

Colin Lenton-Smith  
Finance and Commercial Director  
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Feltham  
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06.02.02

Dear Colin  
**Re: LOST DATA & AUDIT REQUESTS**



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I wrote to you on 29 August 2001 regarding lost data and you responded to that letter on 19 September. I have learnt from colleagues in Business Service Management that the latest update of the entry in the ICL Pathway CS Problem Management Database (dated 7 January 2002) states that *“Whilst the action outlined above mitigates a recurrence, ICL Pathway has advised the Head of Horizon Commercial .... that measures to remove altogether the risk of future tape corruption can be achieved only by a complete re-design of the current solution”*. In fact, I have received no such advice and am therefore writing to ask for an update on the incident.

There are significant concerns arising from this issue, which I have set out below. My understanding of the events based on information Post Office Ltd has received from ICL Pathway is as follows.

Following your attempt to action our Request for Information (RFI) Number 8, Charles Leighton, Post Office Ltd Security Manager, was told that ICL Pathway were unable to provide the information requested because the Audit Trail was incomplete for a period between 8 August 2000 and 14 August 2000.

This was confirmed in a letter dated 23 May 2001 from Jan Holmes of ICL Pathway to Susan Kinghorn of Consignia Internal Audit. Additional details provided in the letter showed a remarkable series of events, which appear to have been caused by poor implementation of the audit

Page 1 of 3

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Page 2 of 3

trail (which appears not to comply with the contracted solution), and by ICL Pathway's failure to exercise appropriate management control in carrying out the procedures for servicing audit trail requests.

We understand that both data centre tapes for the same period became corrupt. We have not seen any evidence to indicate that Pathway understands the root cause of these failures, and therefore must conclude that either data corruption is a common occurrence or that there is some common cause that makes the holding of duplicate or multiple copies ineffective as a resilience measure.



This incident has been further compounded by the fact that the courier you used to transport the tape from your Wigan computer centre lost the tape in transit.

The lack of a satisfactory explanation for the series of events means that we have no confidence that similar incidents will not occur in future.

I am also not convinced that the introduction of "read after write" activity to the digital linear tapes (DLTs) will alleviate this problem. The ICL Pathway problem log states that "The data is appended to DLTs over a period of weeks thus the tape is subject to repeated read/write activity". It is also not clear whether the tape corruption had occurred on writing to the tapes, in storage, or on reading them to process the audit trail query.

I also note from your problem log that the "read after write" facility impacts on an already tight schedule for the Legato drives. It appears to me that this will have had an adverse impact on the cost of the audit trail requests to be provided for the Network Banking service. Can you please provide proof that this is not the case.

This incident and the issues arising from lost data represent significant risks to Post Office Limited's business. It compromises our ability to assure end to end financial integrity of our business, our ability to comply with accounting and data protection regulations, and puts at risk our service commitments to our existing clients. This failure also calls into question the credibility of the existing service infrastructure as a platform that is fit to deliver financial services and that will satisfy our future clients specifications for these services.

Page 3 of 3

As you will be no doubt aware, you are in default of various obligations in the Codified Agreement as a result of this incident, which give rise to the right to terminate, and there is a risk of future similar defaults because the root causes have not been identified and corrected. These obligations include, without limitation, clauses 702.1 and 702.2, schedule A02 paragraph 4.1.6 Schedules A15 and A16, Requirements and Solutions 699, 828 and 829. I note also that the solution described in S699, namely the use of optical storage media, does not appear to have been implemented.



I look forward to a full and detailed report in response to this letter with ICL Pathway's detailed plan for rectification of this issue or proposed enhancement that will without doubt remove this event happening again. Because of the implications of this issue for the banking solution, I require a response within the next week.

I would also like confirmation of whether or not the original loss of data is capable of rectification, and if so when you expect to recover the data, this is also required within the next week.

Post Office Limited reserves all rights in relation to this incident including those set out in clause 902.2 of the Codified Agreement.

Yours sincerely,

**GRO**

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