

Annex A

Even as the Court proceeding is ongoing, MND has tried to explore with AHPETC an out of court resolution, but AHPETC has ignored MND's offer. Here is the sequence of events:

- On **10 April 2015**, AHPETC wrote to MND to inform MND that it disagreed with MND's application to the Court to appoint Independent Accountants (IAs) to safeguard government grants, and to examine past payments and recover any lost monies. However, AHPETC was prepared to work with MND on a set of "agreed reasonable safeguards" over the grants, without the need for the matter to be adjudicated. AHPETC was also prepared to submit the matter to mediation for an out of court resolution.
- On **15 April 2015**, MND replied to explain why MND's application to the Court was necessary, reasonable and appropriate. Notwithstanding, MND was prepared to explore an out of court resolution by entering into discussions directly with AHPETC. We also asked AHPETC to set out the conditions on the grants that it is willing to accept, in writing.
- On **29 April 2015**, AHPETC replied with the conditions on the grants that it is willing to accept. This was the first time AHPETC had indicated its willingness for an external accountant to co-sign cheques above \$20,000. However, AHPETC objected to the nomination of PwC, and suggested that accountants from another firm be nominated by an independent person. AHPETC also requested for the entire FY 2014/15 S&CC Grant to be paid to its Sinking Fund bank account.
- On **2 May 2015**, MND replied that AHPETC's request to pay the entire FY 2014/15 S&CC Grant into its sinking fund bank account is unusual. Notwithstanding, MND was prepared to consider AHPETC's suggestion, and asked the TC for the reason for its request, and information on its cash flow position, to ensure that its proposal, if acceded to, will not affect its delivery of essential services to residents. We also indicated MND was prepared to consider other candidates for the IAs although we did not agree that PwC is conflicted from acting, and invited AHPETC to propose names and CVs for consideration. To date, AHPETC has not replied to provide the information requested in MND's 2 May letter.
- On **3 Jun 2015**, AHPETC sent a letter to MND to reiterate its objections to PwC as Independent Accountants, even though the High Court Judge found that AHPETC had no basis for objecting to PwC's appointment. AHPETC also reiterated its request for the entire FY2014/15 S&CC Grant to be placed in its sinking fund account, and claimed that MND was "reluctant" to accede to AHPETC's request. AHPETC has totally ignored MND's 2 May 2015 offer.