

Case Study: Offshore Oil Production Platform

Performing a project audit to support the investment decision while mitigating potential claims



PROJECT

Offshore Oil Production Platform

CONTRACT

Time & Materials Contract

PRIMARY ISSUES

Execution Planning

Scope Definition

Change Order Management

Material Receiving and Handling

Quality Management

Background

Our team was tasked with auditing the readiness of an industrial project in Europe for full funding as well as auditing the initial design work completed by the project team. The project team felt that the development was ready to be funded. However, management had some concerns and requested an audit of this \$90MM+ project.

Approach

A project audit is performed to understand the internal project issues and assess whether the project is ready for funding. Among other challenges, sufficient design and planning should be done to understand and quantify risks, the cost estimate should be realistic, and the schedule should be achievable.

Employing an industry-recognized tool, our team identified 36 areas of deficiency that needed additional work. This process was complete in less than one week. Gaps were found in the following areas:

- Execution planning
- Substandard scope definition
- Change order management
- Material receiving and handling
- Quality management

The audit determined that the project team needed to perform further planning work to address these gaps. Had these areas not been addressed, the owner could have been exposed to multiple and significant contractor change orders, subsequent delays, and potentially arbitration.



Outcome

The project team continued design and planning work for another three months, at which time we performed another project audit, and the findings were deemed satisfactory. At this point, the project team, owner, and contractor were set up for success.

The parties involved acknowledged the project audit as a robust method to mitigate potential claims, but more importantly as a tool to support the investment decision. The audit resulted in \$30MM in savings and helped the parties to avoid production loss due to downtime.

