From:	Carla Stent[_____GRO_____]
Sent:	Mon 16/05/2016 7:09:20 PM (UTC)
To:	Alisdair Cameron[_____GRO_____]; Tim Franklin[_____GRO_____]
Cc:	Peter McIver[_____GRO_____]
Subject:	PO ARC - conversation with EY

Al, Tim

I wanted to drop you a note following a call that I have just had with Peter McIver on the audit and following the exchanges that we have had over the weekend. I know that the POL team had asked Peter for an additional report to respond to my questions but I have agreed with Peter tonight that these are probably best handled verbally at this stage (I know that Peter is seeing Paula on Wed).

I then suggest that Al, Peter, Paula and I (+ any other members of the audit committee) get together to review the final observations and agree to any necessary changes in the prioritisation of the finance remediation programme.

Al in your note to be today you had specifically called out the Horizon postmaster claim. I suggest that this is discussed at ARC. However, I do think that, as this has been lodged with the courts, we need to make some small disclosure that our lawyers are happy with. I think that we should state that this is an unquantified claim that management believe is unjustified and intend to robustly defend. I suggest that Jane drafts something for agreement with the lawyers.

The other outstanding point that we discussed was that there seems to have been a lot of pressure to sign off the accounts as soon as possible (now scheduled for June). We had initially agreed that a long post balance sheet period would give us all additional comfort that we had completeness of records as at year end.

The accelerated timeline has created additional pressure on both the POL and EY teams, although it should not have created any issues in the quality of the report. Peter has confirmed that the work has been through their technical and quality control partners.

However, as a committee, I think it may be worth revisiting the speed of sign off given the fact that the controls have not been optimal.

I understand that we are agreed on the balance of the points and that all understand NAND overs have been processed.

I hope that this is helpful - happy to speak if need be

Carla