

Note regarding

Terms of Reference for Horizon Integrity Audit for “Mediation process”

1. Introduction

The purpose of this note is to propose revised Terms of Reference for a possible independent Audit of the data integrity of both the old Riposte Based Horizon application and the current Horizon Online application that may be carried out as part of Post Office Ltd's new “Mediation process”.

This document is drafted in response to the Post Office Ltd.'s “draft scope for experts” document shared with Fujitsu by Rodric Williams.

Post Office Limited refer to the ‘Horizon System’ which is a wide definition that encompasses Post Office back office business processes and support provided to Sub-postmasters and formed part of the scope agreed with Second Sight Services Limited.

These terms of reference relate specifically to those areas that Fujitsu believes are relevant to an audit of the Horizon application, the capture of audit data and integrity thereof. It is primarily this audit trail that Fujitsu believes is relevant to the “Mediation process”.

It is also important that the scope of the expert review is something that an expert may be reasonably expected to provide a view with minimal (or no) caveats, otherwise it will carry little sway with the participants in the “Mediation process”. It should be noted therefore, that the integrity of the data captured in the audit trail has been subject to examination and challenge in several court cases and most recently by Second Sight Services Limited and hence Fujitsu believes this is a reasonable and achievable scope for such a review.

2. Background

The following proposed scope of expert review is based upon a terms of reference drafted by Fujitsu and agreed with KPMG that was to form the basis of an external audit of data integrity within the Horizon application in 2012. This audit was cancelled following the appointment of Second Sight Services Limited to undertake its investigations.

Fujitsu considers the pivotal points that need to be addressed when scoping a possible terms of reference are as follows;

- To establish whether or not the data captured and stored in the Horizon application is a ‘true’ representation of the transaction performed in branch
- Could erroneous transactions, not created by sub-postmasters, enter the audit trail?

- Is the integrity of the audit trail preserved once recorded / logged?

3. Basis of proposed Terms of Reference for the expert

In order to investigate the key areas outlined in section 2, Fujitsu proposes that an expert could test some or all of the following assertions:

1. Baskets net to nil

That all of the transactions in a basket (a basket is defined as any number of items for one customer) received from the Post Office branch counter balance to zero against the customer payment.

2. Basket received is same as that seen by counter

That the basket received at the data centre corresponds to what the counter staff sees on the Horizon screen.

3. Full basket enters audit trail

The full basket goes into the audit trail.

4. All baskets enter audit trail

All baskets get into the audit trail.

5. No extra baskets enter audit trail

No extra baskets get into the audit trail (i.e. nothing is added that the counter staff has not seen on the screen).

6. Audit trail has integrity

That the integrity of the audit trail has been maintained.

It should be noted that the old Riposte Based Horizon system is no longer in use and so is not available for examination. Any audit of its integrity will have to rely on documentation and an examination of the actual audit data produced by the system limited to the extent to which it is still retained and available for examination.

4. Reference Material

In the past Fujitsu has produced a generic Witness Statement that has been submitted in to evidence in court with prosecutions brought by Post Office Limited, where integrity of Horizon data has been challenged. This Witness Statement was also supplied to Second Sight as part of their review. In turn the Witness Statement refers to 2 separate documents describing the Integrity of the old Riposte Based Horizon system and the current Horizon Online system.

These documents are:

1. JENKINS Gareth witness statementv1.0.doc
2. ARCGENREP0004.HorizonDataIntegrity.doc
3. HorizonOnlineDataIntegrity_POL.doc

These documents provide a high level description of how Horizon records transactions and the way in which the audit trail is managed. These documents have been provided to Post Office Limited previously and it is important these are digested by all relevant parties as these would form the starting point for further detailed discussions. These can be supplied again if required.