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**From:** Holmes Jan R[/O=ICL/OU=UKSOUTH FEL01/CN=RECIPIENTS/CN=HOLMESJ]  
**Sent:** Mon 11/02/2002 2:48:39 PM (UTC)  
**To:** Lenton-Smith Colin [GRO] 'Myles Blewett (E-mail)' [GRO]  
**Cc:** Hooper Graham [GRO]  
**Subject:** Subject to Legal Professional Privilege - in contemplation of Legal proceedings - RE: The missing date  
**Attachment:** SK-22 Audit Trail Break.doc

Colin,

It is (in my opinion) an HR led activity that managers and staff play a part in. So I would talk to Sandra Houghton in the first instance. If you believe that this has to extend to activities in the Data Centres and Belfast then ISD HR will have to be involved. Again, I would suggest using Sandra to co-ordinate this.

Letter to Sue Kinghorn attached.

Rashpal has not yet circulated the report and he has replied to me confirming that nobody outside Consignia Internal Audit has had sight of our internal report that I shared with him. Being totally open with you about the nature of the audit observations I would say that the issues were about some poor application of existing processes coupled with recommendations we made to improve existing processes and make them stronger. There were no glaring deficiencies either in process or their application by ISD staff.

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This text represents the latest from Rashpal and my proposed reply. If you are happy with this I'll send it on today.

Rashpal,

OK, now let's try and get this back on an even keel.

Both Graham and I were taken aback at the draft report that you presented for comment. It wasn't just the content, concentrating as it did on security related issues, but the proposed distribution to what Graham and I felt were inappropriate addressees for the level of detail in the report. I agree that we had discussed a report and I did acknowledge this in my email reply of 26th October. However, I stand by my statement that I believed the report was to be limited to matters relating to the broken audit trail and distribution within Consignia Internal Audit. Clearly a difference in expectations that brings us to where we are now.

I have no objection to you providing a high level overview of what was covered, even to the extent that you identify that a number of shortcomings in operational control were identified and acknowledged by ISD. I know that you were not claiming any credit for the work but what I objected to was the wholesale copying of text from our report being distributed around very senior positions in the Post Office, and even your external auditors. As I said in my first email, you offered no audit opinion to allow readers to put the recommendations into perspective. If you read your report without that context it makes for bleak reading and presents a far worse picture than actually exists.

I realise the shortened report that I sent back does not provide useful input to your management but strictly speaking it does deal with the specific area of interest that was the subject of your attendance.

In order to move this forward I suggest the following compromise. You can identify, in broad terms, the areas where operational shortcomings were observed and recommendations made. Because of the low level of many of these recommendations I do not see any benefit in reporting them in detail. In all there were 41 separate recommendations made spread between the Data Centres and Belfast Operations Centre. I can tell you that as of today 26 are closed and most should be completed by the end of this month.

I appreciate that you waited for our report rather than report immediately on what you saw and I realise that you have to be able to show some output for the time you spent. In this instance I would ask that you consider the impact that your original report could have on Pathway if it is not placed in context for the readers.

I hope you can agree to this proposal and look forward to a revised draft report in due course.

Regards,

Jan

-----Original Message-----

From: rashpal.dhesi [GRO]  
Sent: 08 February 2002 15:48  
To: Holmes Jan R  
Cc: hilary.stewart [GRO]  
Subject: Re: Data Centre Report - POL Distribution

Thanks for your note. I did say at the time that all audit time allocated in the plan requires an output and whether it would be ok to produce a memo/report. I believe that you agreed this approach on your return e:mail of 26/10/01. I would see Mike Hannon the main recipient of this output and all the other customers are included as part of our normal reporting requirements.

The provision of details to POL of the work undertaken was intended to provide a high level overview of the element covered, and it was noted in paragraph 1.3 that this was not the entire review so any assumptions as to the adequacy of control would be ill judged. At no time have I claimed credit for this work, but tried to show that all improvement opportunities were being actioned in the appropriate manner by your organisation from which our management could take assurance.

In the interest of our open relationship this report has not been discussed with anyone outside Audit. The reason why the report was sent to you first, was to get your views as to the accuracy and level of details. As you said at the time, having seen your processes I could have reported it immediately drawing my own conclusions but this approach was never taken or intended, in order to foster a open relationship.

I have been surprised by your reaction to the report. I did not think that there were any issues that would reflect badly on your organisation. The suggested replacement report provides no value in reporting this to management.

I will be out early part of next week, but available after that if you wish to discuss further.

Thanks  
Rashpal

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-----Original Message-----

From: Lenton-Smith Colin  
Sent: 11 February 2002 14:28  
To: Holmes Jan R; Myles Blewett (E-mail)  
Cc: Hooper Graham J  
Subject: Subject to Legal Professional Privilege - in contemplation of Legal proceedings - RE: The missing date

Jan, I would suggest that we prepare ourselves and check that the management of the competencies of the individuals is pursued. I wish to know that ICL's HR processes were followed in respect of training plans etc. Is this an

area for HR or CS to follow?

Pls would you let me have a copy of your letter dated 23 May 2001 to Susan Kinghorn.

Of course we must respond to Keith positively, but is there anything in the internal audit report that was circulated by Rashpal Dhesi that might later undermine a confident approach to our procedures?.

Colin

-----Original Message-----

**From:** Holmes Jan R  
**Sent:** 11 February 2002 13:54  
**To:** Lenton-Smith Colin  
**Cc:** Hooper Graham J  
**Subject:** RE: The missing date

Colin,

1. attached full text.
2. That's correct. The latest entry date is 07/01/02.
3. Good question. None of the audit solution requires formal training that might be evidenced by course attendance records, certificates or professional qualifications. You could argue that appraisal records indicate a continued ability to perform duties that are assigned to individuals. You could also point out that POL themselves rely on Witness Statements made by the likes of Graham Hooper, Jane Bailey and myself. I am also not convinced that the broken audit trail has anything to do with individual competences although I realise you are asking the question in response to Keith's assertion. As I said in my initial response we need Keith to identify, very specifically, those times and occurrences where he believes failure is down to individual incompetence. My guess is that he can't and he just exercising another point of attack.

<< File: Baines PMDB Entry.doc >>

Regards,

Jan

-----Original Message-----

**From:** Lenton-Smith Colin  
**Sent:** 11 February 2002 13:18  
**To:** Holmes Jan R  
**Subject:** RE: The missing date

Jan, some initial questions.

1. Pls would you let me have the full text of the PMDB entry -
2. The entry date being 7th Jan 2002? (not 2001?)
3. How do we know that the Pathway staff involved in the process are trained and knowledgeable?

Colin

-----Original Message-----

**From:** Holmes Jan R  
**Sent:** 11 February 2002 10:24  
**To:** Lenton-Smith Colin  
**Subject:** The missing date

Colin,

just to confirm that the date missing in my draft has now been confirmed as 1st May 2001 when the timings were re-set in order to reduce Legato drive contention.

Regards,

**Jan Holmes**

Quality & Audit Manager, ICL Pathway

KID01  
FEL01

**GRO**

Mob : **GRO**