

**From:** Chris Aujard  
**Sent:** Wed, 14 May 2014 08:23:57 +0000  
**To:** Alice Perkins  
**Cc:** Belinda Crowe; Martin Edwards; Lesley J Sewell; [GRO]; Alwen Lyons; [GRO]; Callard Richard (ShEx); Paula Vennells; Mark R Davies  
**Subject:** RE: Update: Sparrow Board Committee

Hi Alice – sorry for the delay in getting back to you – on the second part of your question (the timing of the board sub-committee), my sense is that it would better to hold it at such a time as we can factor into our papers (and thinking):

- 1) Tony Hooper's feedback (Paula and I are meeting him this Thursday);
- 2) Deloitte's Phase 2 work (summary due on Friday); and
- 3) The latest position on the Scheme's progress (there is an all-day face to face Working Group meeting the day before the Board meeting)

This implies a meeting/con call just after the Bank holiday Monday (i.e. Tuesday the 27<sup>th</sup> or Wednesday the 28<sup>th</sup> of May), which is later than I would have liked. That said, in the interim:

- 1) We can brief Paula after the Working Group meeting on the 20<sup>th</sup> so that she can provide the full Board with an oral update at its meeting on the 21<sup>st</sup>, or, if you would prefer
- 2) We can give a quick oral update ourselves to sub-committee members either just before, or just after, the Board meeting (I am not sure how realistic this is).

Depending on how clear the language is, I would also suggest that the Deloitte paper be circulated to members of the Board (or the committee as the case may be) when it is ready, and that it too forms part of the oral update.

Happy to talk on the phone, if you want!

Chris

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**From:** Alice Perkins [GRO]  
**Sent:** 13 May 2014 12:09  
**To:** [GRO]; Alwen Lyons; 'alasdairmarnoch' [GRO]; 'richard.callard' [GRO]; Paula Vennells; Mark R Davies  
**Cc:** Chris Aujard; Belinda Crowe; Martin Edwards; Lesley J Sewell  
**Subject:** Re: Update: Sparrow Board Committee

Thank you for the update.

Does this mean that all this will come back to the Board for discussion next week? And/or are you planning a further Sub-Ctee meeting before then (which would be heroic in terms of diaries at this stage but might be helpful)?

Alice

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**From:** [GRO]  
**Sent:** Monday, May 12, 2014 02:36 PM GMT Standard Time  
**To:** Alwen Lyons [GRO]; Alice Perkins; Alasdair Marnoch [GRO]; Callard Richard (ShEx) [GRO]; Paula Vennells

<[GRO] Mark R Davies <[GRO]  
 Cc: Chris Aujard [GRO]; Belinda Crowe <[GRO] Jorja  
 Preston [GRO] Theresa Iles <[GRO] Louise Chatfield  
 [GRO] > Martin Edwards <[GRO] Sarah Paddison  
 > Amanda A Brown <[GRO] > Lesley J Sewell  
 Gina Gould <[GRO]  
 Subject: RE: Update: Sparrow Board Committee

Please see message from Chris Aujard & Lesley Sewell:-

*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 13<sup>th</sup> 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 13<sup>th</sup> 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 16<sup>th</sup> May.*

Kind regards

[GRO]

[GRO] I PA to Alice Perkins, Chairman & Alwen Lyons, Company Secretary

1<sup>st</sup> Floor, Banner St Wing, 148 Old Street, London EC1V 9HQ

**GRO**

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**From:** Alwen Lyons  
**Sent:** 09 May 2014 18:15  
**To:** Alice Perkins; Alasdair Marnoch; Callard Richard (ShEx); Paula Vennells; Mark R Davies  
**Cc:** Chris Aujard; Belinda Crowe; Alwen Lyons  
**Subject:** Update: Sparrow Board Committee

Please see below an update from Chris Aujard

Thanks  
Alwen

Dear All

Following last week's subcommittee meeting, Deloitte have now come back with the following timetable for completion of their work:

**End of Tuesday 13th May** – Delivery of the updated and final Executive Summary for the Phase 1 work – this is expected to be substantially the same as the (draft) document tabled at the last Board meeting.

**End of Friday 16th May** – Issue of the full Phase 1 report.

**End of Friday 16th May** – Delivery of a summary of the key observations from their “extension” work. This work will include an assessment of the technical design of the so-called Audit Store's tamper proofing features, and will cover the periods both after and (to the extent practicable) before 2010, which is when the Horizon on-line system was introduced. We had hoped to circulate a brief description of the scope of this “extension” work, but the wording is still being refined into more digestible language and should be available on Monday. That said, Deloitte is now firmly seized of the need to focus on the question of the extent to which Horizon can be relied on to produce complete, accurate and auditable accounts, rather than something more “risk framework” focussed.

Kind Regards

Chris

Chris Aujard I General Counsel

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5<sup>th</sup> Floor, Bunhill Wing, 148 Old Street, London, EC1V 9HQ

**GRO**



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