

Message

From: Prime, Amy [GRO]
Sent: 14/11/2016 08:14:05
To: Anthony de Garr Robinson [GRO]; Owain Draper [GRO]
CC: Gribben, Jonathan [GRO]; Lukas, Elisa [GRO]; Parsons, Andrew [GRO]
BCC: 364065_01369 _ Horizon IT System_Group Action E_Mails [{F26896945}.4A-LIVE@EM-S.NETWORK.LOCAL]
Subject: RE: Deloitte Report [BD-4A.FID26896945]
Attachments: _DOC_34314388(1)_Part 3 of 3 - Chronology of statements made in relation to Remote Access_ 14 November 2016.DOCX

Tony

Part 3 of 3 attached.

Amy

From: Prime, Amy
Sent: 14 November 2016 08:12
To: 'Anthony de Garr Robinson'; 'Owain Draper'
Cc: Gribben, Jonathan; Lukas, Elisa; Parsons, Andrew
Subject: RE: Deloitte Report [BD-4A.FID26896945]

Tony

Part 2 of 3 attached.

Amy

From: Prime, Amy
Sent: 14 November 2016 08:10
To: Anthony de Garr Robinson; Owain Draper
Cc: Gribben, Jonathan; Lukas, Elisa; Parsons, Andrew
Subject: RE: Deloitte Report [BD-4A.FID26896945]

Good morning Tony

Please find attached Part 1 of 3 of the chronology of statements made by POL on remote access. I will send parts 2 and 3 in separate emails to follow.

If you have any issues accessing the documents due to their size please let me know.

Kind regards

Amy

From: Parsons, Andrew
Sent: 13 November 2016 20:23
To: Anthony de Garr Robinson; Owain Draper
Cc: Prime, Amy; Gribben, Jonathan; Lukas, Elisa
Subject: RE: Deloitte Report

Tony

Sorry for the delayed reply. See my comments below in yellow.

The bottom line is that, even if we could resolve the issues below, FJ do have the ability to amend transaction data in a way that could create a shortfall in a branch's accounts. This ability exists regardless of whether there is or is not an audit trail of the changes. This means that Post Office have historically made untrue statements as it has categorically stated that amending transaction data was not possible.

The first big question to my mind is: Do we publicly accept that PO has made false statements?

This does not mean that POL has deliberately concealed info / perpetrated a fraud. First, POL arguably made the statements in good faith reliance on advice from FJ. Second, there is a question about to whom the statements were made and whether they were relied on. I appreciate that both of these are technical arguments and don't resolve the underlying bad karma of the position.

The second big question is: Was Super-user access actually used to create shortfalls?

We will never be able to know this definitively (see comments below about the lack of data) but, to my mind, we need to build a case that the use of Super-user access was so exceptionally rare that it is a highly unlikely to be the cause of the shortfalls in branches.

The draft letter sent over last night had a first stab at putting this down in writing. Attached is a slightly updated version.

It is the first question above that will be useful to discuss with POL tomorrow in order to take their temperature on (i) a mea culpa and (ii) throwing FJ under the bus. For what it's worth, my current view is that we need to accept that POL made untrue statements otherwise we end up trying to defend the indefensible.

Amy will send you tomorrow our working draft chronology of statements made by POL on the remote access question (sorry its too big for me to send to you tonight – my laptop just won't cope!). I appreciate that you won't have time to read this in full but it gives you a flavour of what has been said historically.

A

Andrew Parsons

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From: Anthony de Garr Robinson [<mailto:anthony.degarr@bond-dickinson.com>] GRO

Sent: 10 November 2016 12:15

To: Parsons, Andrew; Owain Draper

Cc: Prime, Amy; Gribben, Jonathan

Subject: RE: Deloitte Report

Thanks, Andy.

At the risk of stating the obvious, the issues requiring further work or inquiry that are thrown up by your summary appear to me to be as follows:

1. Section 4: We will be investigating both these points with POL
 - a. Para 4.4.1 – the missing 212k journal sequence numbers looks very bad (we have relied on the sequential journal logs many times as a testament to the reliability of the system) and needs to be urgently chased up,

with a view to establishing that it is not a problem for any shortfalls, or at least for any shortfalls relating to any of the current claimants. What can be/is being done about this?

- b. Para 4.4.2 – the 59 baskets not adding up to zero look bad too; what can be/is being done to establish that (a) the 59 baskets are not a problem in any of the shortfall claims we are facing or may in future face, and/or (b) that these 59 baskets do not reveal a wider problem/scope for indeterminacy in Horizon that undermines its reliability in any given case?

2. Section 5:

- a. Para 5.1 – the fact that we do not know whether there were balancing transactions or similar in legacy Horizon looks very bad. What can we do to establish that there is no possibility of balancing or similar transactions affecting branch data during the legacy Horizon period? This will be very difficult to determine. It's been 6 years since Old Horizon was active and most of the staff who were around from that time are no longer at FJ. Even if we could determine whether BTs did exist in Old Horizon, Deloitte say that there is now no way to determine whether they were used. POL just don't have the data going back that far.
- b. Para 5.4 – looks very good, except that the lack of any data for the period pre-12/03/10 period looks very bad. What can be/is being done to establish the position in relation to this period? Is it the same period as the legacy Horizon black period hole referred to above, or are the inquiries required here different to those referred to above? New Horizon was rolled out in early 2010 so I suspect that the date of 12 March 2010 aligns with that roll out but that has not yet been confirmed. Pre- 12 March 2010 is the same as question (a).

3. Section 6:

- a. Para 6.3.5 – Don't we obviously need (a) urgently to get hold of and check the logs for all super user activity, and (b) urgently to establish that those logs cannot be altered, or am I missing something? I'm speaking to Deloitte about this. Reviewing this data was originally not commissioned on the grounds that we didn't envisage a problem in the audit trail for super-users and it was an expensive job (min £20k). We only discovered the problem at the last minute (FJ delayed providing the key information as they had clearly been caught red-handed) so we are now commissioning this work. I'm speaking to Deloitte at 9:30 tomorrow (Monday) morning.
- b. Para 6.6 – don't we obviously need to ensure that a full scale audit/check has been or will urgently be done to ensure that all potentially discrepancies have been identified and shown to be irrelevant? Will that resolve any problems that might otherwise be thrown up by the points made in paras 6.6.2, 6/6.3 and 6.6.3? Herein lies the problem. What Deloitte are saying is that due to the flaw in FJ's controls there is the possibility (albeit small) that certain changes can be made to transaction data that cannot retrospectively be detected. If Deloitte are correct (and we are pressing them on this), then no amount of auditing / investigation will be able to identify the discrepancies.

I would be interested to know whether these points are being addressed and if so how urgently. I would also be interested to know what we will be able to say in our next letter, while further inquiries are being undertaken and various logs and other data being obtained.

Best wishes,

Tony

From: Parsons, Andrew [mailto:] GRO
Sent: 10 November 2016 08:34
To: Anthony de Garr Robinson [] GRO; Owain Draper [] GRO
Cc: Prime, Amy [] GRO; Gribben, Jonathan [] GRO
Subject: Deloitte Report

Tony, Owain

We're still trying to pin down Deloitte on the firm conclusions of their investigative work. I had hoped this would be done by now but we've hit a few road bumps.

Nevertheless, please find attached (i) Deloitte's full report and (ii) a draft BD summary of the report – this has been largely approved by Deloitte but should be treated with caution until finalised.

I'm sending these now so you have sight of them before Monday. I'd recommend starting with our summary and then reading appendix 7 to the main report. No need to read the full Deloitte report – it is long, technical and rather repetitive but I've sent it in case you want it for reference.

Kind regards
Andy

Andrew Parsons
Partner
Bond Dickinson LLP

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