

Mike Granville

From: Rod Ismay
Sent: 29 November 2010 19:43
To: Mike Granville
Cc: Rod Ismay
Subject: Draft. Branch data and balancing issue

This note is to respond to some recent concerns about data during branch balancing processes.

In draft as yet to ensure it makes sense to those not so closely involved in the issues.

The issue sometimes known as the "Receipts and Payments Mismatch" has come up in some recent emails. There have been several business discussions about how to resolve it and an option had been referred to which, if adopted, would have led to adjustments being made direct in Horizon.

For clarity, whilst this was (for completeness) flagged as an option, my understanding is that it has always been rejected as it would undermine the long standing principle that all entries in Horizon be initiated or authorised by the branch.

It is undoubtedly possible with any IT system that special mechanisms could be developed to adjust users systems and data, however, POL IT colleagues have remained satisfied:

(A) that POL would not wish this facility to be built for Horizon, and
(B) that there are segregations of duties and change management controls which would prevent Fujitsu from deploying such functionality

The specific "R&P" issue has arisen from a non compliant series of user actions in branch and applies to a small number of branches. Whilst some branches had been concerned that data had "disappeared" the relevant balance had actually been moved to the wrong place but was still visible.

A solution and a covering explanatory note for branches are currently being worked up through a group involving IT, Finance and Network colleagues.

Thanks Rod

MEMO

In the light of Lynn Hobbs e-mail of 18 November, and subsequent discussions with Rod Ismay, I held a brief meeting with Mark Burley on Friday 26 November to discuss the issue of any potential backdoor way into the Horizon system. Mark confirmed that there wasn't such a facility for POL.

He said that, as with any system the technical operator (Fujitsu in this case), had the potential to make technical coding changes with respect to the system. However, these activities were controlled by a rigorous process of clearances within Fujitsu which would prevent amendment to any existing data. It was also the case that the independent audit log would record everything that happened – so that there would be a full independent record.

I asked Mark if he could provide me with a note on the control processes that are in place.

Mike Granville

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From: Lynn Hobbs
Sent: 18 November 2010 14:58
To: Mike Granville; Rod Ismay
Subject: RE: Follow up to BIS meeting on JFSA
Mike, Rod

I'm happy with the report and just have one observation

I found out this week that Fujitsu can actually put an entry into a branch account remotely. It came up when we were exploring solutions around a problem generated by the system following migration to HNGX. This issue was quickly identified and a fix put in place but it impacted around 60 branches and meant a loss/gain incurred in a particular week in effect disappeared from the system. One solution, quickly discounted because of the implications around integrity, was for Fujitsu to remotely enter a value into a branch account to reintroduce the missing loss/gain. So POL can't do this but Fujitsu can.

Lynn

From: Mike Granville
Sent: 17 November 2010 17:31
To: Rod Ismay; Lynn Hobbs
Subject: Follow up to BIS meeting on JFSA

Rod / Lynn

Further to the meeting we had with Mike Whitehead about the JFSA – I am aiming to send this broad response note. Please can I ask if you could cast an eye over this and let me know if you have any comments – or whether I've missed anything. I'd like to be able to send tomorrow (Thurs) – so, if feasible, could I ask you to let me have any comments tomorrow.

Thanks

Mike

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Postline: **GRO**

GRO

Mike,

Re ET discussion tomorrow re Audit approach.

It was this issue that led to our checking that there was no way POL could get into the system, and that if Fujitsu did so there were full controls. It should be noted in the above case that no action by Fujitsu was taken remotely entering anything.

Rod Ismay is sending me a memo on the way that this issue was resolved. It also makes clear that no transactions 'disappeared' from the

19/11/2010 system - rather they were posted to a different place →

→ which was subsequently resolved.