

Bond Dickinson

CONFIDENTIAL AND LEGALLY PRIVILEGED**Draft response to SS***By email**From: Patrick**To: Ian Henderson*

Ian

Thanks for your email below and the opportunity to comment on the new Section 14 of the Part Two Report.

2 As we have ~~said, always stated,~~ Horizon does not have functionality that allows Post Office or Fujitsu to
 3, 4, 5 edit or delete the transactions recorded by branches ~~and -- w~~We have previously ~~described-provided you~~
 6, 7 ~~with details of~~ the controls in place to ~~stop this happening~~ensure the integrity of Horizon's data. ~~I don't~~
 8 ~~understand how we have controls against something which we have just said can't happen as a matter~~
~~of functionality -- please clarify for me ?~~^{A1}~~but if you need more detail on these please let me know. As~~
~~you are aware, I note that~~ there has been no evidence presented in any case reviewed as part of the
 Scheme that shows that these controls have failed or that the above statement is incorrect.

9, 10 It has however always been possible for Post Office to correct errors in and/or update a branch's
 accounts. ~~This is m~~Most commonly ~~this is~~ done by way of a transaction correction however it could also
 11 be by way of a balancing transaction or transaction acknowledgement. A Post Office employee could
 also, in special circumstances ~~[do we need to over this example/does it happen?]~~^{A2}, log on to a branch
 terminal locally (i.e. by being physically in a branch) using a new User ID and password and then
 conduct transactions (though these would register against that unique User ID).

The two Post Office / Fujitsu documents you refer to in the new Section 14 relate to the Receipts /
 Payments issue that affected a small number of branches that were the pilot branches for Horizon
 Online in 2010. This information was disclosed to Second Sight back in 2013 and I thought that this
 matter had already been resolved.

However, in the short time available, I have been able to speak to Fujitsu and can confirm that most of
 the branches affected by the Receipts / Payments issue were resolved by Post Office writing off the
 discrepancies (being "Solution 2" as you correctly state at paragraph 14.12). In one branch, a balancing
 transaction was used to correct the discrepancy in the branch's accounts (being "Solution 1" in the
 documents). The affected branch was not a branch in Scheme - we know this because Horizon
 automatically logs any use of balancing transactions and this log shows that a balancing transaction has
 only ever been used once across the entire Post Office network since the roll out of Horizon Online.^{A3}
 Given the passage of time, we have not been able to conclusively determine why this one branch was
 treated differently however the overall effect is the same: no branch suffered a loss as result of the
 Receipts / Payments issue.

12 All of the above processes for correcting / updating a branch's accounts have similar features. They are
 only used with a Subpostmaster's consent ~~[this seems strong -- is that right ?]~~^{A4}, all of them involve
 inputting a new transaction into the branch's records (not editing or removing any previous transactions)
 and all are shown transparently in the branch transaction records available to Subpostmasters (as well
 as in the master ARQ data).

13, 14, 15 ~~Unfortunately, T~~the language used in the documents produced by Post Office / Fujitsu ~~and to which you~~
 16, 17, ... ~~refer is unfortunate~~ colloquial shorthand ~~that was only intended for internal-used~~ by those ~~working on~~
 20, 21 ~~who understood~~ the Horizon system. I can ~~see~~understand ~~how it might -- why these documents could be~~
 read to suggest that Post Office was "altering" branch data but I hope the above explains why this is not
 the case.

Kind regards
 Patrick

Page 1 Comments

- A1** Good point – re-drafted to make clearer.
AP6, 08/04/2015 05:01 PM
- A2** It happened in the case of Tracy Ann Merrit so SS will know this already.
AP6, 08/04/2015 04:57 PM
- A3** Are you comfortable with this wording? Strictly speaking, the BT process also applied to old Horizon but the audit log does not go back that far.
AP6, 08/04/2015 12:37 PM
- A4** The BT process could theoretically be used without consent but in practice POL say that they would only use a BT after informing the branch. So I think this statement is correct.
AP6, 08/04/2015 04:59 PM

Track Changes

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