

**Helen Watson**

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**From:** Emily B Springford [GRO]  
**Sent:** 21 October 2011 14:40  
**To:** Rebekah Mantle; Sabrina Jethwa; Hugh Flemington; Anna Maxwell; Helen Watson  
**Subject:** Horizon update

**Privileged and confidential**

Dear all,

I'd like to update you on various things learned / discussed today.

**Fujitsu**

The audit which Fujitsu intend to carry out relates to the new "Horizon Online" system which has been in place for about a year. The audit was first requested by Mike Young (POL Chief Operating Officer) early this year as he wanted to know that POL could be comfortable with the integrity of the new system, in light of the various challenges made about the old system. It hasn't got started yet as there was a bit of confusion about the scope of the audit and what steps to take. Fujitsu have now decided to use KPMG's IT forensics unit. They have had some scoping discussions but no instructions have been agreed yet. They think it should take 2-3 months to complete. It seems unlikely that the audit will generate documents relevant to the issues in the current disputes, which all concern the old system. However, if challenges were made about the new system in future the audit report could potentially be disclosable. We therefore agreed that Fujitsu would take steps to ensure that the audit report is privileged: in common with POL's approach to its own audit, the instructions will be framed as a request for information in order for Fujitsu's legal team to provide legal advice. The notes made by the audit team will be kept factual and any concerns / comments will be kept in a central document which will form the basis for the final report. If any major alarm bells are ringing, KPMG will stop work and contact Fujitsu's legal team.

**Ernst & Young**

We discussed the audit of Horizon which E&Y carry out each year as part of the preparation of our annual report and accounts. E&Y have started this process leading up to next year's report. We agreed that it would be difficult to cloak their work in privilege or stop it happening – it is part of the group's statutory reporting obligations, not a privileged process. However Dave Hulbert will let E&Y know that, again, if they come across any major problems with the new system, they should let us know straight away so that we can feed it into our strategy for the litigation and control the document position as much as possible.

**Gareth Jenkins**

Stephen Long at Fujitsu is going to ask Gareth Jenkins (their guru on the system, and expert witness in the Castleton case) to join the meeting with Helen, Sabrina, me, Alison Bolsover and Andrew Winn, to help us completely understand the nuts and bolts of our processes. I've emailed Stephen to let know the topics we want to cover and to check if Gareth can do the week beginning 31 October.

**Media coverage**

The Comms team have had a query from a BBC journalist, Matt Projer, who seems to be doing a fairly full investigation into the Horizon allegations. His latest tactic is to ask for all responses to FOI requests concerning Horizon. Mike Granville is saying to Peter Johnson that he should consider whether the cost limit (18 hours' work) may be exceeded before starting work – if not, we will have to disclose this information. It seems likely that Shoosmiths will try to generate as much media interest as possible to try to increase the pressure on us. We obviously need to control the content of emails etc discussing responses to the media to make those privileged where needed.

Mike Granville also told me that there has been some "splintering" in the subpostmaster community. The National Federation of Subpostmasters is still robustly supportive of POL and Horizon. However it seems that some members of the Fed have broken away for various reasons (leadership, planned modernisation in the network) and these people seem to overlap with the members of the "Justice for Subpostmasters Alliance" which is challenging POL on Horizon. The "breakaway" grouping also seems to be setting up a group within the CWU so we may get some interest from the unions as well. Mike will keep his ear to the ground on this.

**Criminal case**

Mike Granville also mentioned that he had heard from the Fed about a criminal prosecution brought against a Romec employee who was accused of stealing £500 from a PO branch (Romec provide facilities management services to Royal Mail Group). It appears that the prosecution has been stayed until February 2012 as a result of the press coverage about Horizon – perhaps on the basis that the loss may be illusory. Rob G Wilson (Head of Criminal Law) isn't aware of the case – he thinks it may be a police prosecution. I'll see if Dave Pardoe (Senior Security Manager) knows anything about it.

Please let me know if you have any thoughts/ / comments.

Kind regards

Emily

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