

## 1. Remote access to Horizon data

- 1.1 At several points in your Letter of Reply you contend that Post Office has been tampering with transaction data, suggest that this is the root cause of shortfalls in branches and allege Post Office has attempted to cover this up. Although we do not think it appropriate to explore all the issues raised by these allegations in correspondence, it is necessary to make a few comments.
- 1.2 At the outset, it is important to note that:
- 1.2.1 No Claimant (nor Second Sight) has identified any change to transaction data that was effected without a postmaster's knowledge and has caused them loss. If any Claimants are alleging that the transaction data for their branch was changed, please identify the Claimants who are saying so and provide details of the allegedly changed data. If not, in the interests of saving time and costs, please say so.
  - 1.2.2 For data manipulation to be the cause of shortfalls in hundreds of branches since Horizon has been in operation, there would have to have been a surreptitious and coordinated effort between Post Office and Fujitsu staff to manipulate data over a 16 year period.
  - 1.2.3 We cannot think of a plausible reason why Post Office would manipulate transaction data in this way. Quite apart from anything else, intentionally changing data to make branch accounts inaccurate would obviously place Post Office in breach of the obligations it owes its commercial partners (to whom Post Office accounts for the transactions it performs for them in the branch network), and also in breach of numerous regulatory requirements. If nonetheless you or your clients contend that this has in fact taken place, please plead the details of this alleged fraud with the proper particularisation required of such allegations.
  - 1.2.4 It is illusory to suggest that Post Office would contemplate perpetrating a fraud of this sort. It is even more unreal to claim that Fujitsu, an external supplier of IT services, would do so. In this regard, we note that you have not joined Fujitsu to these proceedings as a co-conspirator. Nevertheless, if any Claimants are saying that Fujitsu staff have misused any access rights so as to create false shortfalls in their branch accounts, this would require a further allegation of fraud against Fujitsu, which would involve pleading who would have done this, when and why.
- 1.3 It is also important to assess the statements that Post Office has made about "remote access" in their proper context. The questions around "remote access" have changed over time, particularly during Second Sight's engagement:
- 1.3.1 The first "remote access" allegation identified by Second Sight came from Mr Michael Rudkin who claimed (see Spot Review 5) that Fujitsu was running a "black ops centre" from the basement of its office in Bracknell. This was checked and proven to be wrong (in a witness statement that was provided to Second Sight, a member of staff from Fujitsu confirmed that the test environment in the basement at Bracknell was not connected to the live Horizon system).
  - 1.3.2 A different issue was subsequently raised, namely whether Post Office could access Horizon branch data. Post Office has always had the ability to "access" (in terms of having read only access) Horizon data and it took some time to clarify with Second Sight what they were querying.
  - 1.3.3 At times it was asked whether Post Office could remotely log on to a branch terminal and conduct transactions in the name of a postmaster. Investigations at the time determined that Post Office could not do this but Fujitsu could log on to branch

terminals in order to provide technical support, though transactions could not be conducted through this route.

- 1.3.4 A further question was whether Post Office or Fujitsu could add transactions into a branch's accounts through back-end systems without a postmaster's knowledge. This is the Balancing Transaction issue that is addressed below and that was disclosed to Second Sight.
- 1.3.5 When preparing our Letter of Response, we identified the theoretical potential for Fujitsu administrators to access Horizon databases in a way which could change branch accounts. This is discussed in more detail below. Post Office regrets that it did not previously identify this possibility even though it is unreal to suggest that this is a true factor behind the shortfalls suffered by any postmasters.
- 1.4 At each stage, Post Office ascertained the position to respond to the questions it believed it was being asked. With the benefit of hindsight, some of Post Office's statements may have been incorrect in light of what has since been identified in relation to Fujitsu's administrator access rights (see below). But Post Office refutes any suggestion that it ever made false statements deliberately or did so to mislead, deceive or conceal. The Post Office personnel responsible for those statements made them in good faith: what was said reflected what they understood the position to be after they had made relevant enquiries at the time.
- 1.5 In any event, there is no suggestion that Post Office made any incorrect statements before Second Sight began its work in 2012. By this time, many of the Claimants had left their branches and so could not have relied on such statements. Indeed, you have presented no material to suggest that any postmaster has relied on any such statements by Post Office or suffered loss as a result.
- 1.6 Nevertheless, given the prominence which the Claimants appear to place on these allegations, in connection with this litigation Post Office has undertaken further investigations into whether Global Users, Balancing Transactions and Fujitsu administrator access could be behind the shortfalls you allege. These investigations have focused on Horizon Online, being the version deployed in 2010 and which is still in service.
  - 1.6.1 Except for Global User access and Balancing Transactions, the transactions recorded on Horizon that make up a branch's accounts are either input or approved by branch staff before they form part of the relevant accounts.
    - (a) We addressed Global Users in our Letter of Response. The ability of Post Office staff to log on to terminals when physically in a branch has always been known to postmasters and their actions have always been entirely visible to postmasters.
    - (b) We also addressed Balancing Transactions in our Letter of Response. Any Balancing Transactions input into the Branch Database<sup>1</sup> are identifiable by Postmasters as they appear on the transaction log report to which Postmasters have access (and which they should review when considering a shortfall in the branch accounts). The transaction user ID does not appear as that of any member of staff at the branch, but appears as "SUPPORTTOOLUSER99".
    - (c) The existence of Balancing Transactions was disclosed to Second Sight during the mediation scheme. In addition, the fact that Balancing Transactions show up

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<sup>1</sup> In Horizon Online, the Branch Database holds the live version of the transaction data used in day to day operations. It is located on a server in a central data centre. Transaction data (other than the immediate data for a transaction being conducted in real time with a customer) is not held locally on terminals in branches. For example, when a postmaster in a branch requests on his local Horizon terminal a list of all the transactions conducted on a specific day, this data is drawn from the Branch Database and sent over the internet to the terminal in the branch. A similar flow of data happens when conducting transactions and rolling over a branch's accounts.

in a branch's accounts means that there can be no allegation that the existence of a Balancing Transaction was concealed from a Claimant.

- (d) If any Claimants are alleging that a Global User improperly conducted transactions whilst in a branch or that a Balancing Transaction was the root cause of a shortfall (or that Post Office tried to conceal either of these), please identify the Claimants who are doing so and provide details of their allegation. If not, now is the time to say so.

1.6.2 In relation to Fujitsu's administrator access:

- (a) There are certain circumstances where this access could in principle be used to change parts of Horizon, including the raw data in its databases that reflect transaction records. Although this would be very difficult to do in practice and would be of questionable benefit to anyone who tried, changes could in theory be made to the Branch Database which could then manifest as a discrepancy in a branch's real-world accounts.
- (b) There are a significant range of controls in place to limit access to this data and to make it very difficult (and in many cases impossible) to add, amend or delete data without leaving an audit trail in the system.
- (c) Post Office therefore denies that Fujitsu's administrator access has been misused so to cause the shortfalls attributed to any Claimant.
- (d) It should also be noted that a number of Post Office's historic statements were describing the functions of the Horizon system as designed, not what Horizon could be changed to do or show using Fujitsu's administrator access. In the context of those statements, administrator access was not a relevant consideration. As stated above, the context behind each statement is of paramount importance.

- 1.7 The simple fact is that, while allegations about data manipulation may make good headlines, they have no substance. It is fanciful to contend that there was a conspiracy between Post Office and Fujitsu to manipulate data in order to deliberately cause false shortfalls to appear in Post Office branches. Taking a step back and assessing the realities of this case sensibly, there is no credible material to support such allegations, but only supposition about what Horizon *might* in theory be able to do.

1.8 Turning to the other related questions asked in your letter:

- 1.8.1 At paragraph 194 you ask whether the Courts have ever been informed about "remote access" issues. Post Office is fully aware of its ongoing prosecution disclosure duties and will make such disclosures (if any) where appropriate.
- 1.8.2 In response to paragraph 195, Post Office was aware following Professor McLachlan's evidence in Court of a number of issues that could, in a broad sense, be described as concerns over Post Office's investigation into the Misra case. However, this evidence was ventilated before a judge and jury and Seema Misra was convicted of theft. It is not appropriate to comment on this further while the prosecution of Mrs Misra is being considered by the Criminal Cases review Commission.