From:	Gregor Roberts
Sent:	10 May 2011 17:18
To:	Richard Jeffrey
Subject:	MOV4 & Payments made to the Infraco - Governance

Importance:	High

Dear Richard,

MOV4 & Payments made to the Infraco - Governance

I am writing to you as Finance Director of **tie** Limited in relation to a minute of variation to the Infraco contract (MOV4) and a payment of £27.0m (+VAT) which was made to the Infraco whilst I was on annual leave (from Friday 15th April to Tuesday 3rd May 2011).

My note to you yesterday (e-mail 09/05/2011 14:50) detailed the key correspondence which took place in the run up to making payment Hg1 under MOV4. I believe that the note highlights a number of potential issues which require to be discussed with the Directors of the company to ensure that we are satisfied that the correct processes and procedures have been followed in making this payment. In addition to those principal issues raised by Steven Bell in his report on MOV4 dated 20/05/2011 (20:32), my own key concerns/ queries are noted below:

- The draft MOV4 was agreed in principle between CEC and BB+S on 16th April 2011. This reflects a significant change in strategy for **tie** Ltd in our engagement with the contractor. Should this significant change in strategy have been approved at board level prior to agreement and implementation?

- The valuation attached to the payment schedule is not supported by our own commercial analysis.

- The payment referred to above was made in advance of the Minute of variation (MOV4) being signed off.

- What was the governance process followed to Certify and make the £27m payment?

- Are we satisfied that all key stakeholders were kept informed of the risks associated with making this payment?

Yours sincerely

Gregor Roberts
Finance Director

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Finance Director

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