
From: Rodric Williams [/O=MMS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=RODRIC WILLIAMSE9C114F4-B03F-4595-B082-CE89BE5C79D47B]
Sent: Wed 04/06/2014 5:42:55 PM (UTC)
To: Paula Vennells [GRO]; Alwen Lyons [GRO]
Cc: Chris Aujard [GRO]; Lesley J Sewell [GRO]; Martin Edwards [GRO]
Subject: Deloitte Briefing - Message from Chris Aujard and Lesley Sewell - Strictly Private & Confidential - Subject to Legal Privilege
Attachment: Project Zebra - Board Briefing 040614 v13.pdf

Hi Paula, Alwen – below is the message that Chris and Lesley would like to send to the Board attaching the final draft of Deloitte’s Briefing on their review.

Alwen – would you be able to send this once you have Paula’s approval?

Message Begins:

Dear All,

As detailed in the Board update sent last Saturday, please find attached Deloitte’s final draft “Board Briefing”, received by us late this afternoon.

The briefing focuses on those features of the Horizon system which operate to provide subpostmasters with full ownership and visibility of their Branch ledger, and which maintain a complete and accurate audit trail. The briefing thus helps address allegations made by Mediation Scheme Applicants that their branch losses may have been generated by “phantom” Horizon transactions.

The briefing strives to be succinct and intelligible. However, given the subject matter and scope of the review, it remains somewhat technical. Furthermore, it is based on a desktop review of currently available information (which, as is to be expected given its age, did not include any documentation concerning the original implementation of Horizon in 1995). It is therefore heavily caveated.

In the briefing, Deloitte expressly identify a number of limitations and assumptions which underpin their findings (see Section 3 “Limitations and Assumptions”). The briefing must be read in this context. That said, its key findings are:

- Deloitte has “not become aware of anything to suggest that the system as designed would not deliver the objectives of processing of baskets of transactions and keeping copies of them in the Audit Store with integrity”;
- Deloitte’s review of “extensive operational documentation” identified features in Horizon “which, if implemented, would support the robust operation of the system”;
- Those features would operate to protect transaction data integrity from when it enters the system in a Branch until stored in the Audit Store, and provide visibility to subpostmasters of any centrally generated (i.e. non-Branch) transactions;
- Those features were not impacted by the 2010 upgrade to the current day Horizon “On-Line” system (and hence were not independently tested at that time);
- POL has in place key controls over the day to day IT management of Horizon. These have been independently tested and assured by Ernst & Young since 2012.

The briefing has been the subject of intensive discussions between Post Office and Deloitte, and has been escalated to, and reviewed and approved by a number of senior partners, all of whom are independent of the engagement team.

It is unlikely that there will be any time at this Friday's Sparrow sub-committee to consider the briefing, though it is hoped that the session can be used to agree how the briefing can be properly and thoughtfully presented to the Board.

Kind regards,

Lesley and Chris

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