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Jonathan Swift QC and Christopher Knight: Meetings on 14/12/2015 at Finsbury Dials

Fujitsu (Pete Newsome, Gareth Jenkins, Martin Harvey)

Jonathan began by giving an introductory patter to the meeting's purpose and that of the Review more generally. The meeting followed, as you might expect, a pattern of Jonathan and Christopher (though principally Jonathan) asking a series of questions for Fujitsu to answer. Attendees from Fujitsu were keen to make reference to the Core Audit Processes and noted that the term 'Horizon' had widened to include issues not actually related to Horizon. Jonathan stated he was only interested in the alleged software issues.

The meeting was cordial, though at moments, Jonathan had to be persistent in his questioning to obtain an answer to the question he had asked, particularly in respect of the number of system 'errors' that have been identified and Fujitsu providing him with a log of these.

Jonathan and Christopher were particularly interested in:

1. The allegations made by Richard Roll during the Panorama broadcast, the various 'lines of support' available to Postmasters and, broadly speaking, the number of people who worked on and were tasked with servicing the Horizon system and 'fixing' errors (i.e. 3rd / 4th line support). Fujitsu have taken this action away.

2. The number of system errors that have been identified, by year, which could affect branch accounting. Further, although such a bug affected only, for example, 14 branches – how many could each have affected and what were the reasons for why those branches not affected, were indeed not affected. Fujitsu have taken this action away

3. What level of branch / transaction data could be retrieved and reviewed, the circumstances in which it was or was not reviewed by Fujitsu and the impact, if any, of not being able to replicate the exact 'key stroke sequence' after the 42/60[1] day time period had passed

    - Pete noted that Fujitsu had only been asked to retrieve and retain branch data for cases that applied to the Scheme, but not analyse it
    - Gareth Jenkins noted that in the logs he had reviewed as part of Spot Reviews, what the logs showed did not match up with the story of events being told by the former Postmaster(s)
    - Jonathan asked that although not initially reviewed by Fujitsu, presumably the ARQ data could still be, if it were still available

4. The Balancing Transaction Process and the implications of no consent being required from the Postmaster for it to be implemented

5. The assertion made on Page 6 of Deloitte's Board Briefing Document, where it states data can be deleted from the Audit Store

    - Pete said Fujitsu had not seen this paper and would need to be able to see it in order to be able to provide comment.

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[1] Gareth Jenkins stated that the exact key sequence could be replicated up to a month after the event in question has taken place. I have assumed, for the purposes of this note, that he is referring to the time period for which transaction data is available in branch. 42 days pre 2010 and 60 days thereafter

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6. That Second Sight had only requested the emails of the <u>Post Office</u> employees who worked at Bracknell, rather than the Fujitsu employees as well

Outstanding Actions include

1. Fujitsu to supply Jonathan and Christopher with the comments they provided on the Second Sight Reports

2. Post Office to provide the presentation Pete Newsome supplied Angela on the recent 'forced log out' issue on Friday

3. Fujitsu to supply Jonathan and Christopher on details surround the 'Falkirk' bug including:

    ▪ Number of branches affected
    ▪ The 'capability' of the bug in respect of the number of branches it could have affected and assuming this is more than the number actually affected, the reasons for this

4. Post Office to make enquiries into whether it can provide a copy of the Deloitte Board Briefing Paper to Fujitsu

5. Fujitsu to provide the number of system errors identified, by year, that could affect branch accounts together with the number of branches that were affected and were <u>capable</u> of being affected by these errors, together with reasons

6. Fujitsu to investigate its email / data retention policy and how this would, if asked for the information, affect its ability to provide the emails for those Fujitsu employees who worked at Bracknell in 2008/09

7. Post Office to share with Jonathan and Christopher the Post Office investigation in to Jo Hamilton's allegation that her discrepancy doubled upon following the NBSC's advice

Investigations Team (Angela Van Den Bogerd, Kath Alexander, Shirley Hailstones)

Again, Jonathan opened by introducing the purpose of this meeting and the 'Review' more generally. The tone of the meeting was relaxed with the investigations team offering relevant factual information in a manner that seemed to be appreciated by Jonathan and Christopher

Jonathan and Christopher were particularly interested in:

1. What background and experience the 20 strong investigations team had

    ▪ Shirley detailed that most were previously Field Support Advisors, though some had worked in the Post Office Security Team or were Auditors
    ▪ Angela added that particular cases were mapped to respective Investigator's skillset / expertise and knowledge

2. To what extent the 7 year data retention policy had, if at all, hampered the investigations

    ▪ Shirley stated that, in terms of finding out what had happened, it had not really hindered the investigations, save for in a couple of very old cases.

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- Angela added that they had adopted a very proactive approach to requests for the preservation of data. As soon as it was felt an individual was likely to apply (i.e. pre CQR submission / receipt) to the Scheme, Post Office had asked Fujitsu to preserve data relating to that branch. Angela felt, the only real consequence of some data falling outside of the typical data retention timeframe was that it took longer to produce the POIR

- Kath noted that NBSC logs are retained as far back as 2000 and that these often provided nuggets of information to follow up on. Kath used this as an example of how routes of enquiry, clues or indeed the answer(s), would not only be contained or available through a review of the transactions data

3. Other inhibitors to full investigations taking place e.g. NBSC calls not being recorded (audibly) and instead, in some cases, the only log record being that of "KB"

    - Shirley noted that although KB would not be specific, it did not necessarily need to be as the call logs themselves, their volume and frequency would also show a pattern / tell the story

4. Whether all retrieved ARQ data was analysed by Fujitsu or whether PO Investigators analysed the data themselves. In the circumstances where PO Investigators performed the analysis, did they feel they were less likely identify a system bug compared with, for example, a Fujitsu Software Engineer

    - Shirley stated that the PO Investigators did the analysis of transaction logs themselves

    - Kath noted that the type of advice sought from Fujitsu related to technical issues or terminology. Kath also noted that Post Office investigators were not really looking for clues that would suggest a system bug, but rather, an explanation or the answer for what had actually happened in each case

    - Angela added that had it not been obvious what had happened in each case, like it had not with the recent 'forced log off' issue, they would have followed up with Fujitsu. But for the 150 applications to the Scheme, this was not necessary.

5. Whether, where False Accounting has taken place, this would affect the ability to be able to spot an issue that should have been referred to Fujitsu

    - Angela replied that even in cases where False Accounting had taken place, they were still able to analyse ONCH and other patterns of behaviour. This often enabled them to identify when the loss or False Accounting had begun – though of course, being able to get to this point would also be dependent upon how an Applicant had falsified the accounts

6. The argument that the investigations that took place as part of the Scheme were more thorough than those that would have taken place at the time of the original (non-scheme) investigation

    - Shirley acknowledged that where a case had not, at the time of the original investigation, been referred to the Security team this may be the case

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- Kath and Angela detailed how this could be because of a variety of reasons. For example, at the time of the original investigation, applicants would often offer very little information and when interviewed answer all questions with "No Comment", in an attempt to avoid prosecution. By contrast, CQRs included a huge amount of information and assertions that could be investigated

7. The lessons learnt from the investigations

- Angela highlighted that there is a lessons learnt documents. She provided this to Christopher for him to review.

Outstanding Actions include

1. Post Office to review the "Case Catalogue" for the number of cases that involved False Accounting

Deloitte (Andrew Whitton, Mark Westbrook)

I joined this meeting five or so minutes late. Though I introduced myself as working on the Complaint Review & Mediation Scheme, I do not think Mark recognised that I worked for Post Office. I was struck by his tone. He was noticeably, I felt, self-assured and not, in my opinion, overly positive of the Post Office.

The meeting centred on Deloitte's Board Briefing paper and Andrew giving a view on what, having been asked by Jonathan, additional testing of the Horizon system could take place.

Jonathan and Christopher were particularly interested in:

1. The assertion made on Page 6 that data in the Audit Store can be deleted by administrators during the 7 year retention period and the evidence supporting this

- Mark explained that a document (of a few hundred pages) exists which articulates the hardware of the Audit Store. Having read this report they had spoken to an SME who, in conversation, said that the Audit Store was not set at its "maximum security level" and that this enables the capability for data to be deleted from the Audit Store. If the Audit Store security settings were at their maximum, this would not be possible

- Andrew noted that this would amount to a very technical abuse of the system and something only a Fujitsu employee (with the necessary access, time and knowledge) would be able to do

- Jonathan noted, specifically, that whether this had happened, would be "a matter that would need to be considered further"

2. Centrally generated transactions such as TCs and how Deloitte became aware of the BTP

- Mark stated that he had become aware of the BTP through it being included in the Annex of a large technical document. Though he was not, he said, provided with any documentary evidence to the controls surrounding it, he did, in length, speak to Fujitsu.

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- Andrew questioned why Post Office would have mechanisms such as the BTP in place if technical failures did not take place. Jonathan challenged this point stating surely it was good practice

- Andrew also mentioned the Suspense Account. He, in my opinion, appeared suspicious of its existence

- Again, Jonathan challenged this, saying that as a mechanism "this is not striking is it? It seems sensible"

- Andrew stated that it was "not its existence but rather, what is going on within it and it volume of usage and the type of transactions being placed within it"

3. What further technical analysis could be done in respect of answering the question of whether faults in the Horizon computer system had caused shortfalls in branch accounts

- Andrew took the lead. He mentioned three pieces of work:

    I. A technical analysis of branch transactions. He stated this would involve the analysis of data, relevant to the periods of time when alleged unexplained losses are said to have taken place, for all cases in the Scheme, searching for the less common transactions (identifiable by their respective codes), identifying any patterns and comparing these to general population. He said it would also involve a more general "interrogation" of the data and a comparison between the data recorded in the Audit Store and that held locally (in branch)

        Andrew noted that any fault in Horizon, if it did exist, was not "Core Systemic" as evidently, most of the time for most of its users, Horizon works well. He said, you would therefore be looking for "boundary issues" and that to look for boundary issues, would require the analysis of transaction data 6 months either side of any alleged incident.

        Jonathan commented that the starting point could be the individual cases in the Scheme and asked for an indication as to the resource required to carry out such testing. Andrew said he felt the initial piece of work would take two people four weeks to complete. This would produce some "thoughts to explore further, if agreed".

    II. A piece of work around whether Subpostmasters, for centrally generated transactions (TAs, TCs and BTPs), had:

        - been made aware of their existence
        - received any training on how to identify and review them and where possible, challenge them

        Chris noted that, to a degree, we would be reliant on a Postmaster giving accurate information. The complication of any review of this being historic was also raised, by Jonathan, though Andrew felt this could be overcome, albeit perhaps anecdotally

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III. A piece of work around the specific control processes in place to govern centrally generated transactions

- Referencing P8 of their Board Paper, Andrew said they could not, at the time of writing their report, identify any documented controls being in place

- Jonathan challenged the 'no controls' assertion, citing the fact that TC's have to be accepted by the Subpostmaster

- Andrew countered, stating the BTP can be injected without the Postmasters consent and they could, in theory go unnoticed

- Jonathan argued that this had only taken place once since 2010

- Mark made the more general point that any further piece of work should involve not just "reading and talking but also looking and touching" e.g. testing the key controls and risks, not just being told about them

My view

It was useful to sit in on all three meetings today. The two areas I feel Jonathan seemed most interested in were:

- Post Office Investigators, rather than Fujitsu 'techys' analysing the branch ARQ data and whether this increases the likelihood of software bugs, capable of affecting branch accounts, being missed

- The assertion made in the Deloitte Board Briefing Paper that data could be deleted from the Audit Store

I would be surprised if, in their report, Jonathan and Christopher did not recommend further additional testing of the Horizon System. My guess would be that it would be:

- Whether data can be deleted from the Audit Store and if it can, whether there is any evidence to suggest it has been. As noted above, Jonathan expressly stated this is "a matter that would need to be considered further"

- Additional analysis of branch ARQ data. This is the only recommendation by Deloitte that Jonathan did not challenge and actually questioned likely timescales and resource requirements