

Stephen Dilley

From: Chambers Anne O [Anne.Chambers **GRO**]
Sent: 23 August 2006 17:15
To: Stephen Dilley
Cc: Pinder Brian
Subject: RE: Post Office -v- Castleton
Follow Up Flag: Follow up
Flag Status: Red
Attachments: DOC_1203719_update.DOC

Stephen,

I have added the references as requested. The additional call which you have not yet seen, which was not raised specifically for this branch, is e-0402180803.

Brian, can you retrieve this from your official Powerhelp archive?

I noticed there were still two "Ann"s on the penultimate and last pages, these need correcting too. Otherwise I am happy with the content.
Call e-0403040165 is attached as part of the exhibit and I don't think it should be.

Regards,

Anne

Anne Chambers
Systems Support Centre, Post Office Account

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From: Stephen Dilley [mailto:Stephen.Dilley **GRO**]
Sent: 22 August 2006 18:34
To: Chambers Anne O
Cc: Pinder Brian; Tom Beezer
Subject: Post Office -v- Castleton

Dear Anne,

Thanks for your email of 18 August. I attach a slightly revised copy of your statement with questions in **underlined bold italics** and Exhibit (the Exhibit will increase when you respond to the questions on call logs).

Once you've approved it, I'll send it to Counsel to review before sending you an amended version for approval and signature.

25/08/2006

I look forward to hearing from you as soon as possible.

Kind regards.

Stephen Dilley
Solicitor
for and on behalf of Bond Pearce LLP

DDI:
Main office phone:
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Filed on behalf of the:	Claimant
Witness:	Ann Chambers
Statement:	1
Exhibits:	"AC1"
Date made:	22/8/06

**IN THE HIGH COURT OF JUSTICE
QUEENS BENCH DIVISION**

Claim No. HQ05X02706

BETWEEN:

POST OFFICE LIMITED

**Claimant/Part 20
Defendant**

- and -

LEE CASTLETON

**Defendant/Part
20 Claimant**

WITNESS STATEMENT OF ANNE CHAMBERS

I, ANNE CHAMBERS of Fujitsu Services, Lovelace Road, Bracknell, Berkshire, RG12 8SN **WILL SAY AS FOLLOWS:**

1. I am a System Specialist employed by Fujitsu. I have worked for Fujitsu (previously ICL) since 1978. I have a working knowledge of the computer system known as Horizon, which is a computerised accounting system used by Post Office Limited (**Post Office**). I am responsible for investigation of problems which are, or are suspected to be, caused by software or hardware errors anywhere in the Horizon system. I am authorised by Fujitsu Services to view extractions of audit data held on the Horizon system and to obtain system transaction information from the live Horizon system.
2. I make this Witness Statement from facts within my own knowledge unless otherwise stated. References to page numbers in this Witness Statement are to page numbers of Exhibit "AC1" to this Witness Statement.
3. Any records to which I refer in my statement form part of the records relating to the business of Fujitsu Services. These were compiled during the ordinary course of business from information supplied by persons who have or may reasonably be supposed to have personal knowledge of the matter dealt with in the information

supplied, but are unlikely to have any recollection of the information or cannot be traced. As part of my duties, I have access to these records.

System Support Centre

4. Calls from Post Masters relating to potential system problems are initially taken and logged by the Horizon System Helpdesk (**HSH**). Business issues, which include problems with discrepancies when balancing the branch accounts, are expected to be handled in the first instance by the National Business Support Centre (**NBSC**), run by the Post Office. If these helpdesks are unable to resolve the problem, calls may be passed to the System Support Centre (**SSC**), the unit in which I work. I have access to much more detailed system information than do the other units.
5. My initial involvement with the investigation was on 26th February 2004, when call reference e-0402251077 was assigned to SSC (pages). The call cross-referred several other closed calls at pages, ***{do they need to be included explicitly here? – We should exhibit them but Andy Dunks can explain them in his statement. Please can you tell me what the calls were you read so we can exhibit them}*** e-0401280325, e-0401290358, e-0402130267, e-e-0402250454, 0402250553 and so I read those too, to get a better idea of the problems being reported by the branch.
6. **e-0402251011 Critical event seen @13.00.36 18/02/04** (page) – the call was raised several days after the event occurred. The Known Error Log entry quoted did not match the specific symptoms of this instance. Upon checking further, I found that hundreds of branches had had the same event at the same time. The cause had already been investigated by another member of the SSC on ***[insert date and call reference and exhibit call]*** 18/02/2004 e-0402180803 and was benign. The event would not have been seen by users at the branches, and in no way affected the branch accounts.

Continuing discrepancies (several calls)

7. I checked for any central reconciliation report entries for the branch which might indicate a system problem. Various built in checks occur at the end of each day. For example, the gateway terminal (i.e. the particular computer at the branch through which data is uploaded to the central data centre) will total all the transactions completed on both terminals during the day. The total is transmitted to the central data centre and compared with the total transactions received at the data centre from the branch, to ensure that all transactions recorded at the

branch have reached the data centre. If the gateway terminal is not in communication with the second terminal, the totals are not calculated until communications are restored.

8. Further checks are made when the sub-postmaster has produced the weekly cash account at the end of the financial week – normally Wednesday. The cash account lines are produced by processing the entire week's transactions as recorded at the branch, the paper copies of the cash account are printed, and the electronic copy is sent to the data centre. Each day, the gateway terminal has added up the day's transactions according to where they should appear in the cash account, and summarises them at the end of the week. The data centre also produces a weekly cash account based on all the transactions received from the branch during the week. There are therefore effectively three weekly cash accounts:
 - a) The official branch weekly cash account;
 - b) The branch daily account, summarised at the end of the week; and
 - c) The data centre weekly cash account.

Any differences between any of these will result in one or more reconciliation report entries. Report entries are only produced if there are differences.

9. I found no reconciliation report entries relating to this branch, indicating that all transactions recorded at the branch had reached the data centre and had been included in the official branch cash account. My checks covered at least two weeks prior to the investigation, i.e. weeks 47 and 48.
10. I examined the branch messagestore as at 26th February 2004. This contained, among other things, all the transactions completed in the previous 34 days, and any cash, stamp and stock declarations or adjustments made at the branch. I looked primarily at one of the latest financial weeks – I cannot remember now whether I checked week 47 or 48.
11. Cheques were handled correctly as far as the system was concerned. I checked the remittance out of the cheques, which is normally done several times a week, as the sub-postmaster had reported a problem with this on 10th February (call reference e-0402130267) (page). I found that on that one day, the cheque listing report was not cut off after the day's cheques had been remmed out. 'Cut off' involves pressing a button on the system to confirm that you have completed processing of the report, so that when the report is next printed, it will include

only transactions done after the cut-off point. Since the report was not cut off, when next printed, it still included the cheques that had already been despatched. I confirmed that the total value of cheques remmed out of the system equalled the values of cheques received, and so the failure in process did not cause any financial discrepancy.

12. Following up a further point from call reference e-0402130267, I noticed that occasionally, when they declared the cash held in the office at the end of the working day, they did not always use the same declaration identification number. For example if a sub-postmaster uses number 01 and enters £10,000 and then changes their number and uses 11 to record it elsewhere, the system will think that, at that point, the branch has £20,000 whereas it only has £10,000. I checked to make sure this had not been done when they declared the cash at the end of the financial week, and it had not.
13. I went through the cash elements of transactions day by day and compared them with the overnight cash declarations (ignoring any duplicated declarations as described in paragraph 12 above). I expected to find that the cash holding declared by the sub-postmaster at the end of a day was reasonably close to what he had declared the previous day, adjusted by the value of the cash transactions recorded on the system during the day. For example, if at the end of day 1 he was holding £50,000 cash, and during day 2 recorded transactions showing £6,000 cash received and £5,000 cash paid out, the net cash for the day would be £1,000 received, and so the cash holding at the end of day 2 should be £51,000. The main reason for making this check was to see if I could narrow down the source of the discrepancy to a particular day.
14. I was surprised to discover that at the end of each day, the cash the branch declared in the drawer was tens, hundreds or thousands of pounds astray from what they had recorded on the system. This meant that it was possible that the sub-postmaster was not accurately recording all transactions on the system at the time the cash was physically being put into or taken out of the till. This is not necessarily a problem, as long as everything is entered and declared correctly by the end of the financial week, but does suggest that they are not working accurately, and it meant I could not link the weekly loss to any particular day.
15. There was no evidence whatsoever of any system problem, but the continuing losses and calls suggested they needed some business assistance. I therefore contacted a colleague, Julie Welsh, in Fujitsu Customer Services, and asked her to

inform Post Office (page). I updated the call with a summary of my investigation and returned it to HSH, requesting they contact the sub-postmaster and explain that we had investigated and the discrepancies were caused by the difference between the transactions they had recorded on the system and the cash they declared, and were not being caused by the software or hardware.

Conclusion

16. There are no reasonable grounds for believing that the information recorded and stored on the Horizon system would subsequently become inaccurate because of improper use of the computer terminal. To the best of my knowledge and belief, during the material time, the Horizon system was operating properly at the Marine Drive branch or if not, any respect in which it was not operating properly was not such as to affect the production of cash account or audit record, or accuracy of their contents.

I believe that the facts stated in this witness statement are true.

Signed
ANNE CHAMBERS

Date

Filed on behalf of the:	Claimant
Witness:	Ann Chambers
Statement:	1
Exhibits:	"AC1"
Date made:	22/8/06

Claim No. HQ05X02706

**IN THE HIGH COURT OF JUSTICE
QUEENS BENCH DIVISION**

BETWEEN:

POST OFFICE LIMITED

**Claimant/Part 20
Defendant**

- and -

LEE CASTLETON

**Defendant/Part 20
Claimant**

**WITNESS STATEMENT OF ANNE
CHAMBERS**

BOND PEARCE LLP

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GRO

DX **GRO** Plymouth
Ref: SJD3.348035.134

**Solicitors for the Claimant/Part 20
Defendant**

Filed on behalf of the: Claimant
Witness: A Chambers
Statement: 1
Exhibits: "AC1"
Date made: 22/8/06

**IN THE HIGH COURT OF JUSTICE
QUEENS BENCH DIVISION**

Claim No.

BETWEEN:

POST OFFICE LIMITED

**Claimant/Part 20
Defendant**

- and -

LEE CASTLETON

**Defendant/Part
20 Claimant**

EXHIBIT "AC1"

This is the Exhibit marked "AC1" referred to in the Witness Statement of Anne Chambers dated August 2006.