

Filed on behalf of the: Claimant
Witness: Anne Chambers
Statement: 1
Exhibits: "AC1"
Date made: 14/9/06

**IN THE HIGH COURT OF JUSTICE
QUEENS BENCH DIVISION**

Claim No. HQ05X02706

BETWEEN:

POST OFFICE LIMITED

**Claimant/Part 20
Defendant**

- and -

LEE CASTLETON

**Defendant/Part
20 Claimant**

WITNESS STATEMENT OF ANNE CHAMBERS

I, ANNE CHAMBERS of Fujitsu Services, Lovelace Road, Bracknell, Berkshire, RG12 8SN **WILL SAY AS FOLLOWS:**

1. I am a System Specialist employed by Fujitsu. I have worked for Fujitsu (previously ICL) since 1978. I have a working knowledge of the computer system known as Horizon, which is a computerised accounting system used by Post Office Limited (**the Post Office**). For the past 6 years I have been responsible for investigation of problems which are, or are suspected to be, caused by software or hardware errors anywhere in the Horizon system. I am authorised by Fujitsu Services to view extractions of audit data held on the Horizon system and to obtain system transaction information from the live Horizon system.
2. I make this Witness Statement from facts within my own knowledge unless otherwise stated. References to page numbers in this Witness Statement are to page numbers of Exhibit "AC1" to this Witness Statement.
3. Any records to which I refer in my statement form part of the records relating to the business of Fujitsu Services. These were compiled during the ordinary course of business from information supplied by persons who have or may reasonably be supposed to have personal knowledge of the matter dealt with in the information

supplied, but are unlikely to have any recollection of the information or cannot be traced. As part of my duties, I have access to these records and I have refreshed my memory from them.

System Support Centre

4. Calls from Post Masters relating to potential system problems are initially taken and logged by the Horizon System Helpdesk (**HSH**). Business issues, which include problems with discrepancies when balancing the branch accounts, are expected to be handled in the first instance by the National Business Support Centre (**NBSC**), run by the Post Office. If these helpdesks are unable to resolve the problem, calls may be passed to the System Support Centre (**SSC**), the unit in which I work. I have access to much more detailed system information than do the other units.

SSC investigation

5. My initial involvement with the investigation was on 26 February 2004, when call reference e-0402251077 was assigned to the SSC (pages 14 and 15). The call cross-referred several other closed calls being numbers e-0401280325, e-0401290358, e-0402130267, e-0402250454, e-0402250553 (pages 1 to 11) and so I read those too, to get a better idea of the problems being reported by the Marine Drive branch.
Handwritten notes: 7812 04127, 7812 04120, 7812 04124, 7812 04126, 7812 04128, 7812 04129
6. I refer to the call log of 25 February 2004, 4.56pm, call reference e-0402251011 (pages 12 and 13). This states "Critical event seen @13..00.36 18/02/04 on H21333700101". This particular call was raised several days after the event occurred, by a member of the team responsible for monitoring system events. I do not know why they raised this call so long after the event. The Known Error Log entry quoted did not match the specific symptoms of this instance. Upon checking further, I found that hundreds of branches had had the same event at the same time. The cause had already been investigated by another member of the SSC on 18 February 2004 (call reference e-0402180803 at pages 5 and 6) and was benign. The event would not have been seen by users at the branches, and in no way affected the branch accounts.
Handwritten notes: 7812 04138-4139, 7812 04122-4121
7. On 26 February 2004, I also checked for any central reconciliation report entries for the branch for the previous 2 weeks which might indicate a system problem. Various built in checks occur at the end of each day. For example, the gateway terminal (i.e. the particular computer at the branch through which data is

uploaded to the central data centre) will total all the transactions completed on both terminals during the day. The total is transmitted to the central data centre and compared with the total transactions received at the data centre from the branch, to ensure that all transactions recorded at the branch have reached the data centre. If the gateway terminal is not in communication with the second terminal, the totals are not calculated until communications are restored.

8. Further checks are made when the sub-postmaster has produced the weekly cash account at the end of the financial week – normally Wednesday. The cash account lines are produced by processing the entire week’s transactions as recorded at the branch, the paper copies of the cash account are printed, and the electronic copy is sent to the data centre. Each day, the gateway terminal has added up the day’s transactions according to where they should appear in the cash account, and summarises them at the end of the week. The data centre also produces a weekly cash account based on all the transactions received from the branch during the week. There are therefore effectively three weekly cash accounts:

- a) The official branch weekly cash account;
- b) The branch daily account, summarised at the end of the week; and
- c) The data centre weekly cash account.

Any differences between any of these will result in one or more reconciliation report entries. Report entries are only produced if there are differences.

9. I found no reconciliation report entries relating to this branch, indicating that all transactions recorded at the branch had reached the data centre and had been included in the official branch cash account. My checks covered at least two weeks prior to the investigation, i.e. weeks 47 and 48.
10. I examined the branch messagestore as at 26 February 2004. This contained, among other things, all the transactions completed in the previous 34 days, and any cash, stamp and stock declarations or adjustments made at the branch. I looked primarily at one of the latest financial weeks – I cannot remember now whether I checked week 47 or 48.

11. Cheques were handled correctly as far as the system was concerned. I checked the remittance out of the cheques, which is normally done several times a week, as the sub-postmaster had reported a problem with this on 10 February (call reference e-0402130267) (pages 3 and 4). I found that on that one day, the cheque listing report was not cut off after the day's cheques had been remmed out. "Cut off" involves pressing a button on the system to confirm that you have completed processing of the report, so that when the report is next printed, it will include only transactions done after the cut-off point. Since the report was not cut off, when next printed, it still included the cheques that had already been despatched. I confirmed that the total value of cheques remmed out of the system equalled the values of cheques received, and so the failure in process did not cause any financial discrepancy.

12. Following up a further point from call reference e-0402130267, I noticed that occasionally, when the branch declared the cash held in the office at the end of the working day in their overnight cash holding (ONCH) declaration, they did not always use the same declaration identification number. For example if a sub-postmaster uses number 01 and enters £10,000 and then changes their number and uses 11 to record it elsewhere, the system will think that, at that point, the branch has £20,000 whereas it only has £10,000. If they printed the optional cash flow report at the end of the week, it would show the sum of the differently identified ONCH declarations day by day. I checked to make sure that, when they declared the cash as part of the balancing process at the end of the financial week, they used a single declaration identification number. This was the case.

13. I went through the cash elements of transactions contained in the branch messagestore day by day and compared them with the overnight cash declarations (ignoring any duplicated declarations as described in paragraph 12 above). I expected to find that the cash holding declared by the sub-postmaster at the end of a day was reasonably close to what he had declared the previous day, adjusted by the value of the cash transactions recorded on the system during the day. For example, if at the end of day 1 he was holding £50,000 cash, and during day 2 recorded transactions showing £6,000 cash received and £5,000 cash paid out, the net cash for the day would be £1,000 received, and so the cash holding at the end of day 2 should be £51,000. The main reason for making this check was to see if I could narrow down the source of the discrepancy to a particular day.

14. I was surprised to discover that at the end of each day, the cash the branch declared as being in the drawer was tens, hundreds or thousands of pounds

astray (sometimes higher, sometimes lower) from what they had recorded on or had been recorded by the system. This meant that it was possible that the sub-postmaster was not accurately recording all transactions on the system at the time the cash was physically being put into or taken out of the till. This is not necessarily a problem, as long as everything is entered and declared correctly by the end of the financial week. However, it does suggest that they are not working accurately and it meant I could not link the weekly loss to any particular day.

15. I saw that on 25 February 2004, call reference e-0402250454 (pages 8 and 9) the clerk reported that their balancing problem seemed to be related to stock being "remmed in" (i.e. entered on the Horizon system) through the week. Accordingly, I also looked in particular to see if there could be a problem caused by remming in, but I was unable to find anything that suggested that the remming in was causing the balancing problem.

Conclusion

16. My conclusion was that there was no evidence whatsoever of any system problem. The continuing losses and calls suggested the Marine Drive branch needed some business assistance, to identify whether there were any transactions carried out at the branch but not appearing correctly on the branch reports, or any failure in process. I therefore contacted a colleague, Julie Welsh, in Fujitsu Customer Services, and asked her to inform Post Office which she did (page 16). I updated the call with a summary of my investigation and returned it to HSH, requesting they contact the sub-postmaster and explain that we had investigated and the discrepancies were caused by the difference between the transactions they had recorded on the system and the cash they declared, and were not being caused by the software or hardware.
17. I had investigated and examined whether Horizon could have caused the discrepancies, either for the specific reasons raised by the Marine Drive branch, or for various other reasons. I was unable to identify any basis upon which the Horizon system could have caused the losses.

I believe that the facts stated in this witness statement are true.

Signed **GRO**
ANNE CHAMBERS

Date 14th Sept 2006

Filed on behalf of the: Claimant
Witness: Anne Chambers
Statement: 1
Exhibits: "A1"
Date made: 14/9/06

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POST OFFICE LIMITED Claimant/Part 20
Defendant

- and -

LEE CASTLETON Defendant/Part 20
Claimant

**WITNESS STATEMENT OF ANNE
CHAMBERS**

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Ref: SJD3.348035.134

**Solicitors for the Claimant/Part 20
Defendant**

GRO

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EXHIBIT "AC1"

This is the Exhibit marked "AC1" referred to in the Witness Statement of Anne

Chambers dated 14 September 2006.

Richard,

I have had a chat with Anne, she used the message store viewing to investigate this. If you want copies of extracts for the particular incorrect declarations please submit an ad hoc request requesting this information. Hope this helps, see below:

NO TRANSACTION DATE AND TIME WAS PROVIDED FOR THIS ACTION USING CURRENT DATE

AND TIME By Anne Chambers at 26-feb-2004 15:16:00 Category 94 - Advice and guidance given I have checked various things on the system. All the internal

reconciliation checks are ok. Cheques are being handled correctly (except for 10th Feb when the clerk forgot to cut off the report - but this didn't cause a discrepancy). Cash declarations look ok, they usually use drawer id 11. Occasionally they have used a different drawer id, this can lead to amounts apparently doubling on the cash flow report, and should be avoided. But again it will not cause a discrepancy. Checking the cash transactions on

the system against the declarations shows that they are not working particularly accurately (i.e. at the end of the day the cash they declare in

the drawer is tens, hundreds or thousands of pounds astray from what has been recorded on the system). It is possible that they are not accurately recording all transactions on the system. There is no evidence whatsoever of

any system problem. I've mentioned this outlet to Julie Welsh (Customer Services) who will try to get POL to follow it up, but in the meantime please tell the PM that we have investigated and the discrepancies are caused by the difference between the transactions they have recorded on the system and the cash they have declared, and are not being caused by the software or hardware.

Julie Welsh
Service Delivery Manager HSH
Business Service Management, Post Office Account

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