tim Calver
To: David Steele; David Leather; Michael Kennedy; Paul Hickey; Sam Wolyniec; Kirsten Tisdale
Subject: FW: Suggested Approach to Discussion with New Nalcor CEO, Stan Marshall
Date: Monday, April 25, 2016 9:26:12 AM
Attachments: Nalcor CEO briefing 24.04.2016 v1.pptx

All,

Attached is a first draft of slides for using to brief the new CEO.

I've included some relevant slides from earlier decks and gathered some comments from our various discussions that weren't reflected in our reports.

Inevitably this is my personal version of some topics so look forward to your input.

@David L, this is unchanged from the slides I sent you earlier. I've got some IT problems at the moment so only able to send mails on the phone.

Hopefully we will get some steer from David's call with the premier and can develop the deck accordingly.

Thanks

Tim

From: tim.calver@sky.com
Sent: Monday, April 25, 2016 11:06:05 AM
To: Tim Calver
Subject: Fw: Suggested Approach to Discussion with New Nalcor CEO, Stan Marshall

Briefing for Nalcor CEO

EY Project Team, April 2016

Building a better working world

Briefing Topics

- EY role on Muskrat Falls Project
- Major Findings of Interim Report
- Astaldi position
- Project Governance and Culture
- Project leadership and management capability
- Action Plan

EY Role on Muskrat Falls Project

- In 2015, EY were commissioned to review Nalcor's cost and schedule management processes and controls. A summary of the results reported in October 2015 is included in the backup
- In Dec 2015, EY were engaged to review the reasonableness of Nalcor's updated cost and schedule forecast
  - The forecast was delayed and GNL requested an interim report against the Sept 2015 forecast
  - GNL has requested proposals for completion of the final report in 2 steps (LTA/LITL first then MFG) when the new forecast is available
- After initially having no visibility of the Astaldi position, EY were requested in March to review the options around the Astaldi position and to support resetting of Nalcor's negotiating position as recommended by EY
  - Despite an expectation that EY would further support Nalcor in negotiating with Astaldi, EY have had no information from Nalcor on the Astaldi position since late March
- In respect of the scope of both reviews and the Astaldi position, EY's perception is that Nalcor have resisted independent scrutiny on the key challenges and decision making facing the project.
- As such, although proposed, EY has had no formal mandate to review Project governance, previous major project decisions, project leadership and management capability or overall business case

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Key findings of Interim Report (March 2016)

- The overall conclusion of the Review is that the September 2015 Forecast is not reasonable. The principal reasons for this conclusion are as follows:
  - the Muskrat Falls Generation ("MFG") contract for civil construction is significantly behind schedule in the Powerhouse and Intake areas. The direct and indirect consequences of this delay are expected to have material impacts on cost and schedule that are not reflected in the September 2015 Forecast;
  - the current contingency level representing 4.7% of the cost to complete, or 2.3% of total cost, is low for the current stage of completion of the Project. More than 50% of work on the Project has now been completed, and just over 40% of the construction work has been finished. The majority of design, engineering and procurement work is complete; however, there is a significant amount of physical construction work remaining that will be followed by commissioning and integration. This construction work is challenging in terms of its scale, time and geography and as such is exposed to a wide range of execution risks; and
  - there is a risk of multiple-month delay to completion of the HVdc transmission line contract as a result of a number of delivery challenges that have been experienced to date and the risks associated with the remaining scope, where full mitigation may not be possible.
- Nalcor has identified and documented contract risks including those above. However, the potential impacts of these risks on cost and schedule are not adequately reflected in the September 2015 Forecast. Nalcor is currently undertaking a risk assessment to evaluate the impacts of all Project risks, including the above, and will use the results of this process to prepare a revised forecast.
- We have the following observations relevant to the conclusion in 1.3 above:
  - risks defined by Nalcor as strategic are not allowed for in the financial forecast;
  - the potential cost and schedule impacts of all individual risks are recorded in the Project's risk register but are not systematically reflected in the overall reported forecasts for cost and schedule; and
  - some anticipated material cost variances have only been reflected in the forecast cost when they are contractually committed.

Recommendations of Interim Report

- EY recommends that:
  - the Project should revise its planning and forecasting processes to explicitly include the regular reporting of a fully risk-adjusted final forecast of cost and schedule;
  - the Project contingency should make appropriate allowances for all risks, including strategic, at a confidence level reflecting stakeholders' required cost certainty. EY recommends that consideration be given to the use of a more conservative confidence level for setting Project contingency, based on a thorough risk assessment;
  - the sufficiency of the Project contingency should be reviewed quarterly to assess whether it appropriately covers all risks, taking account of the effectiveness of mitigation plans and the likelihood of risks crystallizing; and
  - there should be separation of the Project contingency into an amount to be managed by the Project team and an amount to be managed at a higher level of governance.
- The scope of EY's review did not include a formal review of the Project governance arrangements and we have not met with the members of the Board of Directors of Nalcor or its subsidiaries in this regard. However, in the course of conducting the Review, EY has observed that certain elements of governance and reporting arrangements have not been effective in respect of the Project's cost and schedule forecasts to date. There is a need to strengthen Project governance and reporting to provide more effective oversight and constructive challenge to Project performance and execution, key decisions and forecasting.
- From these further observations, EY recommends that:
  - Project governance and independent oversight should be re-evaluated by the Provincial Government and strengthened at the Project, Nalcor Board and Provincial Government levels; and
  - Project reporting should be enhanced to support senior management focus on key risks and issues, to communicate more clearly how key risks are reflected in the forecast and to enable more effective Provincial Government oversight.

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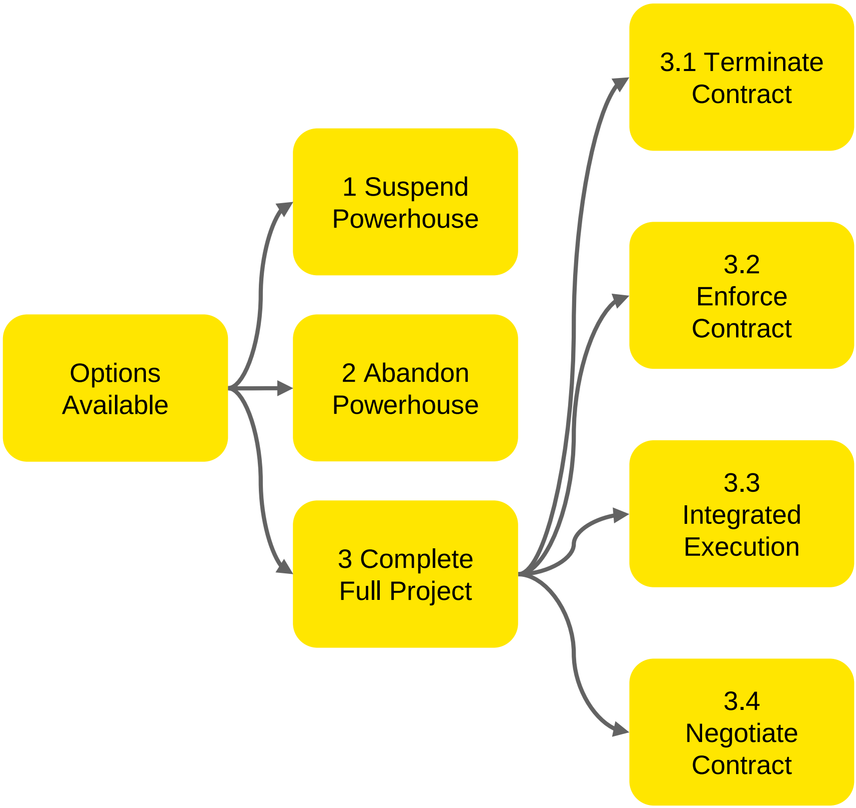
Context

- Astaldi performance on the contract is significantly behind its plan in terms of both cost and schedule
- There are a number of reasons for this including slow mobilisation, poor planning and management for the first 15 months of the contract and lower achieved productivity rates than assumed by all parties at contract placement
- Astaldi performance in 2015 was much improved and consistent with what is now considered achievable by a competent contractor
- However, Astaldi has invoiced for 63% of the contract value and 84% of the allowable labour value (LMAX) against only 33% completion of the scope. Astaldi faces losses of $650-850 million in completing the contract.
- At group level, Astaldi 2015 results showed a company with stable financial results, but with increasing long-term debt levels resulting from a strategy of investment in low-risk, low return concession assets
- Astaldi is close to existing debt covenant ratios and losses on this contract could significantly affect this position
- The scale of loss and impending negative cashflow of the contract after LMAX, coupled with Astaldi's financial position, means that there is a risk of Astaldi managing its position to optimise cash flow and apply leverage on Nalcor to renegotiate terms
- Nalcor is exposed to significant indirect costs resulting from any delays with the Astaldi contract and very significant cost and schedule risk in the event that a change of contractor is required or sought
- As a result, it is appropriate that the full range of options to manage this situation is considered

Options Analysis

- A number of options have been considered in respect of how to proceed as a consequence of the Astaldi situation as follows:



1. Suspend the Powerhouse construction works, but continue to complete the transmission line. Complete the Powerhouse at a later date.

2 . Abandon the Powerhouse permanently but complete the transmission line

3. Continue to complete the full Project

- **3.1** Terminate contract, either with cause or mutual agreement, or without cause
- **3.2** Enforce contract, engage with Astaldi only to the extent that they have a valid entitlement
- **3.3** Integrated execution approach; Nalcor would assume a greater role in the delivery of the contract scope. This would require a significant change to the contract which could only be achieved through negotiation.
- **3.4** Negotiate a resolution with Astaldi. Considers potential additional incentive payments of both equity, debt or convertible debt to incentivise the contractor, along with potential adjustments to contract terms

Options Analysis Summary

Suspend or Abandon the Powerhouse

1. Decision by Nalcor to suspend or abandon construction of the Powerhouse
2. Nalcor would be in default against the Federal Loan Guarantee and financing arrangements
3. Nalcor would be in cross-default against agreements in for all Project components
4. Federal Government has right to step-in and take over Project assets
5. Federal Government completes Project and may seek to recovers full costs from
6. Federal Government owns rights to all power and related revenues

- In the event of a decision to suspend or abandon construction of the Powerhouse, the Province may ultimately still be required to provide the additional funding to complete the Project, but not have ownership of the Project assets or an entitlement to the related revenue streams.

Terminate the contract - either for convenience or by mutual agreement (termination by cause is not possible at this time)

- Would require a change in the contractor to complete the scope of work and could cause a delay of 3 to 6 months
- Contract warranties for Astaldi's work would be invalidated and benefit of LD penalties or existing securities lost under termination for convenience
- Nalcor would be subject to a large claim from Astaldi if terminated without cause
- Conditions for new contract may be less favourable ie higher market prices and greater level of profit
- Contractor performance would be unknown - may not reach productivity levels achieved by Astaldi in 2015

Option Analysis Summary

Indicative financial assessment only

High Risk	
Moderate Risk	
Low Risk	

Option	Base Case Impact ($m)	High Case Impact ($m)	Cost Risk	Delay Risk	Default Risk
Terminate by Agreement	700	1,265			
Terminate without cause	1,370	2,090			
Enforce contract – no default	485	890			
Enforce contract – default	740	1,200			n/a
Integrated approach	585	970			
Negotiated approach	490	860			

- The table above gives indicative financial impacts for each option over and above the existing contract price and project budget
- A qualitative assessment is provided of the risk beyond the indicative financial impacts

Option Analysis Summary

Enforce the contract

- Assumed that work is completed by Astaldi, but delayed by 6 months due to lack of incentivisation and cash management of Astaldi and that Astaldi pursues a large contractual claim for additional compensation
- With no financial support from Nalcor the risk of Astaldi significantly delaying work or defaulting on the contract is very high
- Loss incurred by Astaldi could be $650- $850 million or above, therefore Astaldi may take steps to limit their losses and exert leverage on Nalcor to reach a settlement
- Likely to slow down work on the contract as they approach LMAX limit to delay incurring losses
- Astaldi Group may not be able to fully fund the cash flows required to complete the work and may default on contract and risk outcome of a claim by Nalcor for breach of contract
- If Astaldi default, significant additional costs to change contractor incurred and additional delays would arise
- Nalcor could pursue claim for completion costs via Parent Company Guarantee that is (theoretically) unlimited in these circumstances; however, amount of actual recovery subject to outcome of legal process, and Astaldi's ability to pay
- Nalcor would not be in control of the situation and a long adversarial contractual process would be expected
- This would **initially** avoid making any additional payments to Astaldi and any payments would be formally determined by the arbitration process or court proceedings

Integrated execution

- This assumes a direct role for Nalcor in managing the delivery of the work currently contracted to Astaldi; to form an integrated management team for the purposes of executing the work. It would require a renegotiation
- Productivity assumed to be equivalent to Astaldi performance in negotiated option, but with a delay for negotiations and ramp-up and additional costs for project management resources
- Key risk is the terms under which an integrated approach would take place. Inevitably, risk would be transferred to Nalcor with Astaldi seeking to minimise their losses under this approach and the risk of Astaldi default remains
- A benefit is that Nalcor would have more direct control of the performance of the scope of work by having a direct execution role

Option Analysis Summary

Negotiate Overview

- Nalcor negotiates with Astaldi resulting in agreement to ensure continuity of Astaldi production
- It is assumed that Astaldi sustains 2015 performance and work is completed 12-18 months later than the original schedule
- Any additional compensation agreed would reflect the merits of Astaldi's claim with the potential for additional milestone incentive payments (possible initially secured debt) to the benefit of both parties
- Secured debt to Astaldi could be an additional component (subject to negotiation) to reduce the risk of slower working due to insufficient funding being available to meet monthly workforce payments

Risks

- Claims could still be made by each party post negotiation; however this could be mitigated by full disclosure of all causes of cost increases and contractual agreement to waive the right for claims relating to circumstances that have arisen to date. Claims should therefore be limited to new issues/future circumstances
- Astaldi financial and performance risks are reduced as negotiated agreement reduces losses and supports Astaldi cashflow management

Benefits/opportunities

- Provides a higher degree of certainty of delivery by linking payments to the achievement of performance milestones
- Astaldi will have to fund a proportion of the additional costs – a new contractor would have to be **paid in full**
- Opportunities to incentivise Astaldi to improve productivity to deliver to their ambitious current completion projections
- Reduces potential for 'working to rule' and a claims mentality impacting behaviours
- Enables workforce to be reassured about their job security and should reduce risk of workforce attrition
- Enables Nalcor to ring fence additional payments to ensure they are applied to pay the Project's workforce rather than being influenced by Astaldi's overall cash flow needs
- Enables more creative funding solutions to be considered with Astaldi such as secured debt or secured debt that is convertible to additional compensation subject to the achievement of 'performance plus' milestones
- New Late Delivery penalties (LDs) could be negotiated to penalise late delivery in addition to any incentives
- Enables senior management of both organisations to focus on delivery and not claims management
- Avoids risk of invalidating warrantees as a result of an additional interface/handover from Astaldi to a new contractor

Option Analysis Summary

- A negotiated approach offers the best balance of control of cost, schedule and default risk for Nalcor.
- Suspending or abandoning the Muskrat Falls Generation component of the work is not viable as this would, through default, transfer the revenues of the whole project to Federal Government and still leave the Province exposed to the full costs of the Project.
- Any option involving a change of contractor significantly increases the cost to complete, the time to complete and the risk of further cost and schedule impacts; therefore a solution under which Astaldi completes the work currently appears to be preferable.
- All options to complete the work would result in significant additional costs for Nalcor beyond the current approved budget – both in relation to the direct cost of the work and the costs associated with delays. Nalcor has not yet provided information on the lost revenue/additional system costs associated with the expected delays.
- Enforcement of the contract with Astaldi leads to significant risk of cost, schedule and default impacts for Nalcor. Due to the scale of the financial loss facing Astaldi, Nalcor would likely not be in control of progress due to Astaldi's focus on cash management and forcing a negotiated settlement rather than efficient completion of the work.
- However, there remains a wide range of outcomes associated with a negotiated approach and an effective negotiating strategy is critical to delivering the best outcome for the Province.
- The quantum and structure of any negotiated agreement must directly target the main risks faced by Nalcor – i.e. claim risk, delay risk and default risk. This could be addressed through a combination of milestone based payments, secured convertible loans to incentivise progress and secured loans to support Astaldi contract cash flow.
- The path forward for the remainder of the contract will, even in the case of a negotiated agreement, contain performance and default risk in relation to Astaldi. Effective ongoing management of this is critical to ensure mitigation of these risks.

Astaldi Negotiation Review

Key Principles & Immediate Priorities

Key Principles

- Any additional funding should be focused on Astaldi's 'case' for entitlement, and additional payments and should be quantified in terms of cause and effect based on the contract
- Nalcor should enter the negotiation with a detailed, pre-prepared Negotiating Strategy that has been approved by GNL
- Any additional funding by GNL should be;
  - Modelled and approved in advance
  - Structured to mitigate defined risks (eg convertible debt funding)
  - Drive intended contractor behaviours (eg tiered bonus payments)
  - Designed to be the minimum tolerable by Astaldi

Immediate Priorities

- Initiate a reset to the negotiation approach via letter to Astaldi (letter sent)
- Determine way of working and team roles
- Execute a work plan to inform Negotiation Strategy Document, covering definition of;
  - Astaldi's claim and circumstance
  - The spectrum of potential project impacts going forward
  - The scenarios, levers, trade-offs, influences and risks that may affect the outcome
  - The negotiation plan, with roles, limits and governance principles

Astaldi latest position

- EY were asked to review Nalcor's assessment of options to manage the Astaldi position
- EY supported Nalcor's proposal to negotiate with Astaldi, but found that:
  - Despite claiming this was done, Nalcor could not make available documentation to demonstrate a thorough and quantitative analysis of the options (Nalcor were clearly developing analysis 'just in time' in response to EY's questions)
  - In recommending to negotiate, Nalcor did not have a negotiating strategy or a clear approach with a defined target.
  - In EY opinion, Nalcor were not adequately prepared or resourced to enter a complex, high value negotiation to secure the best outcome for the project/province
- EY provided support to Nalcor in drafting a 'reset' letter to send to Astaldi
- Since this, EY have had no transparency on any communication between Nalcor and Astaldi

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Project Governance and Culture

- When referring to Project Governance, EY means:
  - The overall framework within which decisions are made. This covers four elements: structure, people, information and assurance, which combine to provide the necessary experience, diversity, independence, challenge and oversight to project reporting, decision making, planning and forecasting.
  - This contrasts with Nalcor's meaning focused on formal board structure and protocol
- Although not formally reviewed within our scope, EY has the following observations on governance and culture:
  - A single, unchallenged line of authority and decision making has existed from the project team to the former CEO of Nalcor
  - There is a lack of independent challenge within the project organisation, at Nalcor Board level and at Provincial Government oversight level. This issue relates both to structure of governance roles and the capability of individuals to fulfil these roles
  - EY saw no evidence of thorough preparation, analysis and documentation of major project decisions. Decisions relied on the shared, undocumented understanding of the project leadership
  - Information is managed to limit transparency and achieve the outcome or decision sought by the project leadership. Transparency and challenge is not valued.
  - There is a lack of diversity of viewpoint – the project leadership have long standing working relationships (which can be a strength, but needs a counterweight)
  - There is an absence of a financial challenge role within the project set-up, providing a constructive tension to the line of delivery accountability to maintain cost, schedule and ultimately business case.
- Backup slides illustrate ET perspective on an appropriate 3 lines of defence model required for effective governance

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Project Leadership and Management Capability

- EY has mainly interacted with the senior and middle management population of the project
- All interactions were heavily 'managed' by the senior management population
- EY key observations as follows:
  - Technical and Project management at the middle management level appears strong and fit for purpose
  - Senior leadership of the project is not fit for purpose.
    - Project Director has not been open to challenge and dialogue and has been passive in many of the critical meetings we have attended. Personal style sets the culture for the project
    - Deputy Project Director and General Project Manager are fully focused on Astaldi issue and hence not performing wider management roles
    - There is a lack of senior commercial capability to handle high impact negotiations
  - There is a lack of quality analytical capability to evaluate and structure complex project decisions

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Action Plan

- Implement recommendations form EY interim report
- Address key project senior leadership challenges – this is required to reset project transparency, openness to challenge etc
  - Change Project Director – EY has not seen a suitable candidate within the project team
  - Bring in senior commercial capability to lead Astaldi negotiation and future high impact commercial processes (retaining current resource to ensure continuity and understanding)
  - Strengthen governance at all levels to provide an effective three lines of defense, in terms structure, role mandates and capability
  - The above should be part of resetting project culture towards transparency and openness to challenge within the project team

Backup Slides

EY

Summary of key findings from first review

- The following observations were noted:
- Key project control processes have been developed, including:
  - Core project management and control processes for cost and schedule, including the development of an Integrated Program Schedule (IPS) for the program, identification of baseline, committed and incurred costs as well as linkage of cost and schedule baselines to change management processes and controls;
  - A Project Execution Plan defining the basis of the schedule and the estimate, and key assumptions supporting Project baseline cost and schedule; and
  - Coordination procedures for administration, execution control and management of the contractors’ cost and schedule.
- Project reporting summarizes key information on construction cost and schedule, including:
  - Schedule forecast and progress leveraging the IPS, including critical path and float review; and
  - Cost forecasting, including Estimate To Complete, Estimate At Complete, variances and trends, as well as basic contingency forecasting.
- Nalcor’s continued efforts to work with contractors on maintaining a disciplined approach to project management, control and reporting.
- Proactive measures were being taken to manage potential claims.
- Cost and schedule issues and risks arising during the Project were subject to active and formalized management.
- A matrix organizational structure had been established, responsible for managing the Project as a whole. Key roles in this organizational structure had been staffed with resources experienced in cost and schedule management.

Key aspects of management processes and controls not fully developed and deployed at the time of our review:

- **Key schedule management process and control risks and issues**
  - Certain baseline documents defining contractor schedules as well as the documents defining the control of project schedules were not yet complete.
  - Contractors' schedule updates were not being systematically rolled up into the Nalcor Integrated Project Schedule (IPS) that forms the basis of reporting to the Oversight Committee.
  - A completion date had not been established for finalizing an integrated baseline of contractor and IPS schedules to correct the issues noted in #1 and #2 above.
  - The IPS development and maintenance process is not fully documented.

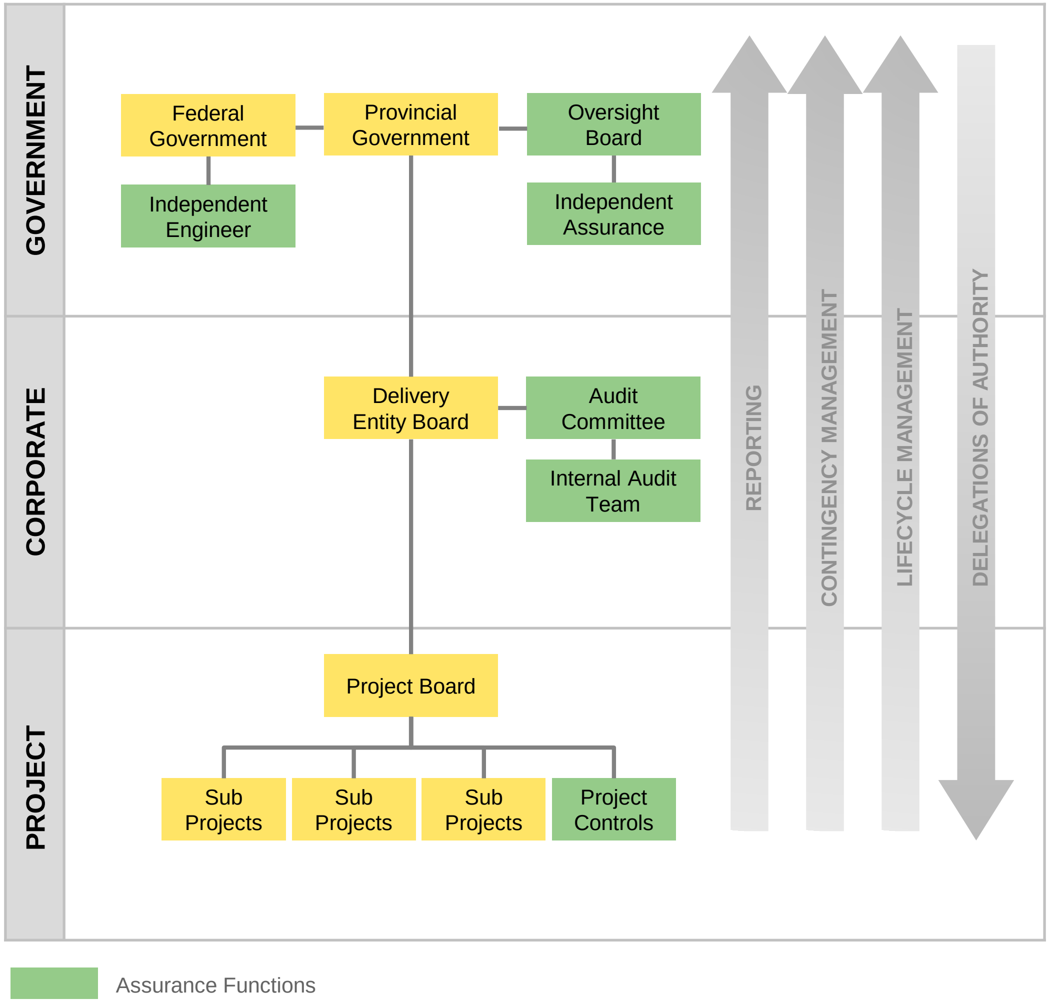
- **Key cost management process and control risks and issues**
  - The conditions and processes for rebaselining cost and schedule are not defined in the Project's control processes and procedures. The Oversight Committee's understanding of such conditions and processes is an important foundation as it conducts its oversight activities.
  - Nalcor uses a relatively basic approach to its updating of forecasted contingency requirements which in our experience is not consistent with the expected practices for a project of this scale and complexity. Given this, it is not clear whether the cost contingency as forecasted in reports for the Project will be adequate.
  - The Project does not define thresholds for variance management, reporting, and escalation purposes. We would normally expect these to be in place as they assist in giving clear indications of the severity of issues and the need to escalate to key stakeholders, such as the Oversight Committee.
  - Fully quantified risks or trends have not been documented for certain significant challenges on the project. The scale of potential challenges is also not quantified in the summary reporting made available to the Oversight Committee.

- We recognize that Nalcor is using many conventional management processes and controls for the Project. However, while certain contractor Earned Value data is being collected, Nalcor is not reporting using a full Earned Value Management System across the whole of the project. Reporting on Earned Value performance would however, provide additional useful data and information to the Oversight Committee on both individual contractor and overall Project performance where available.
- Until such time as the management process and controls risks and issues identified in this report and the detailed supplementary report are addressed, the completeness and accuracy of Project cost and schedule status reporting to the Oversight Committee cannot be fully verified.

Recommendations

- We recommend that the Oversight Committee:
  - Work with Nalcor to obtain management response for each of the findings noted in this report and the detailed supplementary report with defined corrective action, responsibility and anticipated completion dates. Given the volume of Project activity, timeliness of action is critical. Therefore, the Oversight Committee should actively monitor status and verify completion of management response to its expectations.
  - Consider conducting detailed assessments of the cost and schedule status of the Project on an ongoing basis until Nalcor's corrective action addressing key risks and issues noted in this report is complete to the Oversight Committee's satisfaction. This ongoing assessment should include the basis and accuracy of the forecasts for completion at the contractor level, as well as the quantification of cost and schedule risk.

Government Major Project Governance Model



Government Level

- Appropriate skills & experience
- Effective reporting suite; clear, transparent and focused
- Organisational empowerment
- Appropriate overarching assurance framework

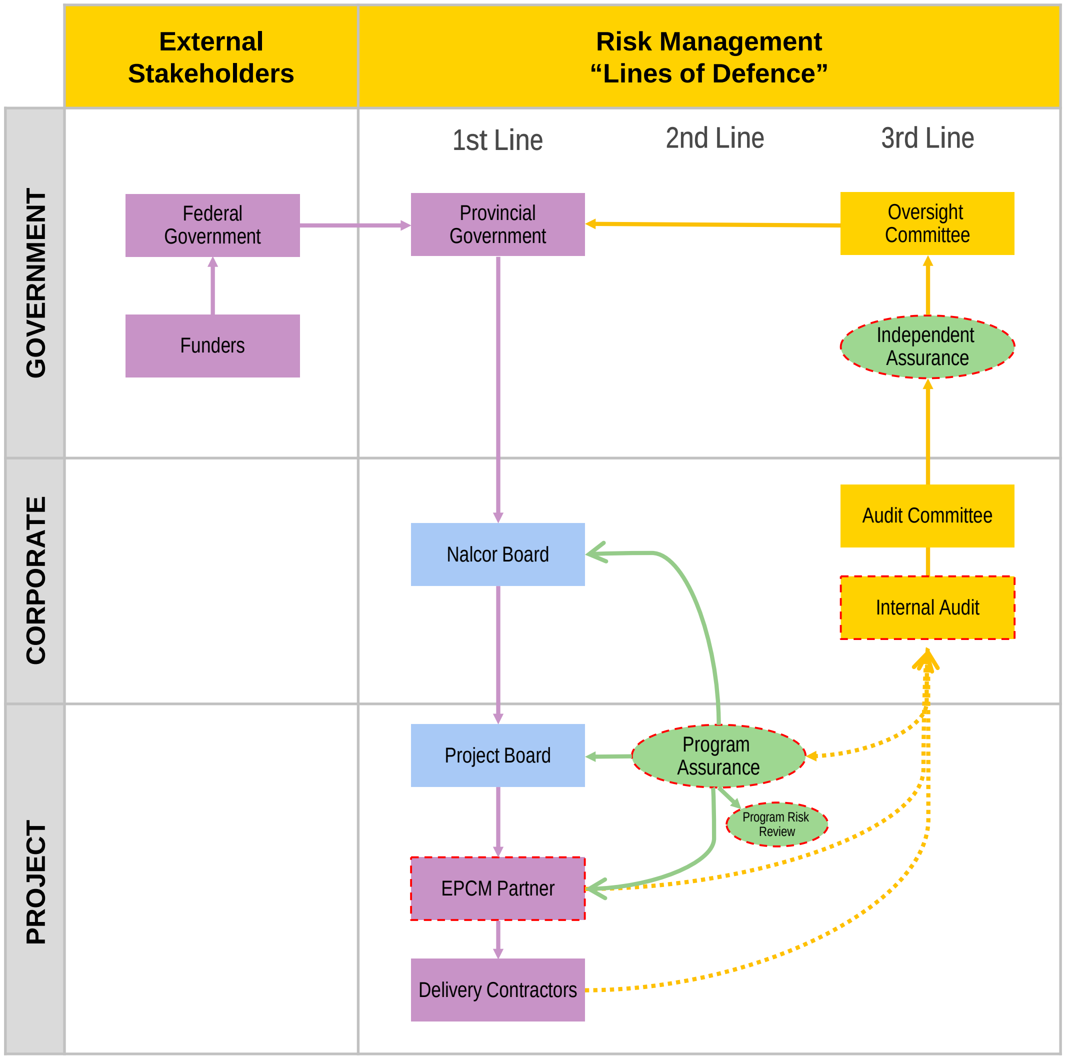
Corporate Level

- Strong board including Non-execs with Major Projects experience to provide independent challenge
- Independent Chair
- Audit Committee and Internal Audit with terms of reference and appropriate skills / experience to fulfill role effectively
- Effective reporting suite; clear, transparent and focused
- Appropriate overarching assurance framework

Project Level

- Strong Finance Director role providing commercial challenge
- Decision making processes documented and adhered to
- Documented substantiation for strategic decision-making
- Assurance function beyond procedural compliance (inc Commercial)

3 Lines of Defence Assurance Model



3 Lines Definition

- The '1st Line' is accountable and responsible for delivering the project. (Make decisions that influence the project outcome)
- The '2nd Line' is provided by the program assurance function which looks at both performance and risk management, and reports into management
- The '3rd line' of defence is Audit. Both internal and external auditors regularly review both the program frontline and the assurance functions, and ensure they are operating effectively

Extended Enterprise
1st Line of Defence
2nd Line of Defence
3rd Line fo Defence

3 Lines of Defence Roles & Responsibilities

1st Line – Delivery Team	1. 2nd Line – Assurance	3rd Line - Audit
Responsible for management and delivery of project objectives. Specific responsibilities: 1. Obtain project approvals 2. Development of a business case, options appraisal and benefits management process 3. Develop and implement a performance reporting 4. Develop a robust Enterprise-wide risk management approach, where strategic, delivery and operational risk and uncertainty are captured and managed effectively 5. Implement Programme and Project Planning & mapping of interdependencies. 6. Establish a Stakeholder Management & Communications Strategy 7. Develop and maintain cost and change control processes 8. Establish and implement bidding, procurement and dispute resolution strategies. 9. Implement a Quality Management approach 10. Ensure staff have the appropriate skills and experience for their respective roles 11. Develop risk appetite, monitor inherent and residual risk exposure and maintain appropriate levels of programme contingency levels.	Responsible for providing management with 'real-time' assurance that issues arising across the programme are being surfaced in a manner which enables effective decision making. Specific responsibilities include: 1. Assure that the project is on track to deliver the required benefits and objectives 2. Undertake selected 'deep dive' reviews 3. Provision of consolidated reporting 4. Assure that early warnings of unexpected events are being effectively reported 5. Assure the effectiveness of the change control and provide independent assessment of major change. 6. Facilitate project approvals 7. Assure that the business case is robust 8. Provide assurance that strategic, delivery and operational risk are being identified and effectively managed 9. Provide support and risk facilitation to the Programme Board as required 10. Undertake a strategic reviews of the programme planning 11. Undertake regular and periodic review of the project control framework 12. Provide assurance that risk appetite, risk exposure levels and contingency levels are aligned and realistic	Responsible to the Executive for providing an independent evaluation of risk management, control and governance within the project. Specific responsibilities include: 1. Provide assurance on 1st & 2nd LOD 2. Undertake risk reviews to define focus of the audit work programme. 3. Undertake governance reviews to identify potential risks and areas for improvement. 4. Provide findings and recommendations for each audit/review 5. Assurance over the implementation of the Risk Management Framework 6. Provide assurance that corporate governance addresses appropriate requirements 7. Provide assurance that training and recruitment programmes are robust and are working effectively. 8. Review compliance of policies to ODA requirements and review effectiveness of policies. 9. Provide assurance on the effective operation of the risk appetite process and the integrity and operation of the underlying model.