

From: Swil, Jonathan
Sent: 13 May 2014 10:50
To: Band, Christa
Subject: FW: Deloitte's work for Post Office Limited

Christa

I spoke to Rodric yesterday about the Deloitte summary we have so far seen (for some reason the email below only came through to me this morning).

He said that the job that is required in order to do a drains up assessment of Horizon is immense which is why they are only doing the scope of work below. He asked that we let him know if we have any concerns about the outline below. I don't have any comments on it.

For my part, I don't think that the Phase 1 work, the exec summary of which is what we have seen, addresses the point we raised. The Phase 2 work seems to be closer to the mark so hopefully that is the case when we see a copy of it.

Jonathan

From: Rodric Williams [mailto:GRO]
Sent: 12 May 2014 13:41
To: Swil, Jonathan
Subject: Deloitte's work for Post Office Limited

Jonathan – further to our discussion this morning, this is what the Board is being told about Deloitte's work:

The Deloitte review is in two phases and is planned to conclude by the end of this week.

Phase 1.

Deloitte have been completing the assessment of Post Office's current sources of assurance relating to the integrity of Horizon. This is a desk top exercise and they will complete this work by examining further documents, which are now available for their review. We expect to receive a draft of the report by close of play on 13th May.

The above also includes the move from old Horizon to the current day HNGx, assessing the testing strategy, documentation and sign-off prior to the implementation of HNGx in 2010. Their assessment will also be included in the draft expected by end of day 13th May.

In addition, they are reviewing how branch transactions are stored both pre and post HNGx, this will determine if there has been any material changes since 1999. This part of the exercise will be limited to the documentation which is available.

Phase 2.

Following the Board meeting, Deloitte's work has been extended to perform a desktop review of those detailed features of Horizon which ensure that:

- *the sub-post master has full ownership and visibility of all records in their Branch ledger; and*
- *these Branch ledger records are kept by the system with integrity and full audit trail.*

Deloitte's work will include a technical validation of the Audit Store's tamper proof mechanisms and they will also consider, as far as reasonable, where key events in the past could have impacted these features, considering pre and post 2010.

Deloitte will also highlight where and how testing of these features could be considered by POL to provide further assurance to the Board.

The executive summary will be completed by close of play Friday 16th May.

And this is what they are being told about the purpose and context of the work:

Purpose

In light of the specific allegations being made against Post Office by Applicants to the Mediation Scheme, Post Office requires input from Deloitte to support Post Office’s legal position (as advised by Linklaters LLP) that:

- Horizon produces and maintains the accounts between Post Office and its agents (including subpostmasters), and
- unless there is proof that the Horizon processing environment (“HPE”) is not functioning as intended, Post Office can enforce its contractual rights against agents relying on those accounts.


Context

On 30 April 2014, the Board raised two specific questions and requested input from Deloitte:

1. In light of the specific allegations regarding non-traceable “phantom” transactions existing in Horizon, what assurance could be provided over how the system records and maintains the transaction logs; and
2. In a wider context, what further assurance could be given both pre and post 2010 (when there was a change in Horizon system)?

In this context, the “assurance” sought is the level of comfort and confidence that Post Office and Horizon users can have that the HPE is fit for purpose, functions as designed and ensures that complete, accurate and auditable records are kept of all sub-postmaster transactions.

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