

Message

From: Mark Underwood [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=805C109119D343EB8095DAE62DBDC602-MARK UNDERW]
Sent: 08/01/2024 13:14:56
To: Kathryn Sherratt [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=bdf4b88e7455445b8cf2a3d199489bee-Kathryn She]
CC: Ben Foat [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=8070ecec2cc4077a7ece3486716d2b6-Ben Foat]; Diane Wills [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=04e0d0b8b13c441eb4ac363dca8f2759-Diane Wills]; Simon Recaladin [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=ccbdae1ce47e4ead8da3e20d1f5b5b7a-Simon Recal]; Tom Lee [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=ca7335db7f104ad09dce48b669b9d58d-Tom Lee]; Tim Perkins [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=91172011364a4514bf9b680f989fa98e-ba1e5238-71]
Subject: KPMG's Investigation in to how POL Operates its Suspense Accounts.
Attachments: 05.00_ARC_Current Operation of Suspense Accounts July ARC FINAL DRAFT for BF.docx; 04.00_POL_ARC_SuspenseAccounts_20201124_FINAL.docx; Confidential - Contains Legal Advice: Draft response to the questions posed by the Inquiry on "Branch Suspense Accounts and Trading Statements"; FW: Suspense account process improvement actions log

Importance: High

Hi Kathryn,

I hope you had a nice weekend. Ben asked me to reach out to you post news that the Police is investigating an allegation that POL has committed Fraud.

At the end of the ITV Drama, Jo Hamilton asks Second Sight where they believe her shortfalls are, to which they reply that their belief is that it was probably taken to profit by POL post being housed in a suspense account. As such, it seems to me that suspense accounts are likely feature in the allegation.

I thought it would be helpful to share the following:

1. When Nick took up post as CEO he was invited to meet with Lord Arbuthnot. In February 2020 Lord Arbuthnot wrote to Nick. In Nick's response, he committed to better understanding how Post Office operates its suspense account.
2. This resulted in Post Office instructing KPMG to review Post Office's current operation of Suspense Accounts (Project Royal) and then, subsequently, its historical operation (Project King).
3. I have attached the papers that went through ARC in July 2020 on the current operation and the ARC in November 2020 on the historical operation. I recall confirming with KPMG that they were happy the contents accurately reflected their reports prior to submission. I also recall seeking legal advice from both HSF and P&P regarding whether any disclosure obligations were triggered by the findings and contents. I believe all recommendations that KPMG made in relation to our current operation of suspense accounts were tracked and taken forward accordingly – please see attached email ("FW: Suspense account process improvement actions log"), save for one long term aspiration which we may need to circle back on.
4. I think the executive summary included in the paper taken to the POL ARC of November 2020 (attachment "04.00_POL_ARC_SuspenseAccounts_20201123_FINAL") probably provides the most succinct summary of the work.

5. When the Inquiry was on a non-statutory footing, POL received a number of questions from the Inquiry regarding "Branch Suspense Accounts and Trading Statements". Subsequent to receiving approval from Board, POL didn't just ask the narrow answers posed by the Inquiry but also disclosed the KPMG findings. I have attached the relevant email from myself to Declan Salter, within which I include the rationale for doing so which was as follows:

- Post Office will demonstrate a genuine willingness to engage with, and aid the Inquiry.
- It will allow Nick Read to demonstrate that he has discharged the commitment he gave to Lord Arbuthnot in February to better understand how Post Office operates its suspense accounts.
- It will enable Post Office to get ahead of the curve and relieve the business from having to service further questions on this topic in the future, which otherwise seems likely.
- It will demonstrate to Sir Wyn that Post Office has not, as has been alleged, been improperly making a profit from the operation of its suspense accounts – as has been an assertion made regularly since 2012 (ish)

Simon & Diane – I have copied you for visibility given the detriment and Inquiry angles.

Let me know if there anything you would like to discuss further.

Mark

Mark Underwood

Legal, Compliance & Governance Operations Director

Legal, Compliance and Governance

GRO