

Horizon Briefing – 22nd March 2012

1. Computer Weekly Articles

A number of articles have been written by Computer Weekly relating to the Horizon System and the issues postmasters have had with deficits. The main article was published in May 2009 and can be found in Appendix 1.

In Summary this article highlights 7 case studies where the postmasters have claimed faults in the Horizon system have generated unexplained losses. In all cases no evidence was provided to substantiate errors in the Horizon System and where the case was taken to court the judge found that the Horizon System was working properly.

Computer Weekly engaged with 3 experts, Leigh Ellis (See profile in Appendix 2), Tony Sykes (See profile in Appendix 3) and Chris Wise. None of these IT industry experts could find any errors with the system; although they made a general statement that IT Systems generally do have errors.

An article by a Forensic Accountant on the Fraud Resource Web Site (See Appendix 11) also commented about his involvement in one of the cases where he states that “the Post Office System was unlikely to be flawed otherwise you would see problems through many of the 14,000 or so branches”

There are further articles in Computer Weekly covering the more recent systems failures that have been experienced – these can be found in Appendix 5, 7, 9, 10.

In 1999 Computer Weekly disputed the cause of the Chinook Helicopter crash which killed 29 people on board in 1994. The RAF inquiry ruled that the pilots were to blame – however Computer Weekly reported that the control software may have been the cause of the crash (See Appendix 4). This article has to some extent given added credibility to Computer Weekly’s capability in this area.

2. IT Industry View of Computer Weekly

Mark Davison (Account Manager for Post Office Ltd at Gartner) has strong connections with Brian Glick who is the Editor in Chief at Computer Weekly. His view is that Computer Weekly have a strong influence across the IT Industry and Government. They seem to have major influence on what is said and how it is presented.

Appendix 14 highlights the view from Gartner of what are the key influencers of UK Central Government.

Brian Glick also has links with Charlotte Aldred who is an advisor to the Cabinet Office on Open Data and Transparency.

Mark also confirms that Computer Weekly use “external experts” rather than using any internal capability.

Should we wish to have contact with Computer Weekly, Gartner would be willing to facilitate the contact with Brian Glick.

3. Audit Reports

The Ernst & Young management Letter for the year ending 27th March 2011 highlights a number of security improvements that need to be made around the management of central support accounts, there is nothing which would give concern regarding the integrity of the Horizon Online system.

The Gartner report in October 2008 was commissioned to provide assurance that the Horizon Online design was in-line with Post Office Ltd emerging strategies as well as providing a review of the Horizon Online (HNG-X) architecture.. This can be found from page 28 onwards of report in Appendix 12.

Gartner stated in their summary of the Architecture Suitability that :
“Overall, the HNG-X architecture is first rate. Gartner does not recommend changing it in any substantial way. Placement of business logic on the Branch PCs and the use of a compact interpreter maximize the use of modestly-configured PCs and minimize the load on the network.

All solution architects have to deal with “trade-offs”; the HNG-X architects crafted a strong solution that would be hard to improve upon.”

The Internal Audit Assurance Review, in conjunction with Deloittes, of Key System Controls in Horizon which can be found in Appendix 13 was conducted in February 2012. Its conclusions were as follows :

“IT disciplines around functional changes and capacity monitoring were found to be appropriately designed and also operating effectively. However, access to the system in branches, particularly sub-post offices, can be by means of shared accounts. In addition, fail-over from the live data centre to the back-up centre has not been tested since June 2009. This requirement is of particular importance, as highlighted by an outage in the system in December 2011. Testing of the business continuity plan has been scheduled for March 2012. Controls designed to maintain the completeness, accuracy and integrity of transactional data flows within HNGX were effective, with minor weaknesses noted around manual processes for the validation of master data and transaction data. No evidence was found of material discrepancies arising from these issues.”

Peter V. Stanley
Chief Architect
22nd March 2012

Appendix 1 – Computer Weekly Article – 11th May 2009

Bankruptcy, prosecution and disrupted livelihoods - Postmasters tell their story

Monday 11 May 2009 01:01

Lee Castleton cannot get a mortgage or a bank account, and is unlikely to ever own his house. He works over 100 hours a week as an electrician to make ends meet and support his wife Lisa and two children, Millie, 13, and Cameron, 12.

In this article:	Key points:
* Case study 1 - Lee Castleton	<ul style="list-style-type: none">14,000 post office branches use the Post Office's Horizon IT system for their accounts.
* Case study 2 - Jo Hamilton	<ul style="list-style-type: none">Postmasters claim faults with the technology are generating unexplained losses
* Case study 3 - Noel Thomas	
* Case study 4 - Amar Bajaj	
* Case study 5 - Alan Bates	<ul style="list-style-type: none">Post Office denies IT fault could cause accounting system to show incorrect balances
* Case study 6 - Alan Brown	
* Case study 7 - Julie Ford	



The 40-year-old former postmaster was declared bankrupt after he refused to pay the Post Office £27,000 – money he owed because the accounts of his Post Office branch in Bridlington, Yorkshire, showed deficits over a 12-week period in 2004.

Castleton insists he did not owe the money – although it showed as a loss on the Post Office's Horizon system, which is used by postmasters to do their accounting. He is one of several postmasters to come across losses they could not explain.

Castleton was so concerned about the debt that he refused to pay it back, and decided to go to court to contest the Post Office's insistence that he should pay.

But the court ruled that the debt was real, not illusory as Castleton argued. "The losses must have been caused by his own error or that of his assistants," the judge said. "It is inescapable that the Horizon system was working properly in all material respects."



Having lost the case, Castleton was left with costs of £321,000. In 2007, he filed for bankruptcy. "I was in too deep – I see that now. The whole thing has been heartbreakng," he says.

After an investigation of six months, Computer Weekly has discovered that at least seven postmasters have come into conflict with the Post Office after the system showed losses which took them by surprise.

Jo Hamilton started signing her accounts even when she knew they were wrong, because, she says, calls to the Horizon helpline didn't stop the deficits occurring and she felt backed into a corner. She was convicted of false accounting, but was spared a prison sentence after local villagers organised a collection to pay the debt.

Noel Thomas was convicted of the same charge, and spent his 60th birthday in jail.

A fourth postmaster, Amar Bajaj, ended up selling his Post Office. He resents making good the shortage and claims that the Post Office has received £11,000 from him which he does not owe.



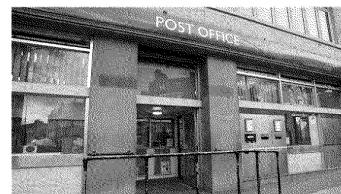
A fifth, Alan Brown, had a £6,500 deficit written off by the Post Office – only to find another £13,000 loss that he could not explain.

In a sixth case, Judy Ford had her IT equipment replaced by the Post Office, but not before £10,000 had gone missing. The company said it was probably down to her own errors, but she insisted she had not got anything wrong. She couldn't afford the repayments. "I lost all confidence in my job, and now I am going bankrupt. I have no trust in the Post Office at all," she says.

A seventh postmaster, Alan Bates, refused to sign his weekly accounts, saying it would have made him liable for any losses. He has called for a public inquiry.

All of the postmasters we spoke to say that their union, the National Federation of Sub Postmasters, has refused to help them investigate their concerns.

The Post Office denies it received any complaints from postmasters, and also denies that any IT-related fault could have caused the systems to show incorrect sums of money owed by some postmasters.



A spokesman said, "Horizon is an extremely robust system which operates over our entire Post Office network and successfully records millions of transactions each day. There is no evidence that points to any fault with the technology. We would always look into and investigate any issues raised by sub-postmasters."

The Federation declined to comment on the postmasters' claims.

Lack of evidence

None of the postmasters have firm evidence that IT was to blame. Jo Hamilton did not even realise it could have been the equipment causing problems until after her court case. She says, "I didn't understand what was happening, and I'm so rubbish with IT that at the time I thought it was somehow my fault. But other postmasters contacted me after my case, and I realised I wasn't alone."

One expert, Tony Sykes, a business systems specialist, says that further investigation is needed. Sykes has studied the system print-outs which showed that Castleton's Post Office had run up large debts.

A senior official at the Federation of Sub Postmasters, who asked not to be named, said, "The Horizon system may have been hunky dory on day one, but how does the Post Office know the system hasn't degraded over the years?"

“The problem we have is the culture of the Post Office. It’s heresy to say something can go wrong. No one can say computers cannot go wrong.”

Those affected say the Post Office did not fully investigate their claims. They also say that their contract requires them to pay any loss at their branch, whatever the circumstances.



Litigation solicitor Leigh Ellis, an IT specialist, says the contract between postmasters and the Post Office is weighted in favour of the company. “Postmasters need to be very careful that they retain evidence of differences between what the computer system reports and what they receive through the till. They need to put their concerns in writing to the Post Office explaining what the problems are.”

Chris Wise, a business systems consultant who acts as an expert witness in court cases involving IT systems, says, “It’s difficult to know what has gone wrong from the evidence we have to date, but almost all IT systems ever built have malfunctioned at some point. What matters is the way a business deals with those errors and gets to the bottom of what has actually happened.”

He says it may not have been IT glitches that caused problems for postmasters but the way the Post Office handled them.

[Back to top](#)

Case study 1

- Lee Castleton, Bridlington, Yorkshire



Lee Castleton, 40, was postmaster at the Bridlington post office in east Yorkshire. His problems started in January 2004, and he claimed he couldn't get help from the Post Office.

"Misbalances continued for 12 weeks. I spent hours going through accounts, trying to find out what had happened. It was baffling," he says.

Castleton rang the Horizon helpdesk, which is run by the Post Office, and asked repeatedly for help and a system check, but says they did very little.

"The Federation didn't help me either. It said it didn't want to get involved and refused to let me join."

After 12 weeks, Castleton was suspended and the Post Office told him he had to pay for the losses. "I decided to contest my obligation to pay the money in the civil court, because I hadn't done anything wrong," he says.

Castleton could not afford lawyers in the High Court, or pay an IT expert witness to look at the system logs for him. He argued that the discrepancy in his accounts had been created by the computer. But the judge said that the deficiencies were real, not illusory, and, as such, were evidence that the branch had not been managed properly. "The losses must have been caused by his own error or that of his assistants," the judgment said.

Under their contract with the Post Office, postmasters are liable for any losses that are due to carelessness, negligence or error. Castleton was also liable for the company's legal costs.

"The Post Office really put me through the mangle," he says. "I owed £27,000 for the deficits, and £321,000 altogether. I was in too deep – I see that now. The whole thing has been heartbreakng."

[Back to top](#)

Case study 2

- Jo Hamilton, South Warnborough, Hampshire

Jo Hamilton, 51, was postmistress in South Warnborough in Hampshire between 2003 and 2005.

Hamilton started experiencing problems in October 2003. She entered every transaction into the system via the touchscreen till, and at the end of the week the computer would tell her how much money she should have.

“One time it said I was down £2,000, so I rang the Horizon helpdesk. The supervisor told me to do various things, and three minutes later I was £4,000 down. Whatever I did after that, I couldn’t get it to come up any different,” she says.

The Post Office told her she owed the money, and took repayments out of her monthly wages. “It made me reluctant to phone them, because it was just crazy – when I asked for help, it just doubled the amount and said I owed it money.”



Hamilton’s problems worsened. “Every week the system would come up telling me how much I should have in there. I knew it wasn’t the right amount, but I didn’t know what to do. I couldn’t ring them up, because I just didn’t have the money to pay it all back. So I signed the accounts each week, saying there was a certain amount in there when I knew there wasn’t. I know it was dishonest, but I didn’t steal any money. It got worse and worse.”

Post Office auditors visited the branch in March 2005 and told Hamilton she owed £36,000. They prosecuted her for theft and 14 counts of false accounting, but later dropped the theft charge.

Hamilton says the case did not deal with the issue of IT. She pleaded guilty and was given a year’s probation. Her house was remortgaged to pay the money, and the villagers in South Warnborough collected £9,000 between them to help.

Hamilton says, “In 18 months, I will have finished paying back the villagers, but won’t have paid off our mortgage.”

[Back to top](#)

Case study 3

- Noel Thomas, Gaerwen, Anglesey

Noel Thomas, 61, from Anglesey, worked for the Post Office for 42 years. His problems started in 2003, when he discovered a deficit of £6,000. He says he spent hours looking at it, trying to find out what was wrong.

He says the Post Office paid half of the deficit for him, and he paid the other half. He didn't have any more problems until 2004.

"It started up again all of a sudden. The money was going at a rate of £2,000 a month, and it went on until October 2005. The last figure they told me I owed was £50,000.

"The National Federation of Sub Postmasters didn't want to know. It is frustrating – I would like to know where that money went to. The whole thing is a real mess," he says.

Faced with mounting deficits and nowhere to turn for help, Thomas signed the accounts to say the money was there, when it wasn't. "I didn't know what else to do. It was my biggest mistake – I should have turned round and told them I was shutting up shop until they found out what was going on. But at the time I thought they would close the Post Office if I did that, and that would cause a problem for the village."

The Post Office prosecuted Thomas for false accounting. He pleaded guilty and says the IT system didn't come up during his hearing – his barrister told the judge about his good character.

Mark Jenner, who at the time was the director of fraud investigation at accountancy firm Baker Tilly, said in a report prepared in advance of the case that he did not propose that the Horizon system was flawed. "If the Horizon system was flawed, I would expect to see issues raised by all 14,000 branches in the UK and not only a handful," he said.

But Jenner had been unable to examine the computer terminal used in Thomas's branch. "To completely discount the possibility that the Gaerwen branch terminal was not responsible for creating systematic and cumulative errors, I would still wish to inspect the terminal," he said.

Jenner's report was produced before the court hearing, when Thomas expected to face charges of theft. It was not used in the hearing because the theft charges were dropped.

Thomas was sentenced to 12 weeks in prison. “I spent my 60th birthday in there,” he says. “It was hell on earth and it took me a long time to get over it.”

[Back to top](#)

Case study 4

- Amar Bajaj, Chelmsford, Essex

Former barrister Amar Bajaj, from Chelmsford, sold his post office after losing £11,203.

His problems started in 2004, and he wrote to the Post Office every time there was a misbalance in the accounts. In July 2005, he contacted a solicitor because he felt that “the Post Office would look to prosecute us due to its own mistakes”.

Bajaj says of the problems, “Any shortage will remain on the system for many weeks until a demand is made by the Post Office for the amount to be made good.

“I personally made good any shortage. After we got it back down to zero, the system would show a shortage of anywhere between £2,500 and £3,500 within a week.

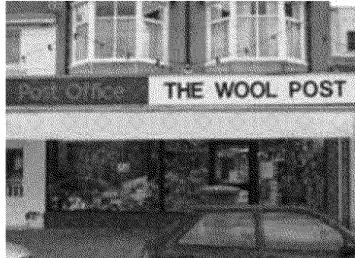
“In spite of various letters and correspondence between myself and solicitors, no official has visited to see or check or remedy the defects. I am of the opinion that the Post Office is in breach of its contract to maintain the system, and therefore has wrongfully obtained our money and is earning interest as a result.”

Bajaj contacted his MP, Simon Burns, who wrote to the Post Office on his constituent’s behalf. In its reply, the company said, “We do accept that individual branches may experience very occasional failures.”

[Back to top](#)

Case study 5

- Alan Bates, Llandudno, Wales



Alan Bates, 52, worked at the post office in Llandudno in north Wales, from 1998 to 2003.

In 2000, he discovered a shortfall of £1,041.86 which he couldn't account for, and wrote to the Post Office. After two further letters, the company wrote back in 2002, saying they would write off the amount but without giving any reason.

It said, "Post Office Ltd has decided to take no further action in respect of the loss at your post office which will be written off."

Despite the loss being written off, Bates continued to have problems with deficits. He refused to sign his weekly accounts, saying it would have made him liable for any losses. When deficits occurred, he refused to use his own money to pay them. He was a member of the union, but said it was not supportive.

"Why didn't the Post Office prosecute me? Because it knew there were faults with my system. It did not want to take me to court. I never tried to take it to court as I had received quite a broad range of legal advice about doing so. I was told that it could keep me in court and keep appealing any findings until I ran out of money.

"There should be a public inquiry into this. I am in no doubt that many sub-postmasters have finished up breaking the law because of the Post Office and the position it left them in," he says.

[Back to top](#)

Case study 6

- Alan Brown, Callender Square, Falkirk

Alan Brown is a serving postmaster. He gave an e-mail dated January 2006 to Lee Castleton for Castleton to use in his own court case. The e-mail says the Post Office had written off a £6,500 loss on his account "some time" after he said it had appeared on the system.

But he says another shortage appeared that evening when he was balancing the accounts. "I have one screen that says I have a £4 gain, and the screen

next to it says I have a £13,000 loss on the same stock unit," he says in the e-mail.

"One node has stopped communicating with the rest. This could be costing sub-postmasters throughout the country a fortune and all because the computer systems occasionally do not work."

[Back to top](#)

Case study 7

- Julie Ford, Yeovil, Somerset

Julie Ford is from Yeovil in Somerset. She became postmistress of Westfield Post Office in October 2007. Her problems with the company started at the beginning of November 2007, when her branch started losing hundreds of pounds at a time. The problems continued until February 2009, when she was forced to file for bankruptcy.

"At one stage I was £1,300 down. I rang up the Post Office and said I think there's something wrong. It said one of the staff, or myself, had sticky fingers," she says.

By January, Ford had paid all her £2,500 savings to the Post Office, so rang up and asked for an audit when £3,000 went missing overnight. The audit found she was nearly £10,000 short. The Post Office took money out of her wages, and suspended her for 18 weeks while it carried out an investigation.

Instead of prosecuting or terminating her contract over the deficits, the company reinstated Ford in June 2008 without further action. The problems continued until several parts of her Horizon system were replaced, then balancing returned to normal.

But Lynn Hobbs, general manager, network support at the Post Office, said in an e-mail at the time, "I am sure you are aware that we have had previous challenges in relation to the integrity of the system and I can confirm that the system has passed all tests and been exonerated in both the civil and criminal courts. I therefore cannot accept that the losses were as a result of the Horizon kit."

Hobbs suggested, "I think we should also look at other factors which coincided with this change, such as the additional training provided and the change of personnel at the branch."

Ford says, "In the end I refused to work. I wasn't taking the money and I wasn't making stupid mistakes. If they thought I was stealing money, why did they reinstate me? I lost all confidence in my job, and now I am going bankrupt."

[Back to top](#)

Other investigative articles by Computer Weekly:

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• **Teragram53** [Collapse](#) [Expand](#)

I am a sub-postmistress and have had problems with demands for money and deductions from my salary twice and am sure of why it happened. I have a Hanco cash machine and the errors occurred on the monthly rollover day both times. I tried to discuss it with the Post Office department which covered the cash machine and was treated rudely and with little interest.

I discussed the matter with Hanco and our figures agreed. The problem was haphazard accounting systems in the Post Office and the matter has never been resolved. I asked the Federation for help because I was a member and was advised to photocopy reams of paper and send them to Chesterfield and then they were all ignored and I was told that the sum would be taken from my salary if I refused to pay. I spent time on this and the Federation kept coming back and saying, that I wasn't presenting the case properly and they were no help at all. The money was taken from my salary on both occasions regardless of the fact that my objections were never answered.

I believe that there was a discrepancy because some of the money issued from the cash machine was dispensed after cut off on the month end leaving a discrepancy for that month because of the way the PO accounts for the cash machine money and that there should have been a corresponding discrepancy at the end of the next month to compensate but although they

were willing to identify the discrepancy in their favour there was never a corresponding one. Therefore, their argument was not valid and there was not even an attempt to communicate on the matter - they just didn't understand how the office ran because they accounted one way and the Hanco accounts were another way and my Horizon system was different from both - although, after discussion, I was able to agree that there was no problem with Hanco because they understood how it worked. They also grouped several figures together which did not relate to each other and refused to discuss the fact that this was not normal practice.

The sums of money were not big enough to justify legal action although I did think about going through the small claims court. It is all extra work and everybody who works for the Post Office works ridiculous hours for less than minimum wage (and without employee benefits because we are "agents"). The result of these restraints is that I did not take further action but I was unaware at the time of how often these discrepancies occurred and that so many large sums were involved.

Maggie
Lincolnshire

Appendix 2 – Leigh Ellis - Profile

Leigh Ellis / Solicitor



Leigh Ellis is a solicitor, software engineer, intellectual property and information technology specialist. He acquired significant experience in software development and the IT industry prior to becoming a solicitor. Coupled with this, he is an accredited trade mark attorney and ideally suited to address most issues confronting companies involved in information technology.

tel: email:

Legal Expertise

Leigh's practice covers international information technology transactions and disputes, including software and technology contracts, software and patent licenses, patent infringement, copyright litigation and claims. He is a highly experienced intellectual property lawyer and advises on the full suite of intellectual property rights. He regularly advises on protecting and enforcement of trade reputation, infringement, structuring businesses to minimise risk and liability in commercial transactions. He appears in court and conducts High Court commercial litigation for clients in a range of industries.

With a keen eye for detail, technical expertise and genuine interest in the law, his skills facilitate identification of sources of evidence easily overlooked and discounted, unravelling the complexity in technology disputes and maximising the value and weight of evidence in court proceedings. He has provided legal advice to clients located in the United Kingdom, the United States, France, Switzerland, China, Gibraltar, Australia, Panama, Saudi Arabia, Russia and other countries on intellectual property litigation & information technology contracts, and disputes.

Specialist Industry Sectors

- Information technology, software licensing
- Media and New Media
- Entertainment
- Online Publishing

Memberships

- British Computer Society
- Society of Computers and Law
- Admitted as a solicitor in England and Australia

Professional Experience

- advises regularly on software licensing issues and intellectual property rights
- protection of trade reputation and goodwill
- assists companies transform their marketing to internet based ventures
- ISPs and commercial entities on internet based companies
- Has appeared on Sky News, BBC News, Channel 5 commenting on international developments in IT law and intellectual property affecting the technology industry and interviewed for industry publications. Interviewed by The Times, Forbes, BBC Online, Computing Magazine, New York Times, Guardian Online, TalkSport, amongst others
- Advised on examinations for a London University

Specialist Practice Areas

- Intellectual Property Litigation
- Technology Law
- Digital Rights Management (DRM)
- Outsourcing and Procurement
- Technology Licensing
- Commercial Litigation
- Protection of trade reputation and goodwill
- Management of corporate risk

Academic Qualifications

- Master of Laws: Intellectual Property
- Bachelor of Computer Science
- Registered Trade Mark Attorney, Australia

Clients include

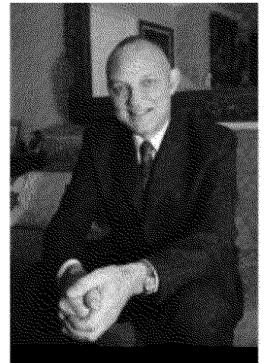
- New Media Agencies
- Software Houses
- National Distributors
- IT Companies
- Importers and exporters

- Content Providers
- Internet Service Providers (ISPs)
- Solicitors seeking intellectual property advice

Advised on

- affiliate marketing disputes, involving high degree of technical knowledge relating to database structures and programming languages
- ingestion of content, streaming of content, and maintenance of IP rights
- software license audits
- telecommunications contracts
- intellectual property rights in petroleum industry, mobile telephones, motorsport and perfume
- contractual disputes involving least cost routing algorithms, trading systems; online video delivery systems

Leigh is a non-member partner of Gillhams Solicitors LLP. For more information, see the Notices & Disclaimer Section of our website by clicking below.



Appendix 3 – Tony Sykes - Profile

David Anthony Sykes - IT Group Partner

BSc. C.Eng. CITP MIET FAE MEWI - Managing Director

[Download David Sykes CV.](#)

http://www.itgroup-uk.com/files/Qualified_Electrical_Engineer_Expert_Witness.pdf "Thank you for your recent emails and for the further amended second report. I have reviewed the report in some detail. I am extremely pleased with its content. You have done a first rate job of conveying in simple terms what [our client's] problem is."

Stephens Scown Solicitors - "Thank you for all of your help and assistance with this matter, and your contribution was particularly significant, I believe, in achieving the end result."

[Read more testimonials from Solicitors & Barristers who have instructed David Sykes.](#)

<http://www.itgroup-uk.com/index.php?page=article&sec=140> <http://uk.linkedin.com/in/tonysykes> Connect on LinkedIn

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Education

1967 - 1973.

King Edward VII Grammar School Sheffield

9 GCE O Levels

3 GCE A Levels

1974 - 1978. BSc Honours Degree in Electrical Engineering with Electronics

Professional

Chartered Engineer and Member of the Institution of Engineering and Technology. Member of the Society of Expert Witnesses. Registered with the Association of Personal Injury Lawyers as an expert witness. Practicing Fellow of the Academy of Experts. Member of the Society for Computers and Law. Member of the committee of the SCL IT Disputes Group. Member of the National Association of Subrogation Professionals. IEE Expert Witness, IET Expert Witness. Expert in Sale of Goods act. Fully trained in Encase Mobile Phone Forensics.

Career History

1992 - Current. Chairman and Chief Executive, IT Group UK Limited

1989 - 1992 Managing Director, Microsys Consultants Limited

1988 - 1989 Group Manager, GEC-Plessey Telecommunications

1984 - 1988 Computer Applications Manager of FKI Babcock Group Company

1982 - 1984 Chief Engineer, Metal Closures Group Company

1979 - 1982 Systems Engineer for a German automotive test Company

1973 - 1978 Electronics Engineer, British Leyland

Profile

I have over 25 years experience in the application of electronics and software, chiefly as a designer of IT and telecommunications products and

systems. I have worked with organizations such as GEC, Courtaulds and the MOD, on design contracts and for organizations such as OFCOM, BT and British Gas in a Consultancy role. I have been instructed by FM Global, Crawfords, Cunningham Lindsey and Zurich in connection with Insurance Claims and Loss adjustment. I have been instructed by firms such as Slaughter & May, Herbert Smith, Baker McKenzie, Denton Wilde Sapte. Pinsents, Eversheds, Taylor Wessing, Freshfields and PriceWaterhouse in connection with company litigation, copyright and customs tribunals. I have undertaken many forensic investigations and given evidence in the Crown Court in Criminal Proceedings presenting computer and electronic forensic evidence.

Some reported High Court Trials in which I prepared reports and gave evidence include:

- Kingsway Hall Hotel Limited -v- Red Sky IT (Hounslow) Limited. High Court Queen's Bench Division Technology and Construction Court
- Horace Holman Group Limited v Sherwood International Group Limited (High Court TCC)
- SAM Business Systems v Hedley & Co (High Court TCC)
- Watford Electronics Limited v Sanderson CFL Limited (Court of Appeal)
- R. Benfield v Life Racing (High Court TCC)

Appendix 4 – BBC Article on Chinook Tragedy

Wednesday, May 26, 1999 Published at 12:10 GMT 13:10 UK

UK

Magazine disputes Chinook tragedy cause



The 29 people on board the Chinook died in the crash

A computer magazine is disputing the finding that two pilots whose Chinook helicopter crashed on the Mull of Kintyre in 1994 were "grossly negligent".

►
Tony Collins
tells the
BBC about
his
magazine's
report

All 29 people on board the helicopter died, including some of Northern Ireland's most senior police and intelligence experts.

The aircraft was flying to Inverness from Ulster when it crashed in thick mist.

An RAF board of inquiry ruled the pilots - Flight Lieutenants Jonathan Tapper and Richard Cook - were to blame but the conclusion has been strongly contested by their families and some politicians.

►
The BBC's
Emma
Simpson:
The
magazine
says the
technical
investigation
was flawed

Based on the limited evidence, the inquiry said the wrong rate of climb was the most likely cause. It decided that although technical malfunction was unlikely, it could not be positively disproved.

Now, Computer Weekly reports that the helicopter's engine control software may have been the cause of the crash.

'Car pedal'

The magazine's Executive Editor, Tony Collins, said with the benefit of hindsight new evidence had come to light which was not available to crash investigators.

Flt Lt Tapper is said to have expressed concerns about the speed at which the Chinook's "full authority digital engine control" was being put into service.



The pilots were said to have chosen the wrong climb rate

investigators have difficulties when examining computer software after an accident.

Mr Collins likened the software to a car's accelerator pedal.

"If the engines receive a signal from the software telling them to accelerate when the pilots don't want to, the only way they can bring down the speed is to go into cloud in a way which they don't want to," he said.

"That has not been generally understood. It has been thought that if the software fails, it would fail in a predictable manner."

Mr Collins said he did not think the inquiry had been deliberately misled but it was clear that crash

"Gross negligence can only be brought if there's no doubt whatsoever as to the cause of the crash," he told the BBC.

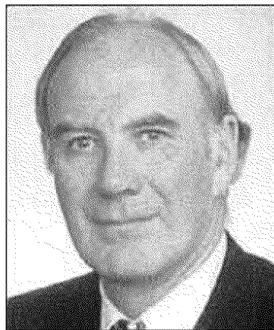
Verdict 'unsafe'

"In this case, there are too many uncertainties and the evidence that we have highlighted proves that the evidence on which the verdict was based is inconclusive.

"We are saying that the verdict of gross negligence is manifestly and demonstrably unsafe."

Computer Weekly also questions whether the aircraft should even have been allowed to fly as it believes evidence from America should have alerted the army to the potential software problems.

Other theories which were rejected at the time of the inquiry included interference from laptop computers, mobile phones, submarine communications and the possibility of a passenger bursting into the cockpit.



Menzies Campbell:
Call for inquiry
review
reviewed.

Questions also arose about whether the crew members were running out of flying time and were going flat out to stay within their designated hours.

After a four-week fatal accident inquiry in 1996, a sheriff recommended the immediate installation of cockpit voice and accident data recorders.

He said he was not satisfied that the cause of the accident was the pilots' choice of an inappropriate rate of climb.

Liberal Democrat defence spokesman, Menzies Campbell said the inquiry's findings should be

He said: "I have long been convinced that there is an injustice here.

"The RAF's own regulations at the time required that every other cause had to be eliminated before deceased pilots could be found to be negligent.

"The additional evidence appears once again to confirm the view that there were other possible causes for this tragic accident."

Appendix 5 – Computer Weekly Article 02 Mar 2012

News

Post Office turns to Twitter during computer system crash

Cliff Saran <mailto:Cliff.Saran@computerweekly.com> **GRO**  Friday 02 March 2012 12:02

The Post Office branch network is back up and running after it failed for several hours on Thursday.

Users on Twitter were informed that the service had crashed. The Post Office team tweeted and responded individually to over 100 customers who had queries on the system failure: "Apologies, we are aware of a problem affecting our branches, which is being looked at," the Post Office posted in one tweet.



A Post Office spokesman said of yesterday's system crash: "Post Offices across the network are again working normally after a computer problem which had earlier affected branches nationwide for several hours. We apologise to all our customers for the service problems experienced in our branches and the inconvenience this may have caused. Services have now fully been restored and customers are able to complete all transactions across the Post Office network. We are continuing to monitor the situation closely to make sure our services remain available as normal."

The system failure appears more substantial than the [previous outage in December 2011](#) when the Post Office suffered disruption after thousands of branches were hit by a computer crash.

At the time the problems hit for two 30-minute periods, which left some branches unable to handle the usual volume of mail.

Post Office owner Royal Mail is undergoing a major transformation in its business, which is due to complete in 2016, to modernise the mailing service, with greater levels

of automation. As part of the project, according its December 2011 annual statement, Royal Mail reported it has started to implement the largest SAP human resources and payroll system in Europe. The IT system, dubbed “People System Programme”, aims to completely modernise all of the Royal Mail HR systems and drive performance improvements.

As part of government plans to part-privatise Royal Mail, the Post Office is set to be mutualised, a plan that is likely to lead to further major changes in the back-office IT that supports both organisations.

Appendix 6 – Computer Weekly Article 27 Feb 2012

Post Office reveals plans for identity assurance services

Kathleen Hall <mailto:kathleen.hall@postoffice.gov.uk>  Monday 27 February 2012 14:38

The Post Office is tendering for hardware and software which will enable it to become a provider of the government's proposed Identity Assurance (IDA) services.

IDA is a key part of the government's move to "digital by default" public services, and will require citizens to electronically verify who they are to access public services online.



The government's intention is to create [a market of private sector identity assurance services](#), with individuals given the option to choose a certified private sector company to assure their identity. Banks, supermarkets and even social network sites could set themselves up as identity assurance providers.

The Post Office's search for a technology partner reveals its intent to provide identity assurance services across online, telephony and face-to-face channels, throughout its branch network and brand, according to its [tender notice](#).

The contract will be worth £9m over 12 months and has been split into two lots. The first lot worth £2.5m includes consumer data services, which will process the personal details of users, as a means of authentication.

The second lot worth £6.5m includes identity management services, for systems and software for a single-sign-in system; near-field communication (NFC) tools, and mobile telephony for authentication and transaction delivery, as well as customer relationship management and support services.

Speaking at the official launch of the Government Digital Service in December 2011, Cabinet Office minister Francis Maude said the government would seek an [online-only](#)

model in digital services where possible to cut costs: “Where public services are capable of being delivered digitally online they should be, and only online.”

Maude has earmarked £10m for implementation of IDA from the government’s £650m cyber defence fund

Mike Bracken, director of digital and senior responsible owner for IDA, recently told Computer Weekly that more widely used security protocols for IDA would be key to identifying users. “Even some of our best services, like driving registration, require users to put all their data in for parking permit even if they have already submitted it for registration. There is no common ID framework recognised in two places,” he said.

“What we are building is not an IT programme but standards the market can coalesce around. So it’s more nuanced than classic IT programmes, where you throw in a system integrator and wait for it to be delivered.”

Appendix 7 – Computer Weekly Article 14 Dec 2011

Post Office suffers disruption after IT failure

Karl Flinders [mailto:karl.flinders@computerweekly.com](#)

GR GRO

Wednesday 14 December 2011 09:15

The Post Office suffered disruption this week after thousands of branches were hit by a computer crash.

The problems hit for two 30-minute periods on Monday afternoon, which left some branches unable to handle the usual volume of mail.



There was a problem with the Horizon system used by Post Offices around the country. The service has now been restored.

“We are very sorry for the inconvenience this problem has caused customers. We know how important the Post Office is to our customers at all times, but especially at Christmas,” said Kevin Gilliland, network and sales director at the Post Office.

According to reports, staff had to manually calculate the cost of sending goods and then stick on individual stamps on one of the busiest days of the year for the Post Office with Christmas approaching.

About 4,000 branches were affected.

Previous Post Office system problems

The Post Office also suffered a glitch back in July, which meant customers were unable to complete card transactions across all branches.

Debit and credit card transactions using Chip and PIN pads at branch counters and Post Office Card Accounts were affected, with customers unable to complete transactions or access their accounts.

The Horizon system is currently at the centre of a potential legal action against the Post Office. Over 80 sub-postmasters are interested in taking legal action against the Post Office in relation to Horizon, which has allegedly has led to false accounting accusations against them.

Appendix 8 – Computer Weekly Article 15 Dec 2011

Post Office casts net for IT consultancy services

Karl Flinders mailto:  GR_GRO Thursday 15 December 2011 11:44

The Post Office has put out a request for suppliers to bid for IT consulting services worth up to £8m over two years.

The tender is looking for suppliers to provide consultancy services to the Post Office IT department to support the transformation of its operating model.



According to the tender, the consulting will provide support and guidance to the IT leadership team in the development and delivery of “organisational design and impact assessment triggered by IT strategies and change programmes, the provision of consultancy to support the development and delivery of enterprise architecture, the provision of consultancy to support the development and delivery of the security architecture”.

The Post Office expects four suppliers to be chosen.

Appendix 9 – Computer Weekly Article 08 Feb 2011

Post Office faces legal action over alleged accounting system failures

Karl Flinders mailto:  Tuesday 08 February 2011 14:33

More than 50 postmasters are planning legal action against the Post Office to reclaim money they paid to the Post Office after being accused of theft and false accounting.

All the postmasters protested their innocence and it is alleged that the problems could be down to the Post Office's Horizon accounting system, which they all use. The Post Office has denied an IT fault could cause the system to show incorrect balances



Access Legal, the consumer arm of law firm Shoosmiths, will initially launch the action for a group of six postmasters. It has a total of 55 already lined up to bring action and expects many more once the cases are made public.

Some of the postmasters gave exclusive interviews to Computer Weekly almost two years ago about the alleged Horizon problems.

Thousands of post offices use the Horizon IT system for their accounts and postmasters claim faults with the technology could be generating unexplained losses. The Post Office has denied this.

In recent years dozens of postmasters have been charged and even jailed with others repaying money following prosecutions. More than 250 post offices have been forced to close, according to Shoosmiths.

Amanda Glover, head of legal disputes at Shoosmiths, said, "Horizon was introduced to sub-post offices to provide first weekly, then monthly accounting, but didn't do a double entry, so it couldn't be checked regularly. Many users reported problems and couldn't work out how losses were arising. When they called a helpline, many claimed the problems got worse.

"Customers would try to get money from the hole-in-the-wall, but although they didn't receive it, it later showed as having been taken from their account.

"A key issue is the fact the system couldn't be accessed unless postmasters confirmed they agreed with figures on a daily basis, which led to errors being accepted by postmasters just so that they could log on to the system.

"They all say they have not taken any money, and while the Post Office says there is nothing wrong with Horizon, it appears to record people using it when they are not even logged on. One post office even recorded a loss when it was closed."

Glover said some postmasters are paying back "missing" amounts to avoid prosecution. The most common amount is around £35,000.

The Post Office said in a statement that it is "fully confident that the Horizon computer system in its branches, and all the accounting processes around it, are absolutely accurate and reliable at all times."

It added, "The Horizon system has been subjected to full, independently assured, robust testing procedures.

"The Horizon information security processes meet the relevant industry standards which apply to such organisations as banks and building societies.

"Subpostmasters are given fully appropriate training, typically including classroom training and a further time on site under close supervision and guidance from a Post Office manager. Subpostmasters can also ring a dedicated helpline for advice.

"The Horizon system has operated successfully for more than 10 years across the Post Office network, which currently stands at more than 11,500 branches.

"The National Federation of Subpostmasters, which represents the views and interests of subpostmasters around the country, has gone on record on a number of occasions to express its full confidence in the accuracy and robustness of the Horizon system.

"The Horizon system provides detailed records of every transaction, no matter how small or large, in any individual post office branch. Separate records of all key strokes in the system are stored in a tamper-proof way.

"The Post Office handles large sums of public money as well as the money entrusted to it by the 20 million people who visit our branches each week. The Post Office rightly makes every effort and takes all reasonable steps to protect the money in its care."

Appendix 10 – Computer Weekly Article 27 Jul 2011

Computer glitch halts Post Office card transactions

Jenny Williams <mailto:jenny.williams@computerweekly.com>  GRO Wednesday 27 July 2011 05:00

Customers have been unable to complete card transactions at the [Post Office](#) today after a computer glitch across all branches.

Debit and credit card transactions using Chip-and-PIN pads at branch counters as well as Post Office Card Accounts have been affected, with customers unable to complete transactions or access accounts. The [BBC](#) predicts up to 3.3 million Card Account customers could be affected.



In a statement, the Post Office apologised to customers for the computer problem and confirmed its 11,820 branches remained open.

Martin Moran, Post Office commercial director said: "We apologise to customers for any inconvenience. We are making every effort to restore these services as soon as possible."

The Post Office is making "special arrangements" for emergency cash payments to pensioners and benefits claimants that rely on Post Office Card Accounts.

The firm also advised customers could alternatively withdraw cash from any of the Post Office's 2000 ATMs, which have been unaffected by the problem.

The Post Office said further details would be released shortly.

Royal Mail is [set to get another CIO](#), its third in less than 18 months, when former Network Rail corporate development director Catherine Doran takes over the role from 1 September.

UPDATE: A Post Office statement released at 4.30pm today says the technical problems with PIN pads have been solved as of 3.30pm, having been down since branches opened today. The firm says it made 1,000 emergency payments to Post Office Card Account customers during that time.

Appendix 11 – Fraud Advice Article 23 Oct 2009

Fraud and the Post Office Horizon Computer

Friday, October 23rd, 2009 at 10:42 am



I was searching the Internet last night to see if my Fraud Resource web site had moved up Google's ranking at all and came across a link to my name concerning a job I did around 4 years ago. It is interesting to see the contents of a forensic accounting report being quoted in the press as usually the forensic accountant remains in the background in criminal prosecutions even when his or her work is critical to the proper outcome of the matter.

The article was by ComputerWeekly.com and highlighted the plight of a number of postmasters who ran 7 of the Post Office's 14,000 or so branches throughout the UK. All of them had been convicted or accused of stealing typically £40,000 from their branch. One of the cases was mine. I am quoted as saying that the Post Office system was unlikely to be flawed otherwise you would see systematic problems through many of the 14,000 branches [inferring not just those run by postmasters who just happened to also have financial difficulties?]. I have to say that the contents of my report should not have been disclosed but hopefully no harm has been done in this case.

What the article did not say was that I had a couple of similar cases a year or two previously where I did examine the Post Office Horizon computer system in more detail. I concluded then that the system was essentially straight forward and could be considered to be an "Excel spreadsheet" with a fancy front end. There were unlikely to be such substantial and regular errors on the Post Offices part limited to only a few individual cases – however the apparently disadvantaged postmasters failed to consider the most obvious facts:

1. The deficit typically grew by a few £1000 per week over a few months.

2. The deficit was discovered by a Post Office audit that would probably be triggered by the increasing funds drawdown compared to usual.
3. The postmaster was responsible for reconciling his accounting system with the Post Office daily and weekly. Any deficiencies should be reported immediately so that they could be sorted (the Post Office would often bear a loss in this way).
4. The postmasters knowingly carried forward an increasing error by falsifying returns – failing to report the differences.
5. Whether or not the postmaster stole the money, a member of staff stole it or it was negligently overpaid regularly to customers of the branch in error – the fact remains that the postmasters were responsible for reporting problems to the Post Office and because they allowed the error/loss to mount up – they were responsible for it – either as criminals or incompetents.

In the most recent case that was being reported I had been asked by the barrister to advise the defendant in conference of my findings and as a result he pleaded guilty to false accounting – in return the prosecution dropped the theft charges for which he would I am sure have been convicted. His sentence was accordingly much lighter. 12 weeks in prison against probably a couple of years at least.

Hopefully this was a just outcome. If he had been convicted of theft he would have faced confiscation proceedings for the £40,000 and given the nature of the alleged offences may even have endured the lifestyle assumptions. Clearly the postmaster had little in the way of assets and if he had defaulted on the confiscation his whole term in prison could easily have reached five or even more years!

Appendix 12 – Gartner Report



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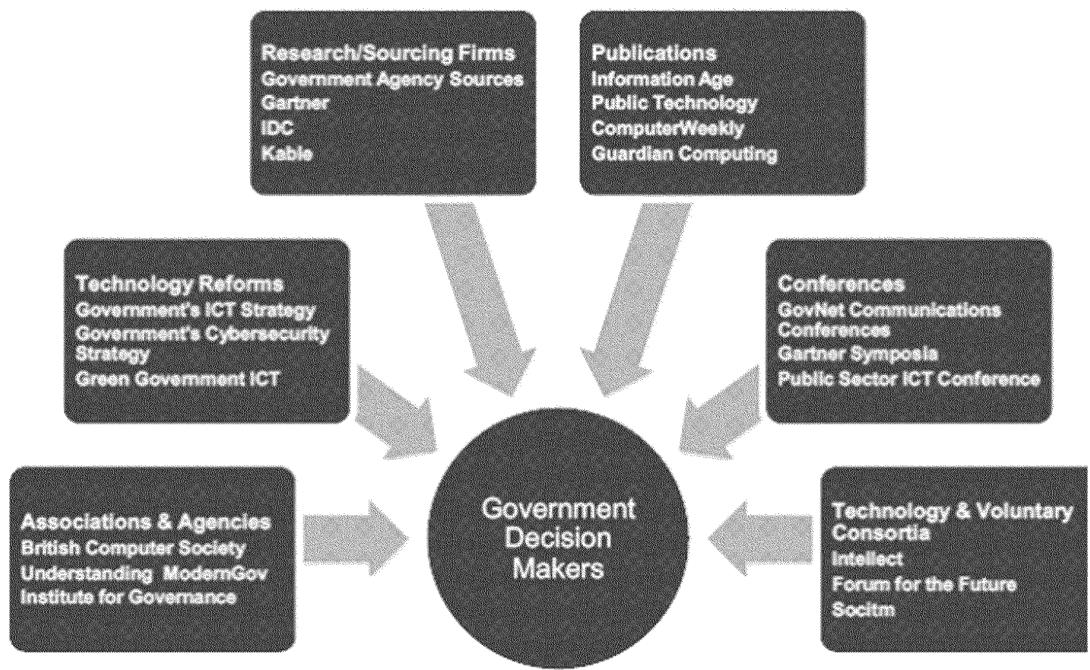
Appendix 13 – Internal Audit Assurance Review of Key System Controls in Horizon



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Appendix 14 – UK Central Government Key Influencers

Figure 8. U.K. Central Government Key Influencers



Source: Gartner (November 2011)