

Dear Ian,

We agreed at our meeting on Friday 30th January that we would work together to make progress on the suspense account question. In particular, we agreed to provide some “contextual data” to help you form your perspective.

We have set out overleaf an overview of the data in three sections:

In the first table, we have set out the debit and credit movements on the account, reconciling back to its annual balance, for the period in question. The debit releases to p/l match the credits in our previous letter and you can see that the numbers are substantially gross, except for £33k in 2013/14. *(So what happened to the transferred in debits?)*

You will also see a substantial movement in 2013/14 relating to the Aon Commission. *The purpose of these posting was XXXX. We do not believe that this entry is relevant to branches.*

The second table further breaks down the transfers into suspense, for 2013-14. We are working to provide this analysis for the previous years. This highlights the following postings which we consider are not relevant to branch accounting:

- A matching debit and credit misposting of £16.6k
- Transfers from Payout and Post&Go of £75k net. These are not relevant because....
- A £464k transfer from UKPO accounts. This is not relevant because

The third table breaks down of the residual £36k and the status of our investigations and explanations, which are in progress.

We are conscious of the speed of progress. We have limited trained resource and have been affected by illness. We are therefore exploring urgently bringing in help to accelerate this work.

We wanted to flag one point at this stage. While some of the entries are identifiable by branch and appear to represent individual transactions, this is not always clear. In addition, some aggregated postings cannot be traced to the underlying transactions that made them up. Where a customer or branch raises a specific transaction with us, then we are able to validate that against transactional records, but we are not able from the combined totals to drill back to itemise all those transactions out that make up the totals. We therefore remain satisfied, that we can and do have processes to handle specific queries but we do have not had the requirement to drill back from combined totals.

We are continuing our investigations and looking to accelerate them.

Given the limitations on the ability to trace back from this source of data to individual underlying transactions, we should meet as planned (a) to answer your questions and (b) to discuss alternative approaches.

Please do not hesitate to contact me if you have any comments or questions. With kind regards,
yours sincerely,

Alisdair Cameron

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