

**Draft Response -In Strictest Confidence**

**CWU and alleged Horizon Errors:**

**Summary of Facts:**

- On 8 October 2015, the Postmaster of Dalmellington Post Office who also operates hosted outreach services at Bellsbank and Carsphairn raised an issue with NBSC.
- The issue concerned the transfer of cash from her core branch into her outreach service. It is reported that she experienced issues whilst undertaking the 'branch to branch' remittance process. This resulted in the remittance of cash being replicated a further three times, meaning that the Horizon derived figure would show a £24,000.00 shortage.
- On 8 October 2015 the Postmaster also contacted the Postmaster branch of the CWU who in turn contacted Ian Thomas, Service Director for Post Office at ATOS.
- As a direct result of this and various correspondence between several parties, Tim McCormack, wrote on his blog 10 November 2015; 'The error in Horizon', asserting that there is an alleged fault on Horizon which if left undetected will lead to cash shortfalls. Further, that Post Office was unable to help the Postmaster and that if left undetected, this can lead to cash shortfalls.
- The CWU sent an email to its members, which was seen by Computer Weekly advising of the alleged fault, which incorrectly duplicates payments.
- The issue has been fully investigated by Post Office investigation team to ascertain whether there is a need to implement recommendations and/ or make a change in process. This is detailed below.
- The root cause of the issue raised is understood and the significant and overarching point is that at all times the Horizon data is visible to both Post Office and Postmasters and there are resolutions to manage this.
- Post Office was aware of the issue in branch and this has been resolved prior to the completion of the Branch Trading Statement.
- Post Office will revisit its point of entry contacts for Postmasters to ensure that consistent and accurate support is given to Postmasters.

**1. Issue Raised:**

1.1 The Postmaster of Dalmellington Post Office who also operates hosted outreach services at Bellsbank and Carsphairn raised an issue with NBSC on 8 October 2015. The issue concerned the transfer of cash from her core branch into her outreach service.

1.2 It is reported that she experienced issues whilst undertaking the 'branch to branch' remittance process. This resulted in the remittance of cash being

replicated a further three times resulting in a £24,000.00 shortage at her outreach.

1.3 The Postmaster also contacted the Postmaster branch of the CWU on 8th October 2015 who in turn contacted Ian Thomas, Service Director for Post Office at ATOS. It is asserted that she did not think Post Office and ATOS understood the issue. As a direct result of this and various correspondence between several parties, Tim McCormack wrote on his blog 10 November 2015; 'The error in Horizon'.

1.4 The CWU emailed its Postmaster members warning of a problem with Horizon and advising them of the alleged fault, which incorrectly duplicates payments and if left undetected can lead to cash shortfalls.

## **2. Background:**

2.1 Dalmellington Post Office operates hosted outreach services at Bellsbank and Carsphairn. Dalmellington is the core branch and the branch code for this is 168843. The Dalmellington outreach services operate under a different branch code, 224843. Although both outreach branches have the same branch code, they also have a 'level 3' code which is unique to them and relates to the access point code which distinguishes the branches within the outreach cluster so that the location is easily identifiable; Bellsbank is 214471 and Carsphairn is 165471.

2.2 Cash deliveries are received at the core branch and then cash is transferred to the outreach services via a 'branch to branch' remittance. This involves the scanning of a bar code to transfer the cash onto Horizon from the core branch to the outreach services.

2.3 On the 8 October 2015, the Postmaster undertook the transfer to her outreach services by scanning the bar code. The Postmaster asserts that when she accepted this into her outreach branch this replicated four times for which she has Horizon receipts totalling £32,000.00. The core office was not showing a discrepancy however the outreach was showing a £24,000.00 discrepancy.

2.4 The Postmaster asserts that she had spoken with NBSC (call reference 1358666) and advised that this was a technical issue and to report it to the IT helpdesk. She did so and obtained a call reference from IT helpdesk 17972295. There is the assertion in the email of 8 October 2015 from the CWU representative, Helen Baker to Ian Thomas, Service Director, that the Postmaster was not convinced that the IT helpdesk had understood her message as they had said 'they would probably rectify remotely'.

2.5 The Postmaster contacted the IT helpdesk again at the end of the day on 8 October 2015, chose option seven and spoke to Rich who it seems told her to call NBSC.

2.6 On 8 October 2015 Helen Baker, CWU emailed Ian Thomas, Service Director requesting his assistance with what she called 'a very strange case'. Ian Thomas responded on 9 October at 10:40 that he had requested one of his service managers to look into the issue. At 18:23 on 9 October 2015, Helen Baker emailed Ian Thomas reporting that the Postmaster had heard nothing and that she was due to serve customers at the outreach the following Monday 12<sup>th</sup> October 2015, but would be unable to until the problem is resolved.

2.7 On 13 October 2015 Helen Baker contacted Ian Thomas to advise that apart from a brief call on 12 October 2015 there had been no contact with the Postmaster.

2.8 On 15 October 2015 Helen Baker updates Ian Thomas of the information she has on the issue. This includes that she has been given information that another Postmaster had a similar issue a couple of years ago and that FSC were aware of the issue and can issue a transaction correction (TC) for this. She further adds that the Postmaster had been in contact with FSC who advised that they can see that the one barcode accepted the £8,000.00 remittance four times and something similar happened with another Postmaster the previous week. That FSC were unable to issue a TC as the branch had a 'unique code' and the advice was to rem out £24,000.00 to the core branch and that FSC would correct/remove from her suspense account.

2.9 Helen Baker expressed concern that FSC were unaware of the issue until other Postmasters had alerted her and that it would appear that the IT helpdesk and NBSC were unaware that the error of duplicating remittances can occur, and FSC only know if it is pointed out to them. She further questioned 'what if the Postmaster doesn't realise it happened'?

2.10 On 21 October 2015, Ian Thomas provided Helen Baker with an update of the actions of the teams involved and the root cause of the issue of the replication that had been raised.

2.11 Ian Thomas advised that the issue was caused by the user forcing log off when the post-login checks have not been fully completed and there have been previous issues in other branches that have caused the same effect.

2.12 Whilst the issue is not a technical one, the ability for this to occur can be addressed by a system code change that will avoid further instances of this across the estate. This code change will be included within Release 13.05 which will be developed by Fujitsu and deployed in March 2016. Ian Thomas further advised that the preferred approach for this issue currently is the issuing of a TC by FSC and that FSC are currently working on allocating a customer account to Dalmellington.

2.13 On 5 November 2015, an article published in Computer Weekly referred to an email sent by the CWU warning of the flaws of the Horizon accounting

system. On 10 November 2015, Tim McCormack in his blog gives an account of his version of events on the issue above, though does not refer to the branch name, and gives an outline of events which primarily mirrors the email exchanges between Helen Baker and Ian Thomas.

### 3. Findings:

#### 3.1 Root cause:

- The likelihood of this issue occurring can arise when certain actions are made by the user in a very particular and rare set of circumstances. The user actions involve timeout on logon/ log off and subsequent multiple use of the 'enter' button when Postmasters who run Core and Outreach branches move cash between their branches.
- This particular issue is confined to Core and Outreach branches as the transfer of cash requires manual transfer of cash pouches.

**Commented [AV1]:** Kath I need to understand the impact of forced log off when the user has left an item in the stack. What happens to that item?

My understanding in this instance was because the log off happened due to inactivity and then user logged on the full integrity checks were not complete prior to the pouch receipt event as table below - Mark U may have a better phrasing or understand more following his meeting with Pete N, I can double check this with Mark

#### 3.2 Sequence of Events:

- The user logged onto Horizon into stock unit AA which then required an immediate cash declaration. Following this the stock unit timed out and logged off due to inactivity
- Later the user then logged back into the stock unit and undertook the remittance delivery transaction, (pouch delivery, manual transaction). After the two delivery receipts were printed 'Enter' was pressed which then printed the Rem In slip.
- However, instead of the 'Remittances & Transfers Home' screen being displayed, the Pouch Delivery screen was still showing, with 'Enter' enabled. Pressing 'Enter' again repeated the remittance in and further receipts printed.
- The user pressed 'Enter' four times, instead of the required once and subsequently the amount of £32,000.00 was entered into Horizon instead of the £8,000.00, the actual amount of cash that had been remitted out of the Core branch.

#### 3.3 Visibility of the Events:

- Each of these actions is highly visible to the user with separate receipts being printed for each transaction.
- These are also listed in the transaction log reports available to the user. The multiple remittances created by the Postmaster are easily recognisable as such in transaction logs and Horizon's integrity is maintained – all the events are captured accurately and indeed separately within the system.
- The actions are highly visible and very simply corrected either by the user or through Post Office back-end reconciliation processes.

- It is important to underline that the Post Office's back office reconciliation processes identify and correct the mistake (either via Transaction Correction or by helping the Postmaster to reverse the transaction).
- This is the case including in the highly unlikely event that it is not quickly noticed by the Postmaster and reported to Post Office.

### 3.4 Examination of HORIce data:

As part of this investigation, Horizon logs have been examined to ascertain the sequence of events, the entries made on Horizon and the discrepancies revealed during the period that the issue has occurred.

#### Horizon Transaction Data: Core 168843 (Dalmellington)

Date	Time	Product code/Transaction	Amount	Branch Code /User ID
08/10/2015	09:07:54	1 / Cash	£8000	168843/AA
08/10/2015	09:08:08	9931/Rem out cash	-£8000	168843/AA

#### Outreach 224843 (Bellsbank)

Date	Time	Product code/Transaction	Amount	Branch Code /User ID
08/10/2015	12:54:24	1/Cash	-£8000	224843/AA
08/10/2015	12:54:24	6287/Rem in cash	£8000	224843/AA
08/10/2015	12:54:31	1/Cash	-£8000	224843/AA
08/10/2015	12:54:31	6287/Rem in cash	£8000	224843/AA
08/10/2015	12:54:41	1/Cash	-£8000	224843/AA
08/10/2015	12:54:41	6287/Rem in cash	£8000	224843/AA
08/10/2015	12:54:46	1/Cash	-£8000	224843/AA
08/10/2015	12:54:46	6287/Rem in cash	£8000	224843/AA

#### Summary:

- The above tables show that one transaction of a Remittance out from the core branch was made between 09:07:54 and 09:08:08. The table also shows that there were four entries made as a remittance in from the core branch into the outreach at Bellsbank. This corroborates the events outlined by the Postmaster and significantly also confirms the visibility of the actions at all times. In summary, one transaction took place from the core; however there were four in total undertaken at the outreach which means that at that point there would have been a cash discrepancy on the Horizon derived figure of £24,000.00 provided that the actual £8,000.00 in cash had been added to the existing cash on hand at the outreach.

**Commented [AV2]:** How long does it typically take for the cash centre reconciliation with branches to be concluded? Andy Winn told me that this appears the next day so in this case the mismatch would be on 09/10/15 from the transaction on 08/10/15

**Horizon Event Data: Outreach branch 224843 (Bellsbank):**

Date:	Time:	Event:	Stock Unit
08/10/2015	09:01:10	User AIR001 Logged on	AA
08/10/2015	09:06:57	Declare Cash Total £955.15	AA
08/10/2015	09:21:59	User AIR001 has been temporarily logged off by system	AA
08/10/2015	10:20:59	User AIR001 logged off by system due to inactivity	AA
08/10/2015	12:53:36	User AIR001 logged on	AA
08/10/2015	12:54:28	Pouch Receipt	AA
08/10/2015	12:54:34	Pouch Receipt	AA
08/10/2015	12:54:44	Pouch Receipt	AA
08/10/2015	12:54:49	Pouch Receipt	AA
08/10/2015	12:55:40	Report Balance Snapshot - Office Copy	AA
08/10/2015	12:59:07	Report Transaction Log - Office Copy	AA
08/10/2015	13:14:03	User AIR001 has been temporarily locked by system.	AA
08/10/2015	13:18:19	User AIR001 has unlocked temporary lock.	AA
08/10/2015	13:44:38	Report Remittances In by Day - Office Copy	AA
08/10/2015	13:49:31	Report Remittances In by Day - Office Copy (Previewed)	AA
08/10/2015	13:49:34	Report Remittances In by Day - Office Copy	AA
08/10/2015	14:12:15	User AIR001 has been temporarily locked by system.	AA
08/10/2015	15:11:15	User AIR001 Logged off by system due to inactivity	AA
08/10/2015	16:03:17	User AIR001 logged on.	AA
08/10/2015	16:03:48	Report Balance Snapshot - Office Copy	AA
08/10/2015	16:18:30	User AIR001 has been temporarily locked by system.	AA
08/10/2015	17:17:30	User AIR001 Logged off by system due to inactivity	AA

**Summary:**

- The above table shows the sequence of events that User ID AIR001 undertook on the 8 October 2015. It also clearly shows the events of logging on/off/on due to inactivity and this corroborates the sequence of events that is detailed above as being the root cause; a sequence that in very rare set of circumstances can lead to the issue that has been experienced at the outreach at Bellsbank. Fundamentally, there is clear visibility showing that four entries were made for pouch receipts between 12:54:28 and 12:54:49.

- The sequence of events above also shows that the cash on hand was declared as £955.15, with no variance check being made.

Below is the sequence of events in terms of cash declarations and discrepancies which give the system derived figure compared to the actual cash declarations made by the user.

**Cash on hand declared at outreach versus Horizon system derived figures at outreach:**

Date	Time	Cash on hand declared	Horizon system derived figure	Horizon derived variance
08/10/2015	09:06:57	£955.15	£1004.98	-£49.83
10/10/2015	09:12:30	£955.15	£33004.98	-£32049.83
27/10/2015	13:51:38	£955.15	£33011.98	-£32056.83
28/10/2015	10:02:07	£955.15	£9011.98	-£8056.83
29/10/2015	11:27:04	£9012.98	£9012.98	£0.00

**Summary:**

- The above table shows the amount of cash on hand declared by the User compared to the Horizon derived figure. It is clear to see that the cash on hand has not changed even though there was an additional £8,000.00 in the branch, hence the Horizon derived figure showing a variance of £32,000.00 short instead of the true figure of £24,000.00 based on three additional remittance in of £8000.00. (This figure does not include the additional £49.83 that is separate from the issue highlighted).
- From the information in the above tables, Post Office concludes that the User ID remitted out from the core branch £8,000.00 and remitted into the outreach branch £8,000.00. However, the cash declared was not the true amount in branch; rather the amount of cash on hand remained the same until 11:27:04 on 29 October 2015. The event report above clearly denotes that the user undertook checks to ascertain what happened when remitting in the £8,000.00, as can be seen from the request for balance snapshot, transaction logs and remittance reports. These would have clearly indicated to the user the events at the time in branch and the shortage at that time which if the additional £8,000.00 had been included in that day's cash declared would have shown the £24,000.00 shortage and not the £32, 000.00 as is shown.
- As can be seen above, the cash on hand remained the same until 29 October 2015 at 11:27:04. An earlier cash declaration on 28 October 2015 at 10:02:07 showed the same amount of £955.15 being declared as cash on hand with a Horizon derived figure reducing to £9011.98 and a recorded system variance of £8056.83 shortage. This can be explained by the fact that a credit TC for £24,000.00 was processed on 27 October 2015 at 13:13:27, hence the reduction in the shortage. Once the true

amount of cash had been declared, the Horizon system figures agreed resulting in no variance. (It is assumed that the £56.83 shortage which was not impacted by this issue was either made good or an error in the declaration of cash had been made earlier in the week/TP.) The TP was completed on 29 October 2015 and there were no discrepancies reported, hence the issue had been resolved

### 3.5 Impact on Branches:

- The issue is contained to core and outreach branches only as the 'Branch to Branch' remittance procedure is limited to core and outreach branches.
- Less than 500 branches (i.e. core and outreach only) are potentially affected but, in reality, there have been very few instances because it involves a number of actions in a particular sequence.
- This issue is specific to Horizon Online and could not occur before 2010.

**Commented [AV3]:** How many and over what period? ATOS said 5 in 3 months but it is 5 branches as is listed the earliest dates back to the 22 June 15 that is in the report. I can check with Mark Underwood as he had the meeting with Pete N and may be able to confirm this? I can check as in AV1 above?

### 3.6 Branches Affected by this Issue:

- Within the last three months (Sept- Nov), there have been five branches reporting this issue, this includes Dalmellington branch.
- The other branches affected are: Barvas Hosted outreach (214869); Coningsby Mobile (106444); Colsterworth Mobile (110444); Kinlochleven (207828).
- All these branches have been rectified by the user or through Post Office back-end reconciliation processes.
- Dalmellington branch has been resolved by the issuing of a transaction correction on 27 October 2015 for the £24,000.00, prior to the completion of the Branch Trading Statement on 29 October 2015.

### 3.7 Examination of NBSC call logs: See Appendix 1

#### Summary:

- There are five calls recorded on the Bellsbank NBSC log that relate to the issue above. It would appear that the initial call made at 14:10 on 8 October 2015 was made by the Postmaster and that the remaining four calls have been made by internal post office colleagues or the IT helpdesk.
- There is one call recorded on the Dalmellington branch that relates to the issue above. This call was made on 12 October 2015 and it would appear that this call has been made to the branch as a follow up to the issue raised on the 8 October 2015.
- There is evidence of email exchanges between NBSC and ATOS regarding the resolution of the issue raised and a request to undertake a conference call.

### 3.8 FSC Information:

As part of this investigation, conversations have been undertaken with FSC to ascertain at what stage they became aware of an issue in the branch, and the actions that would be taken to remedy the issue. Additionally, FSC were asked for any record of its involvement with the branches that have been impacted by this issue. The responses are recorded below.

How does FSC become aware of issues of this nature and take action?

- FSC will be alerted to a mismatch in the ledger system on the following day, i.e. 9 October 2015 in this specific issue. The branch account would in this case show that there were no corresponding entries for the additional three £8000.00 remittances in to the outreach.
- FSC would usually contact the branch within two weeks, (this can be longer if sick leave, other urgent projects need priority, timescale could be increased to approx. five weeks).
- In this specific case, FSC did speak to the Postmaster and suggested that she complete three remittances out from the outreach branch, but deter from remitting them into the core branch. This would enable these further three remittances to be offset against the outstanding ones already held in POLSAP.
- The Postmaster was not comfortable with taking this action, and therefore an alternate approach was actioned, which meant the branch waiting for a TC. In this specific case, it meant that a customer account needed to be allocated.
- When Postmaster's are appointed a customer account is set up in order that the Postmaster can be remunerated, and any errors can be rectified through that account. In order to have a customer account there is a need for a branch code. In the case of the outreaches for the Dalmellington branch there is a branch code, however the reference data which allocates the customer account had not been allocated. (Usually outreaches do not have many issues and therefore a customer account may not be needed). In this case, there had been no previous issues at the outreach so to date a customer account has not been required). *(Apparently there has been issues since NT as the ref data box needs to be ticked as part of for example a transfer to PO local, however this can and has been missed on branches).*
- FSC issued a TC for £24,000.00 on 27 October 2015 and this was processed on 27 October 2015.
- FSC checked on the four other branches and their involvement with the Postmaster is detailed below.

**Commented [AV4]:** This is too long. This needs to be given priority by FSC. AVDB to discuss with Rod Ismay. Agree and okay

**Commented [AV5]:** This is not an appropriate fix. AVDB to discuss with Rod Ismay. Agree and okay

**Commented [AV6]:** This should be the standard approach - agree

**Commented [AV7]:** This needs to be discussed with NTP to close this gap. Do we have examples to quote? No I don't Andy W told me this that's why I put in italics - could go back to him to see if he has further examples of this, not sure if something like this would sit with FSC or someone like Debbie Arthur or Property Projects? I will check

**NBSC call logs from branches impacted by the issue:**

Branch /Code	FSC Advice/Resolution	NBSC advice
Barvas /214869	Spoken to branch and resolved in branch with opposite entries on Horizon. HORIce data confirms that the issue has been resolved in branch- logs show entries on 15/09/2015 which is the initial issue and the resolution on 18/09/2015.	No record at NBSC from the core or outreach branch
Colsterworth Mobile: <b>GRO</b>	No TC issued or record of contact with FSC. HORIce data confirms that the issue has been resolved in branch - logs show entries on the 14/09/2015 which is the initial issue and the resolution on 15/09/2015.	No record at NBSC from the outreach. Core logs on 14/09/15 and 2 calls on 15/09/15 record call - mobile office showing as a loss of £6000, due to rem in has gone through 3 times, how to correct. NBSC advised check logs/reverse and on 3 <sup>rd</sup> call refer to FSC
Coningsby Mobile: <b>GRO</b>	2 TCs have been issued by FSC: (23/06/15 £5600 on 22/06/15 and 11/09/15 £150 on 09/09/15) HORIce data confirms that the initial incorrect entries are shown in the logs of 22/06/2015 and 12/09/2015 and TCs have been processed on 24/06/2015 and 14/09/2015.	NBSC contacted on 09/09/15 and advised to contact FSC
Kinlochleven/ 207828	No TCs issued or records of conversation. HORIce data confirms that the initial issue is recorded in the logs of 12/10/2015 and the resolution on 19/10/2015.	NBSC advised to rem out to core but don't rem in
Bellsbank/224843	FSC spoke to Postmaster suggested that she complete three remittances out from the outreach branch, but deter from remitting them into the core branch. Postmaster not comfortable with this so FSC arranged for a TC to be issued. HORIce data shows that the issue is recorded on 08/10/2015 and a TC process on 27/10/2015.	The PM has Transferred £8k in cash from her Core Office to outreach but it has transferred 4 x £8k = £32k. The Core Office doesn't have a discrepancy but the outreach has a £24k discrepancy. Advised as the Core does not carry any discrepancy this would indicate a

		system issue the PM should report to the IT Helpdesk
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#### Summary:

- As indicated above, the other branches appear to have been comfortable with the advice offered or resolved the issue at the branch. However, it is clear that in spite of the willingness of colleagues to support the branch, there has been a lack of consistency when considering a resolution. It can be difficult to understand the messages as individuals will convey the issue and resolution in different styles; however the above messages do not seem to vary greatly whilst the resolution does.
- There is a requirement to ensure that a consistent and appropriate message is conveyed so that the Postmaster can feel supported and has confidence in Post Office

It is clear that from the initial call from the Postmaster of the Dalmellington branch that Post Office has taken action and liaised with different departments. However this has not been wholly visible to the Postmaster or treated with the appropriate level of urgency by FSC, which has in turn led to the issue being raised and the issue being flagged without the knowledge of the full context by the CWU and Tim McCormack

#### 3.9 Communication between parties (NBSC, ATOS, FSC):

As part of the investigation of this issue, the communications between parties has been examined.

- It would appear from the call logs that four of the calls from Bellsbank outreach are between other parties other than the Postmaster. This is deduced from the annotation on the caller name section and the message detail.
- It is clear from email chains that ATOS did take a call from the Postmaster and advised the Postmaster that this issue would need to be dealt with by NBSC and offering the solution of completing a rem to correct the system cash holding.
- It is clear that ATOS was aware of this issue at the four other branches which had been resolved.
- ATOS also suggested a conference call with NBSC to resolve the issue.
- Although NBSC was happy to support branches they were reticent to agree to the conference call on this issue as they did not have a process for managing such an issue. They were concerned that any advice that they offered could make the issue worse without the full line of sight of back office processes (similar to a disconnected session issue).

- NBSC liaised with FSC who also shared concerns on best way to support branches as there was a clear lack of explanation of the issue and no communication on the root cause.
- Subsequently, FSC suggested a method of resolving this which involved the creation of three remittances out from the outreach or of an alternate approach to wait for a TC to clear the branch account.
- Subsequently an explanation was provided to FSC from ATOS on the root cause and a resolution for this offered by means of a code change which is targeted for deployment in March 2016.

#### **4. CWU email communications:**

- It is clear from the speed in which the Postmaster contacted Helen Baker, Postmaster branch, CWU (some four hours later) that the Postmaster either did not have confidence in Post Office or felt this may be the appropriate channel for her to raise the issue with to ensure a resolution was forthcoming
- In doing so, this has given the CWU the opportunity to receive communications that have subsequently been used without the full context and full understanding of the issue.
- The accuracy and content in Helen Baker's emails are incorrect in part; the storyline on occasions is inconsistent with the full facts and sequences of events in branch carried out by the user which is visible at all times to both the Postmaster and Post Office as is explained above.

#### **5. Tim McCormack blog:**

- It is clear that this blog has been written having the benefit and sight of communications, nonetheless it is considered to be littered with both assertions and inaccuracies. This is understandable when in receipt of information that is not intended for use by persons without full understanding of the holistic picture.
- Whilst the outline of his storyline is a synopsis of the issue and there are elements of the scenario unfolding, it lacks the evidence to back up the alarmist view point portrayed which is to be expected when using material from a source that may not be in full possession of the facts.
- The fundamental point here is that the issue is visible to parties in branch and back office, it has a footprint and the issue was reported by the Postmaster, as is stated by the Postmaster when recording the references numbers from the helplines in her emails. There was no attempt at hiding a loss or problem that had been encountered, which is principally the right thing to do.

#### **Conclusion:**

The issue is a known one that can arise when certain actions are made in a very particular set of circumstances. The issue is known to have occurred in five

branches including the Dalmellington outreach service. The reach of this issue is limited to core and outreach branches due to the manual transfer of cash between the core and outreach. All branches impacted have been resolved, including the Dalmellington branch. This was resolved by issuing a transaction correction and this was processed prior to the completion of the branch trading statement.

The postmaster from Dalmellington is the only Postmaster known by Post Office to have raised the issue with the CWU; all other branches resolved the issue with sole contact with Post Office. Horizon logs of the other branches impacted have been examined to confirm this and all entries are visible to both the branch and back office reconciliation processes.

It is evident that in the enthusiasm to support, there has been a crossover between departments which has resulted in mixed messages, which has not been conducive in this case. There is also evidence of inconsistency in the deployment of advice to Postmasters and the resolutions offered. Post Office needs to ensure that there is a consistent tone and language used in the recording of conversations held and care needs to be exercised when speaking to Postmasters and colleagues to ensure the right messages are given and received. The opportunity has presented itself for the CWU and Tim McCormack to write communications based on the issue that the Postmaster of Dalmellington raised. However, it is disappointing that these communications lack a depth of knowledge and understanding of the issue, which can only serve Postmasters poorly, instead of supporting them, and shows a lack of having Postmasters best interests at heart.

Fundamentally, the issue is visible to both Postmasters and back office functions, which means in the unlikely event of a Postmaster not realising the error, the back office reconciliation processes would pick this up and action, so as the Postmaster would not be responsible for the discrepancy emanating from this issue. As is described above, the sequence of events in the branch is recorded and can be seen on transaction logs in the branch or on Horizon data logs and through back office reconciliation processes.

**Recommendation:**

This report concludes that urgent measures are needed to be introduced in the following areas: NBSC, FSC, ATOS and supported by Post Office Communication team as appropriate.

NBSC - Business Owner, Kendra Dickinson

- There should be consistency in information, tone and language used in the recording of conversations held. Care should be exercised when speaking to Postmasters and colleagues to ensure the right messages are given and received.

- The NBSC business owner should develop a standard script to be deployed asap which will form part of the knowledge base. This will ensure that Postmasters are supported from the initial point of entry when requesting support and advice.
- In conjunction with ATOS resolution process, NBSC should ensure a more robust approach is adopted and is sighted on the approach deployed by ATOS.
- All NBSC staff should be given the opportunity to be coached on this issue and similar to mitigate the risk of Postmasters losing confidence in advice and support given by Post Office. To be actioned by NBSC business owner.
- Post Office Comms team should assist in providing approved terminology for the above. (Comms team Business Owner - Melanie Corfield to action with Kendra Dickinson (NBSC)).

#### FSC - Business Owner, Rod Ismay

- Clear information needs to be supplied to FSC from branch, NBSC, ATOS, Fujitsu or other stakeholders to allow FSC to provide a consistent resolution to branches and Postmasters.
- FSC Business Owner should develop a standard approach in reconciliation of branch accounts, ensuring that this is both timely and consistently deployed. Recommended approach to ensure consistency, visibility and full support for Postmasters when errors such as this occurs is the authorising of the emergency suspense account and subsequent issuing of a Transaction Correction to the branch.
- FSC should deploy a prioritised approach for contacting the branch i.e. the day FSC are alerted to the mis-match in the ledger system, i.e. the day after the error has occurred.

#### ATOS - Business Owner, Colin Pletts

- There should be an escalation process from ATOS to Post Office CIO to assess the appropriate timeline for a system change in such circumstances.
- ATOS Service Centre to agree with Post Office standard line of communication in instances such as this, supported by Post Office Comms team, as appropriate.
- ATOS should implement a slicker resolution process, to support a more robust approach by NBSC.

#### Post Office Communication Team - Business Owner, Melanie Corfield

- All touch points with branches should receive a reminder of 'do's and don'ts' when communicating on business related enquiries.
- Post Office Comms team should support the above business owners in the development and deployment of approved terminology to be used in fulfilling the above recommendations.

Clear consistent script needed within NBSC. Scripts are needed to form part of knowledge base so that Postmasters can be supported from the initial point of entry. NBSC standard script to be deployed asap. To be actioned by business owner, Kendra Dickerson.

- Action — Kendra to ensure coaching to staff on this issue. Approved terminology to be sourced from Melanie Corfield, Post OfficeComms team. Kendra Dickerson.

Clear information needs to be supplied to FSC from branch, NBSC, ATOS, Fujitsu or other stakeholders to allow FSC to provide a consistent resolution to branches and Postmasters. Suggest that a TC is the preferred method of clearing and at the time of the issue the emergency suspense account to be utilised.. Action — a standard approach to reconciling the branch accounts to be developed and deployed by FSC. Rod Ismay Action — FSC to deploy a prioritised approach to contacting the branch ie the day they are alerted to the mis-match in the ledger system ie the day after the error. Rod Ismay

- ATOS Service Centre to agree with Post Office standard line of communication in instances such as this. Action — there needs to be an escalation process from ATOS to Post Office CIO to assess the appropriate timeline for a system change in such circumstances. Colin Pletts
- All touch points with branches to receive a reminder of 'do's and don'ts' when communicating on business related enquiries.. Action — resolution process by ATOS needs to be slicker. Colin Pletts. NBSC approach needs to be more robust and sighted on what the ATOS approach is. Kendra Dickerson.

#### Resolution:

Horizon Online is continually updated and improved and as part of this a software update is being issued to prevent users from being able to make the actions involved; this will be issued with the next release of Horizon updates in [March 2016]

**Commented [AV8]:** This will be released in next week or so. AVDB meeting with Fujitsu and Chris Broe, CIO o 23<sup>rd</sup> Nov 2015 to resolve. I did know this but left is as that was planned - do you want this removing or changing? I have changed in the clean version to planned for March 2016 but will be earlier , Nov 2015

**Appendix 1: NBSC Call Logs**

NBSC call logs: Bellsbank outreach service:

Reference	Date	Comment
CAS1358666	08/10/2015	<b>Caller:</b> Ann Ireland <b>Issue:</b> The PM has transferred £8k in cash from her Core Office to this Outreach & has the rec's to prove but it has transferred 4 x £8k = £32k . The Core Office does not have any discrepancy but the Outreach is showing a gain of £24k. <b>Resolution:</b> Verified with ESG - Paul T ; As the Core does not carry any discrepancy, this would indicate a system issue the PM should report to the IT Helpdesk.
CAS1367538	12/10/2015	<b>Caller:</b> Alman <b>Issue:</b> Wanted to know what checks would have been made for the branch to branch transfer on call <b>Resolution:</b> Advised transaction log- transfers in

		and transfers out and balance on both stock units
CAS1367831	12/10/2015	<b>Caller:</b> Mr <b>Issue:</b> checking previous ref - 135 8666 <b>Resolution:</b> advised as per details from previous call that the office was advised to raise the query with IT helpdesk as a system issue
CAS1382490	19/10/2015	<b>Caller:</b> xx <b>Issue:</b> what call did office make about transfer in? <b>Resolution:</b> advised info that was in Neil Edwards call (1358666)
CAS1382734	19/10/2015	<b>Caller:</b> Mr <b>Issue:</b> checking on previous calls - issues with a discrepancy wanting us to pass on that cannot resolve <b>Resolution:</b> needs to report to office directly

NBSC calls Dalmellington Core:

Reference	Date	Comment
CAS1364483	12/10/2015	<b>Caller:</b> x <b>Issue:</b> branch to branch transfer query - see attached email for details <b>Resolution:</b> none annotated

NBSC calls Kinlochleven outreach service:

Reference	Date	Comment
CAS1366926	12/10/2015	<b>Caller:</b> Andrew <b>Issue:</b> What to do if they have transferred from core to outreach 500 but its remmed in 5 times <b>Resolution:</b> Advised to transfer £2000 back out to core but don't rem in and they should balance

NBSC calls Colsterworth Core:

Reference	Date	Comment
CAS1299565	14/09/2015	<b>Caller:</b> Shirley <b>Issue:</b> mobile office, got cash loss of 6000 transferred money over today though but shown up as 3 rem, why? what to do? <b>Resolution:</b> checked to make sure not been remmed out 3 times off other system, checking to see if got gain. Checked all logs and reports, shows

		that wasn't remmed out 3 times but has gone on 3 times, no reason, netty advised to try reversing it but didn't work. advised to get fresh barcode label rem out 6k, keep separate with all paper work if chesterfield call advise them what's happened
CAS1299726	15/09/2015	<b>Caller:</b> Shirley <b>Issue:</b> called re - 1299565 mobile office showing as a loss of £6000, due to rem in has gone through 3 times, how to correct <b>Resolution:</b> closed call as rob has dealt with when office called back
CAS1301353	15/09/2015	<b>Caller:</b> Shirley <b>Issue:</b> Remmed in cash 3 times by mistake at outreach have loss of £6000 <b>Resolution:</b> ESG Paul refer to cash section at chesterfield for TC

NBSC calls Coningsby outreach service:

Reference	Date	Comment
CAS1288672	09/09/2015	<b>Caller:</b> Martin <b>Issue:</b> has remmed in £150.00 twice. branch to branch transfer has been completed twice on mobile van, due to loss of signal, shows twice on the txn log and balance report shows loss for this amount <b>Resolution:</b> advised to contact chesterfield 01246 542015

**\*No record of calls from outreach Barvas or the core Shawbost**