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Tuesday, 4 May 2010

Dear Issy,

Re: Seema Misra

As agreed, I am summarising progress to date in relation to the investigation of the Horizon transactions provided by Fujitsu for West Byfleet.

I have:

- Established a mechanism for converting the Excel spreadsheets into an appropriate set of formats for loading into an Access database
- Reviewed the various product codes, the structure of the spreadsheets and conducted a walk through of the spreadsheets with Gareth Jenkins (Fujitsu) in teleconference.
- Conducted some simple high level consistency tests.
- Made a preliminary investigation into the hypotheses discussed in my earlier reports.
- Failed to identify any indicators of problems in the Horizon transactions at this preliminary stage.

I have discussed my preliminary progress with Gareth Jenkins (Fujitsu) and he agrees that:

- Examination of the Horizon transactions will not determine whether discrepancies arise from operator error due to poor training, lack of understanding of the operation of the system and lack of support from regional managers and the BSC or dishonesty.
- Certain system conditions in the post office counter system (in particular resetting of the touch screen and the failure to print a readable receipt because of ink or cylinder problems) are not recorded in the transactions that are available from Fujitsu.
- Some of the Horizon transactions shown from Fujitsu, in particular many of those in terminal modes that are not 'SC' i.e. Serve Customer, depend on information held outside the Horizon system at the systems operated by the Post Office Product Branch Accounting function at the Business Support Centre (BSC) at Chesterfield. For example the reconciliation of EPOS transactions and bill payment transactions at the BSC will give rise to requests for the Sub Postmaster to accept adjustments to transactions in the Horizon system.
- It is not possible to investigate these transactions without reviewing the corresponding activities at the Business Support Centre both from a systems and operations point of view. For example, it is feasible that when a discrepancy is identified by the staff at the Business Support Centre, the operational procedure or system suggests that

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reconciliation can be achieved by adjustment to the Horizon branch transactions while in fact the issue resides elsewhere.

- The systems operated at the Business Support Centre at Chesterfield were only brought to my attention for the first time at the time of our conversation on 12th February 2010.

These issues are discussed more fully in my 4th interim technical expert's report of 12th February 2010.

In the light of the above, I await your further instructions before continuing with my investigation of the Horizon transaction data.

Yours sincerely

GRO

Professor Charles McLachlan