

CONTRACTOR PROCESS AUDIT

Audit Report

INSITE Project

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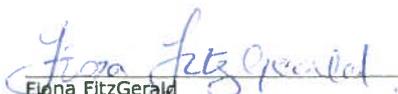
Objective:

This report verifies the areas of conformance and, where appropriate, non-conformance of the INSITE proposal award process against the agreed procedure documented in "Request for Proposal & Funding Awards Process – Foundation Phase" document

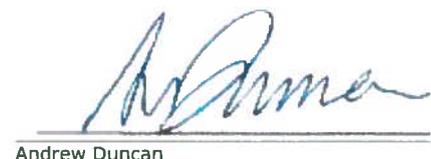
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1 EXECUTIVE SUMMARY

The INSITE Programme was developed to produce independent science leading to a better understanding of the influence of man-made structures on the ecosystem of the North Sea. Research opportunities were advertised globally with a view to selecting the institutions which could best support the project aims. An Independent Scientific Advisory Board (ISAB) was created to evaluate research proposals and make selection recommendations. The Executive Committee (EC) represents the financial sponsors.

The process is described in the Request for Proposal & Funding Awards Process – Foundation Phase document. DNV GL was appointed to audit the process to ensure conformance with all requirements.

The audit took place between 16 May 2015 and 22 June 2015, comprising of document & records review and interviews.

Evidence of conformance was found across the entire document, with the following 2 exceptions:

- The Conflict of Interest Statement was not signed by members of the ISAB as required by the RFP document
- Institutions not being invited to submit a full proposal or being awarded a project, were not provided with feedback

The audit finds that, consistent with the RFP process documented, the INSITE scientific programme has been developed independently by the INSITE Independent Scientific Board.



2 INTRODUCTION

Building on work completed during 2011 and 2012 to gather knowledge and experience in the decommissioning of offshore structures, a new Joint Industry Project has been created and administered by Oil & Gas UK to improve the knowledge base across all aspects of the ecosystem. Known as the INSITE Programme (Influence of Structures in The Ecosystem), this JIP is a major initiative which seeks to provide stakeholders with the science needed to better understand the effect of man-made structures on the North Sea and hence better inform any future decision making process. The overall objective of the study is:

"To provide stakeholders with the independent scientific evidence-base needed to better understand the influence of man-made structures on the ecosystem in the North Sea"

Research organisations were invited to submit a tender to apply for funding to engage in research supporting the INSITE project. The Independent Scientific Advisory Board (ISAB) assessed the tender response and awarded contracts to project proposals best supporting the overall aims.

DNV GL was engaged to independently audit the pre-proposal and full-proposal processes of appointing research bodies with the purpose of verifying the independence of the ISAB in developing the scope and objectives of the INSITE Programme and proposing a research programme to deliver the objectives.

3 METHODOLOGY

An audit protocol was created based on the process to:

- Issue a request for pre-proposals
- Evaluate received proposals and select those being invited to submit full proposals
- Evaluate the full proposals received
- Contract award

INSITE outlined the approach in "Request for Proposal and Funding Award Process: Foundation Phase" (RFP) and the audit protocol was built around this document. The RFP document is publically available for download on the INSITE website. The audit protocol lists the requirements of each stage of the RFP process and identifies suggested evidence types – to help the auditor while seeking evidence.

The audit took place on the following dates:

- 26 May 2015 – document & records review and interview with Project Manager
- 15 June 2015 – Telephone interview with Dr Graham Shimmeild, Chair of the Independent Scientific Advisory Board
- 22 June 2015 – Lync call interview with Gregor Nicol, Chair of the Executive Committee

The audit sought to find evidence for conformance with the RFP process and also identify areas of non-conformance.

The auditor, Fiona FitzGerald Principal Consultant within DNV GL, has completed International Register for Certified Auditors "ISO9001 Lead Auditor Training" and is a DNV GL approved International Sustainability Rating System auditor. She has 20 years' experience in participating and leading audits across a variety of business areas, geographies and industries.



4 TERMINOLOGY

The following abbreviations are used throughout the report

EC	Executive Committee
IAG	Independent Audit Group
INSITE	Influence of Structures in The Ecosystem
ISAB	Independent Scientific Advisory Board
JIP	Joint Industry Project
RFP	Request for Proposal & Funding Awards Process – Foundation Phase (document)

5 AUDIT FINDINGS

5.1 Overview

The audit found no areas of significant non-conformance against the RFP.

Full conformance was found in evidence throughout the audit, with the following exceptions:

- the members of ISAB did not sign the "Conflict of Interest Declaration"
- Institutions not being invited to submit a full proposal or being awarded a project, were not provided with feedback

On balance across the audit, the 2 areas of non-conformance do not jeopardise the integrity of the RFP process.

5.2 Findings

RFP Reference 5.2, Preparing & Publishing the Pre-Proposal RFP. The ISAB and EC were both involved in the pre-proposal process, as required under the RFP.

RFP Reference 5.3, Pre-Proposal Documentation. The Pre-Proposal RFP advertisement was drafted by Richard Heard on behalf of the ISAB. It was accepted by the ISAB during June 2014. Similarly with the INSITE scope framework.

RFP Reference 5.4, The RFP Documentation Review Process. The RFP documents were discussed, reviewed and agreed at an Executive Committee Meeting on 5th June 2014.

RFP Reference 5.5, Development of the RFP Schedule. The RFP schedule was developed by the ISAB and included in the RFP document. No bidders requested an extension for additional time. During the audit interview, Dr Graham Shimmeild confirmed that there was adequate time to review and shortlist the proposals.

RFP Reference 6.1, Overview of Evaluation Process. The pre-proposal evaluation was conducted entirely by the ISAB. The RFP offered the option of using peer reviewers during the full proposal evaluation stage. Whilst it was desirable to make use of a peer review process, it proved difficult to find sufficient people to undertake this work and, consequently, some proposals were not subject to peer review. On examining this further, the auditor is satisfied that the affected proposals were not disadvantaged by the lack of peer review. Refer to RFP Ref 8.1.

RFP Reference 6.2.1, The Pre-Proposal Evaluation and Short List. There was evidence to confirm that only the ISAB (and peer reviewers, where appropriate) were involved in the proposal evaluation process. The RFP specified that letters of regret should include feedback but this was not the case.

RFP Reference 6.2.2, Full Proposal Evaluation. There was evidence to support the outcomes in the "Recommendations for Funding Report" (Doc. J14004A REPT 010) which states that the ISAB was entirely responsible for evaluating the full proposals. This section of the RFP also requires that members of the ISAB should sign a "Conflict of Interest" declaration. Dr Graham Shimmeild confirmed, during interview, that an oversight led to members of the ISAB not signing this document. However, he stated that he was satisfied that there were no conflicts of interests between the members of the ISAB and the evaluation work they were undertaking.



RFP Reference 6.3, Recommendations for Funding. The recommendations for funding report was issued in March 2015 and contains all of the elements stipulated in the RFP.

RFP Reference 6.4, Proposals not Recommended for Funding. Proposals not recommended for funding all received a regrets letter. However, feedback was not provided as per the requirements of the RFP. Dr Graham Shimmeild confirmed that it is not typical to proactively offer feedback along with formal notification regrets and that, had any institutions requested it, he would have been happy to provide comment.

RFP Reference 7.1, Appointment of IAG. DNV GL was appointed as the independent auditor of the RFP process.

RFP Reference 7.2, Frequency of Audit. It was agreed by the EC that the 2 planned audits of the pre-proposal and full proposal stages would be combined.

RFP Reference 8.1, The Appointment of Peer Reviews. A number of specialists were invited to participate in the full proposal evaluation process as peer reviewers. However, there was a low uptake and, consequently, not all proposals were subject to peer review. The RFP process only offers the suggestion of peer review – it is not a mandatory element and, consequently, there is conformance with this section of the RFP

RFP Reference 8.2, The Responsibilities of Peer Reviewers. Peer reviewers used a specific scoring template to evaluate each proposal. They also provided a narrative outlining the merits and weaknesses in each proposal read.

RFP Reference 9, Executive Committee Review. The Recommendations for Funding report was individually reviewed by EC members and then agreed at a meeting in 12 March 2015 (meeting minutes viewed). The Chair of the EC, Gregor Nicol, confirmed in interview that the EC is satisfied that the ISAB followed the RFP process and also that the program is affordable.



6 CONCLUSION

The audit took place between 16 May 2015 and 22 June 2015 with the audit report issued at the end of August 2015. It sought to identify areas of conformance and non-conformance against the INSITE document: "Request for Proposal & Funding Awards Process – Foundation Phase". The audit comprised document & records review and interviews.

Evidence of conformance was found across the entire document, with the following 2 exceptions:

- The Conflict of Interest Statement was not signed by members of the ISAB as required by the RFP document
- Institutions not being invited to submit a full proposal or being awarded a project, were not provided with feedback

On balance across the audit, the 2 areas of non-conformance do not jeopardise the integrity of the RFP process and the auditor considers that the RFP was fully followed.



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