POL00152834

From: Rodric Williams[GRO
Sent: Mon 10/08/2015 4:13:58 PM (UTC)
To: Tom Reid[GRO
Subject: FW: Post Office
Attachment: Panorama statement August 2015.pdf

Hi – the detail on Horizon audits is in para 9 below, and more generally in the third para of the statement (attached).

POST OFFICE
Rodric Williams
Solicitor, Corporate Services

Post Office Ltd
20 Finsbury Street, London EC2Y 9AQ
GRO

From: Mark R Davies
Sent: 04 August 2015 18:34
To: Karen Wightman (GRO
Cc: Melanie Corfield; matthew.bardo GRO
Subject: Post Office

Dear Karen,

Thanks for your time today. I promised to come back to you on your interview request and on the points you and your team have raised. I attach a statement and a number of points to this email.

I remain concerned that the Post Office is being placed in a very difficult and unfair position. We are being asked to respond to unsubstantiated and very serious allegations, with little or no evidence provided to support them. As discussed today they range across many areas. I am afraid that in the circumstances, we feel we have no alternative but to decline any interview.

I attach a statement that, as you will see, wholly rejects the unsubstantiated allegations being made. This statement, in the circumstances, can hardly be expected to be exhaustive. The matter is highly complex and has been, as you know, subject to years of investigation and interrogation but we have been prevented from putting forward further facts and evidence to the programme because of the lack of provision of evidence and specific detail provided to us.

For the avoidance of doubt, although the attached statement is for broadcast, this letter and its contents are not intended for broadcast.

There are numerous points which I do not believe the programme is taking into account because it is clear from the line of questioning, and in other correspondence we have had with the programme, that some very flawed assumptions are being made.

In your letter on Friday, for instance, you explained the context you feel could make it reasonable to include a contributor's allegation that Paula Vennells is 'implicated in perpetuating miscarriages of justice and should resign' and that the Post Office 'is a bullying organisation'. There is nothing that has been put forward that supports such serious and damaging allegations whilst there is, in fact, a great deal of information that demonstrates the contrary. I include points about this and other matters of concern below. Many of these points are also made in our statement:

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1. Paula Vennells initiated the inquiry and the mediation scheme, demonstrating her determination to get to the bottom of allegations. As she told the BIS Select Committee in February 2015: "The decision to set up the mediation scheme was mine, with the Board of the Post Office, because Second Sight, as they mentioned, produced a report in the summer of 2012 [sic]. We were genuinely concerned about the issues they raised and the fact that these people had challenges. We are a business that genuinely cares about the people who work for us. If there had been any miscarriages of justice it would have been really important to me and the Post Office that we surface those. As the investigations have gone through, so far we have no evidence of that. As you will know we are bound by the Disclosure Act to make known anything that we come across that might contribute to that. The difference is that we simply wanted to know, to give those people the opportunity to be heard, because they told us they hadn't been."

2. The Post Office has demonstrated that it continues to more than meet the commitments it gave to the people who put forward complaints.

3. The review was not and never has been a criminal case review, but rather an investigation into whether Horizon operated as it should in a small number of cases, a minority of which involved a prosecution. Second Sight are accountants, not experts in criminal law or procedure, and were provided with all the relevant documentation to perform their role, as was agreed by the mediation scheme's working group (of which they were a member) in 2014.

4. External specialist criminal lawyers have continued to review material to ensure Post Office complies with its continuing duty after a prosecution to disclose any information that subsequently comes to light which might undermine its prosecution case or support the case of the defendant.

5. There have been no appeals against convictions. The mediation scheme was not a bar to legal actions or to start a claim. It has not affected postmasters' legal rights, including the right to appeal.

6. It is not unreasonable to request that those making allegations should substantiate them or to request that they, at the very least, provide enough detail to allow us to provide a meaningful response. The Post Office has always been willing to discuss these matters – including the details of the individual cases, in confidence, with the relevant individual MPs and with, of course, their constituent's consent. This has not been widely taken up. We have continued to make very full and public responses to allegations made, providing as much detail as we possibly can without breaching the confidentiality of the people involved.

7. Regarding the three individual cases I must repeat that an 'examination' of these cannot be fair, balanced or accurate without comprehensive legal files and material that are not available to Panorama or its contributors. I cannot underline the point about availability of material enough. There is nothing that you put to the Post Office that is more than bald assertion and extremely flawed inferences from partial information, including conclusions apparently made from a few individual statements taken out of context.

8. There is overwhelming evidence that that the losses complained of were caused by user actions, including deliberate dishonest conduct. When investigating losses in a branch, Post Office will try to establish what has happened in that branch, but this task will be frustrated if the fact that money is missing has been hidden by deliberately falsifying the branch accounts. Falsifying accounts can also contribute to branch losses. Where accounts have been falsified it is not possible to identify the transactions that may have caused discrepancies and losses, preventing the correction of the practices and procedures that generated those losses. Where a there is a loss and evidence of false accounting, the fact of the loss together with the false entries is often sufficient evidence on which to base a charge of theft. The charge of false accounting is however a separate and distinct offence to theft.

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9. The Horizon system (both pre-2010 and now) has always been subject to independent scrutiny. Ernst & Young produce an annual ISAE3402 service auditor report over the Horizon processing environment; each year Bureau Veritas perform ISO27001 certification – this is the industry standard security accreditation; Information Risk Management (IRM) accredit Horizon to Payment Card Industry Data Security Standards on an annual basis. In addition Fujitsu undertake regular industry standard testing on the system and the Post Office audit team perform risk based reviews.

I remain more than willing to discuss these, or other matters, with you and to answer questions that do not breach individual confidentiality.

Best wishes,

Mark

Mark Davies
Communications and Corporate Affairs Director

1st Floor
Finsbury Dials
20 Finsbury Street
London EC2Y 9AQ
GRO