

## Local Suspense Problem

Ref: g:\gij documents\poa\prosecution support\spot reviews\localsuspense.docx

Author: Gareth I Jenkins

Date: 10/05/2013 13:02:00

### 1. Management Summary

The purpose of this note is to provide a management level summary of the “Local Suspense” problem that was identified earlier this year and was seen to impact 14 of the current Horizon Branches. This issue occurred on Horizon Online and due to the different architecture of the old Horizon system, such an issue could not have occurred on the old Horizon system.

The root cause of the problem was that under some specific, rare circumstances some temporary data used in calculating the Local Suspense was not deleted when it should have been, and so was erroneously re-used a year later. When the SPMR was asked to clear Local Suspense the actual (ie incorrect) amount was recorded in the Audit Trail. This means that there was no corruption in the audit trail and it accurately reflects the transactions that occurred in the Branch.

If the BTS from the previous period was taken to provide a set of Opening Balances and all transactions that were logged to the audit trail during the period were taken as adjustments, then this would show the correct value that should be in the Local Suspense account.

### 2. Detailed Description

#### 2.1 Background

Local Suspense is a mechanism whereby any gains or losses from a Stock Unit can be rolled up at a Branch Level, so that the last Stock Unit to Balance within a Trading Period can clear all the individual discrepancies in a single transaction.

This is achieved by the various Stock Units calculating the net value of all their gains and losses, and Horizon then generates transactions such that the discrepancies sum to zero and the balance is posted to a gain / loss Local Suspense account. This is visible on the Stock Unit Balance report that is produced by Horizon every time the Stock Unit is rolled over into a new Trading Period.

As well as passing these Local Suspense transactions to the normal accounting tables that are used to update POL SAP and Credence, they are also written to a table in the Branch Database that is used to support the printing of the Branch Trading Statement (BTS) after that Branch has been fully Balanced.

When the last (or only) Stock Unit in a Branch is rolled over into a new Trading Period, then all these Local Suspense values are summed and an aggregate gain or loss for the branch is calculated. The SPMR is then asked how they propose to clear this gain or loss and the appropriate accounting transactions are generated. Details of the changes to the Local Suspense account are again written to the Branch Database both

for reporting to Post Office Ltd's back end systems and also for the production of the BTS.

## **2.2 The Problem**

Data in the Branch Database is regularly archived and then deleted when it is no longer required. Different tables have different rules concerning exactly how long data is retained and when it is archived and deleted.

In 2011 a problem was found with the archiving strategy related to Stock Units that have been deleted in a Branch. A consequence of this is that some changes were made to the archiving strategy on 3<sup>rd</sup> July 2011. An unintended consequence of this change was that any Branch that deleted a Stock Unit at the end of 2010 which had local suspense transaction in that Stock Unit before it was deleted were left in the table used for constructing the BTS. This meant that as Trading Periods cycle around each year, these BTS records became visible in 2011 when the same Trading Period was reached.

The affect of these old records was that when the BTS was being produced an incorrect value was calculated for printing on the report. However as well as that an incorrect figure was generated for the Opening Balance of the Local Suspense Account for the following period. This amount corresponded to the value of the historical record.

When the next Trading Period was balanced, then this incorrect Opening Figure would result in the total value for Local Suspense being calculated incorrectly and the SPMR being asked to make good an incorrect amount. It is at this point that transactions would be generated into the audit trail reflecting the fact that the SPMR had cleared the Local Suspense account for an incorrect amount.

This problem was not reported to Fujitsu in 2011 and only affected a small number of Branches and only for a single Trading Period.

At the same Trading Period in 2012, the problem re-occurred and this time one of the affect Branches reported the problem resulting in a detailed analysis of this issue and finding the orphaned BTS records.

## **2.3 Rectification Actions**

When the problem was investigated earlier this year, 14 Branches were identified that had such historical records in the table used to generate the BTS report (which is the root cause of the problem). (5 Branches had losses and 7 had gains and 2 branches that had both a loss and a gain. One loss was for £9,800, one gain for £3,100 and the rest were less than £161.)

These records have now been manually deleted so that they do not cause a further issue in future years. Also two further checks have been identified during the balancing process each of which indicate a situation associated with this problem, so that should those situations arise in the future, then alerts would be raised to indicate to support staff that a situation that should never occur has occurred and thus trigger immediate investigation. These changes are being progressed through the normal support route for a maintenance release of the Horizon counter code.

## 2.4 Affected Branches

The following table lists the affected Branches and the amounts:

Branch	Name	Amount
002647	Aberystwyth	-£6.71
002840	Inverness	£140.61
010007	East Dulwich	-£0.01
011458	Willen Village	- £9,799.88
012004	Lower Edmonton	£16.12
054011	Lower Regent Street	£3.34
101832	Dundas	£5.84
104937	Grange	£0.03
104937	Grange	-£49.65
155025	Hounslow	-£113.14
156715	Gilford	£11.55
211844	Rosyth Terminus	£36.20
211844	Rosyth Terminus	-£77.97
243242	Wardles Lane	-£0.51
266418	Bowness Road	£3,186.70
297611	Merthyr Dyfan	£160.92

A negative amount signifies a loss.