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Minister for Employment Relations,
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House of Commons
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Thank you for your letter of 22 February to Vince Cable on behalf of your constituent, Bhavisha Parekh of [GRO], whose father, a former subpostmaster, was prosecuted for cash losses. Your constituent suggests that Post Office Ltd's Horizon computer system caused these losses. I am replying as Minister for Postal Affairs and I am aware of a number of similar cases.

The issues raised in your letter are, however, operational and contractual matters between Post Office Ltd (POL) and your constituent's father and I should make clear that neither I nor the Department can intervene in cases which are sub judice or where court action has been determined.

Whilst the Horizon system has been blamed for the financial discrepancies and shortages which in a number of cases where subpostmasters have had their contracts terminated and there has been subsequent court action, POL continues to express full confidence in the integrity and robustness of the Horizon system. The Horizon computerized accounting system operates in all post office branches and has done so for over 10 years, processing up to 750 transactions a second across the country at peak times. The system and the processes around it offer a very high level of security and resilience and are designed to ensure that should part of the system or equipment fail that the integrity of the accounting records is always maintained. The system has proved to be very robust since its introduction.

POL has advised that the Horizon system was fully tested at the time of the nationwide implementation some 10 years ago and all new software releases since then have undergone rigorous testing prior to going live in order to

assure the accuracy of the accounting processes. For example, the testing for the latest upgrade to the system introduced over the past year was independently assured by Wipro as being 'best practice' (Wipro is amongst the largest global IT services companies in the world and recognised experts for Product Engineering and Testing).

In addition to being subject to these independently-assured, robust testing procedures, the system's information security processes meet the relevant industry standards which apply to such organisations as banks and building societies. As regards ongoing performance, the Horizon information security management systems are accredited to industry standards and there are extensive controls to ensure data validation and reconciliation. A transaction log is available for every branch and full audit logs of all system and user activity and transactions are securely sealed, backed up and retained to provide an evidential and investigative repository.

The system is based on the principles of 'double entry book keeping.' If an accounting issue is identified at a particular branch (which may have been caused by, for example, incorrect keying of a transaction by the subpostmaster), there are full processes in place between Post Office Ltd's central accounting team and the individual subpostmaster to investigate and resolve such issues and identify the responsibility. It is important to note that these are the kinds of issues that can occur in all businesses (incorrect data entries by branch staff, incorrect amounts of cash taken etc). These are user issues and are not examples of the Horizon system itself creating errors. All subpostmasters and branch managers are able to utilize the reporting functions within Horizon and to perform counts of their cash and stock in order to confirm their accounting position on a timely basis.

EDWARD DAVEY