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**From:** Mark Underwood [GRO]  
**Sent:** Fri 13/05/2016 1:55:20 PM (UTC)  
**To:** Patrick Bourke [GRO]; Rodric Williams [GRO]  
**Subject:** RE: Tim Update

Hi Patricks,

Reads really well. Only thing I would consider changing would be in respect of Suspense Accounts:

“that POL’s systems and controls the processes in place in this area may not have been performed by Postmasters and POL employees as well as they might

Mark

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**From:** Patrick Bourke  
**Sent:** 13 May 2016 14:32  
**To:** Rodric Williams; Mark Underwood [GRO]  
**Subject:** Tim Update  
**Importance:** High

Mark

We spoke - my suggestion for JM's update to TIM - could you and Rod please advise - especially on Suspense Accounts. Grateful for a quick turn around if at all possible.

[BEGINS]

Dear Tim

Here is a quick update on the progress of your review and the litigation.

#### Review

Helpline - In relation to the allegation that our Helpline may have provided incorrect advice to subpostmasters which resulted in a loss to the accounts, the external firm conducting the work has now completed its investigations. Although some investigations were limited because certain records are no longer available and there were inaccuracies in the information provided by complainants, their draft report reveals that there is no evidence to support the allegations that have been made. We will share this report with Jonathan Swift to ensure it discharges his recommendation in this area, but we are confident that it does.

Horizon System – We have met again with Deloitte in relation to the extent of the work necessary to discharge Jonathan Swift’s 3 recommendations on the testing of Horizon, and they have begun work on the substantive phase of that work. It is, by its nature, a bit of an iterative process in that, dependent on early results, further decisions then needs to be made on whether or not to explore a bit further. To assist us in this process, I have asked that the new Chief Information Officer, Rob Houghton, give us his views, using his technical expertise, to sense-check these further decisions. Our next meeting with Deloitte takes place a week today, on 20 May.

Suspense Accounts – You will recall that Deloitte are also conducting the work, recommended by Jonathan Swift, into the existence and nature of the relationship between POL’s suspense accounts and specific branch accounts over the relevant period. This a materially different exercise to the IT testing, since I understand that most of the relevant accounting processes were/are based paper records and manual reconciliations. Deloitte’s informal and provisional

view, based on the scoping exercise but before any more substantive work is undertaken, is that POL's systems and controls in this area may not have performed as well as they might. We will shortly be having a specific meeting with Deloitte to discuss this area of work to understand their concerns.

Prosecution Practice – Jonathan Swift has confirmed that Brian Altman QC's proposal to limit his initial review to those 19 cases presenting the specific features of double charges in question, and decided on the basis of those findings whether to extend the exercise, is both sensible and in keeping with his recommendations. That work is ongoing.

#### Litigation

Board 24 May – As I indicated in my last update, we are in the process of preparing a paper for the Board meeting on 24 May which will include, at high level, a summary of the claim, the likely timescales, as well as an outline of our litigation strategy. To make maximum use of the corporate knowledge we have acquired since dealing with the complaints, to ensure we manage the litigation effectively taking not just legal, but commercial considerations into account, and to facilitate meaningful reporting to you and others, I will be establishing a steering group to manage it as a project.

As ever, should you have any questions, do give me a call.

[ENDS]