

Post Office

Lessons Learned Review of handling of alleged issues/concerns about Horizon

Background

Over recent years there have been a number of claims that weaknesses in the Horizon IT system were often the real cause of accounting discrepancies attributed to a number of sub-postmasters. Following a suggestion from Mr James Arbuthnot MP, Second Sight review were commissioned to undertake an independent investigation of the Horizon system and interim report was published in July 2013. The Second Sight investigation continues and the Post Office has also commissioned some other specific follow on work in the light of the Second Sight interim report.

Purpose

This is a “lessons learned” review. The purpose of this review is to not to duplicate the work already done or under way in relation to the integrity of the Horizon system itself. Nor is it intended to investigate individual cases. Rather it is a review to see whether there any lessons to be learned by the Post Office about how it handled suggestions that there have problems with Horizon and, in particular, that these were at least a contributory factor in a number of cases where prosecutions were in train or under consideration.

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Scope

1. Identify any early indications of possible or alleged problems with Horizon and assess the POL response to any such indicators – this task is likely to duplicate work which has been done/being done by SC team. The review to start from JA raising his concerns.
2. Review the initial response to emerging specific claims – particularly those raised through the JFSA and James Arbuthnot MP, that problems with Horizon were the real cause of accounting discrepancies for which the Post Office was pursuing individual SPMs. In particular, the review should assess the action taken by the Post Office where such claims related to cases where individual SPMs were subject to prosecution or debt recovery action.
3. Review the investigation established, following a suggestion from Mr. Arbuthnot that there should be an independent review. This should cover:
 - a. the circumstances and reasoning behind the decision to commission an investigation;
 - b. the nature of the investigation process adopted – accountabilities, purpose/scope, methodology, output, contractor selection, costs etc.
 - c. the Post Office management of and interface with the ongoing investigation
 - d. Post Office management of external and internal stakeholders during the investigation, including (but not limited to) – [Shex], JFSA, James Arbuthnot MP and the Post Office Board

4. In the light of the findings from the above work, the Review should identify lessons learned and make recommendations [to the Post Office Board] covering in particular:
 - a. any further immediate actions which could be taken to help finalise the current Horizon review and related work streams;
 - b. any implications for the Post Office procedures for pursuing potential criminal prosecutions
 - c. the handling of any similar investigations of alleged weaknesses in Post Office systems or procedures in the future;
 - d. stakeholder management.
5. Finally, consider any wider implications for the Post Office, including in relation to its culture, management and processes.

Methodology

Although not secret, the Review has been commissioned as a private assessment for the Post Office Board. The Board will need in due course to consider whether it wishes to make the report or its findings more widely available in whole or in part (ideally not to avoid diluting its impact). It is not expected that this review will under new investigatory work. It will review existing evidence, including in particular, the findings of Second Sight and will interview key Post Office players. [Consideration may also need to be given to interviewing a limited number of external players].

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The Review will be conducted by an external assessor [Mr Richard Hatfield] working to Paula Vennells, Chief Executive. The review should be considered part of the wider Post Office response to the Second Sight report. [Alasdair Marnoch, Chairman of the Audit Committee will work with Richard and Paula in support of the project] Alasdair Marnoch, Chairman of Audit Committee, as Board Sponsor. The external assessor will be supported by Malcolm Zack, Head of Internal Audit and Alwen Lyons, Company Secretary who will facilitate access to documents and people.

Outputs and Timescales

The external assessor will submit a proposed broad workplan for agreement before starting substantial work. [Mr Hatfield] should, however, keep Mr Marnoch in touch with progress during the Review and should consult him immediately if [he] considers any significant changes may be required to the scope or duration of the work. It is estimated that the task, including preparatory research and writing up, will require 20 days in total. Assuming that substantive work can begin in early September, work is to be concluded and a final report submitted by no later than the end of October, and earlier if possible.