
From: andy.bayfield@ [GRO]
Sent: Wed 24/02/2010 5:50:56 PM (UTC)
To: dave.posnett@ [GRO]
Cc: adrian.morris@ [GRO]
alison.bolsover@ [GRO]
andy.hayward@ [GRO]
carol.ballan@ [GRO] Jenkins Gareth
G [GRO]
jason.g.collins@ [GRO]
mandy.talbot@ [GRO]
tony.hills@ [GRO]

Subject: | Re: Fw: Alresford Large debt outstanding , legal request fro info

- Attachment:** pic05946.jpg
- Attachment:** pic13540.jpg
- Attachment:** pic27297.jpg
- Attachment:** pic08042.gif
- Attachment:** pic14464.jpg

Dave

I would suggest that either Frank Martin or Bob Collins who are my training managers in the South East would be able to offer a view as to how the system should be operated correctly in branch if that is what is being asked here. If you are looking for something other than this please give me a call and we can discuss.

I have copied in Tony Hills who is the line manager to both Frank and Bob

Andy

Andy Bayfield
Network Support Manager
Post Office Ltd - Network
Post Office Ltd

Ground Floor Guildhall

57 Queen Street Glasgow G1 3AT

(Fax ONLY [GRO]
È [GRO] MOBEX [GRO]
: [GRO]

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Dave Posnett
24/02/2010 17:27 To: Mandy Talbot/e/POSTOFFICE [GRO] Alison
Bolsover/e/POSTOFFICE [GRO], Andy
Bayfield/e/POSTOFFICE [GRO]
gareth.jenkins [GRO] Adrian Morris/e/POSTOFFICE [GRO], Carol
Ballan/e/POSTOFFICE [GRO]
cc: Andy Hayward/e/POSTOFFICE [GRO] Jason G
Collins/e/POSTOFFICE [GRO]
Subject: Fw: Alresford Large debt outstanding , legal request fro info

Mandy,
For info as discussed.
Alison,
Please note the string of emails below.
Do you know who, in P&BA, could provide knowledge on the Fujitsu audit log (pink highlighted text below)? It would also be useful if that person could access all information about the debts at Alresford (blue highlighted text below) in readiness for a conf call on this subject.
Andy (B),
Ditto re emails below.
P&BAs remit is really the back office workings of Horizon. From a front line users perspective, could you offer up a Training Manager who would have knowledge in this area.
Gareth,
I've a feeling you may have an in-depth knowledge of all areas of Horizon, but are you able to assist.
Adrian,
I believe you had/have this case as a fraud enquiry (POLTD/0910/0029) and have also obtained Fujitsu logs as part of enquiries. I think this was a £10k rem loss and subsequent audit shortage (representing the £50k owed to Late Account). I know you are on leave this week and next, but I may call on you thereafter from an Investigative stance (if timescales allow) to participate in discussions.
Carol,
You've been asked to assist (blue text below). If you haven't contacted Chesterfield yet, this is covered under Alison above. If you have contacted Chesterfield could you let me and Alison know who is dealing at

Chesterfield.

All,

Once I have names, locations, contact numbers, I'll look to arrange a conf call - so Mandy can lead on clarifying requirements and we can agree a way forward. Feeling is that timescales seem tight so hopefully we can arrange for next week. I probably can't obtain the Fujitsu logs that Adrian has until he returns, so will need to see if duplicates can be obtained or a fresh request to Fujitsu is necessary. Apologies for size of email and if it seems disjointed, but this seemed the easiest way of communicating with you all.

Regards,

Dave Posnett
Fraud Risk Manager

(Embedded image moved to file: pic05946.jpg): Security Suite (G14),

Leatherhead DO, Station Rd, Leatherhead, KT22 7AE

(Embedded image moved to file: pic13540.jpg): **GRO** (Mobex: **GRO**)

GRO

(Embedded image moved to file: pic27297.jpg): **GRO**

(Embedded image moved to file: pic08042.gif): **GRO** Post-line:

GRO

(Embedded image moved to file: pic14464.jpg)

----- Forwarded by Dave Posnett/e/POSTOFFICE on 24/02/2010 10:37 -----

John M Scott

To: "C Posnett Dave" **GRO**
23/02/2010 18:41 cc: "Mandy Talbot" <**GRO**> "B Lowther Sue"
<**GRO**>, "C Hayward Andy" <**GRO**>

"B

Murphy Iain" **GRO**
Subject: Fw: Alresford Large debt outstanding , legal request fro info

Dave.

Please see below, if you can support and assist Mandy Talbot in the issue described, I'll leave to you to get engaged with those involved.

Cheers.

John.

----- Original Message -----

From: David X Smith

Sent: 23/02/2010 18:34 GMT

To: John Scott

Subject: Re: Alresford Large debt outstanding , legal request fro info

John,
More likely to be Dave Posnett that will be of assistance to Mandy,
Dave
Dave Smith
Head. Of C&IS, Post Office Ltd
Sent from BlackBerry

----- Original Message -----

From: John M Scott
Sent: 23/02/2010 17:47 GMT
To: Sue Lowther
Cc: Mandy Talbot; David Smith; Rod Ismay
Subject: Fw: Alresford Large debt outstanding , legal request fro info
Sue.

Can you please support and advise Mandy & Co in this exercise and provide some initial thoughts.

Mandy - Sue leads on Information Security for POL.

Cheers.

John.

----- Forwarded by John M Scott/e/POSTOFFICE on 23/02/2010 17:44 -----

David X Smith

22/02/2010 23:51 To: Mandy Talbot/e/POSTOFFICE GRO
cc: "John Scott" GRO, "Rod Ismay"
GRO
Subject: Re: Fw: Alresford Large debt outstanding , legal request fro info(Document link: John M Scott)

Mandy,
I'm on holiday in Mexico at the moment so not as best placed as I might be to assist.

John and Rod have individuals who access the audit log via Fujitsu. Within Fujitsu I believe Gareth Jenkins is the individual best to interpret the audit log but also to explain how Horizon is set up to maintain integrity both in normal running and when failures occur. Rod would have to field someone to explain the back office controls we have.

I will contact Fujitsu to make sure that Gareth or a suitably qualified alternative is in place.

I would suggest one of the big accounting firms would be the best bet for an expert report. They have system experts. This is likely to be quite expensive as Horizon underwent very frequent change.

Hope this helps,

Dave

Dave Smith

Head. Of C&IS, Post Office Ltd
Sent from BlackBerry

----- Original Message -----

From: Mandy Talbot
Sent: 22/02/2010 10:40 GMT
To: David Smith

Subject: Re: Fw: Alresford Large debt outstanding , legal request fro
info
Dave

Thank you for the very comprehensive reply.

Who do you suggest we go to within the business and Fujitsu to obtain the full audit logs? I am really sorry to learn that you will be leaving us, can you suggest who we should talk to about Horizon issues after you are gone? Hopefully its early retirement or a brilliant job offer but we will be sorry to see you go.

I agree that once we get everything we can together than it should be examined by POL and Fujitsu- again can you suggest some useful candidates who are expert but also quite robust so as to be capable of rebutting anything that the Subpostmistress' expert can throw at us.

Ultimately given the complexity of the Horizon system are there any external individuals or firms who you can recommend would have the appropriate background to create a proper report in case POL has to defend itself?

Carol

Can you arrange with Chesterfield to get full detail of the discrepancy together with all the documentation behind it and an explanation of how each of them contributed to the final total loss. It also needs to confirm whether other transaction corrections are expected. Also if any documentation was removed from the branch at the time of the audit we need to identify where it is and retrieve it.

Regards

Mandy Talbot
Dispute Resolution
Company Secretary's Office
Royal Mail Legal Services

100 Victoria Embankment
London
EC4Y 0HQ

Postline: STD Phone: Fax: Mobile:

External Email:

David X Smith

To: Mandy Talbot/e/POSTOFFICE(
18/02/2010 11:17 cc: Carol Ballan/e/POSTOFFICE(, Rebekah
Mantle/e/POSTOFFICE(
Subject: Re: Fw: Alresford Large debt outstanding , legal request fro info (Document
link: Mandy Talbot)

Mandy,
Forgive me if this is a rather long response but its important given my impending departure from the Post Office that my logic is fully understood

after I'm no longer around to ask.

I've been embroiled in the various newspaper, TV and flag case letters all claiming that Horizon is at fault. As yet I haven't seen a single shred of evidence to back up any of these claims. However, a recent meeting with MPs encapsulated the issue we face very nicely. People know that computer systems go wrong from time to time, particularly, government computer systems, and, therefore, believe that a computer system such as Horizon could have caused these discrepancies. As long as the argument is carried out on the level of what could happen then we will always struggle to win it. Our greatest chance of winning the argument case by case is to fix the debate on what actually happened.

Two cases of which I believe you are familiar further reinforce this view and shape my response to your question. In the case referred to as Cleveley's an independent expert was appointed. Unfortunately POL and Fujitsu did not manage this spectacularly well and probably fielded the wrong people or at the very least insufficiently briefed people. I read the so called experts report and I have to say it was far from the professional effort I would have expected. There was no sign of a systematic approach to evidence gathering or that the expert had gained essential knowledge of how Horizon enables accounting integrity to be maintained. The expert concluded that Horizon could have created the discrepancies. Crucially the audit logs which would have proven what did happen on the system had not been retained. We settled out of court. This matter was determined on what could have happened.

In the case of Castleton we were able to disclose the audit log. My recollection is that Castleton's solicitor, or an expert retained by the solicitor, examined the log and concluded that Horizon did not cause the discrepancy. I seem to remember that Castleton fired this solicitor and decided to continue with his counterclaim. He lost ! Having heard Castleton's arguments , the Judge decided that there was "no flaw" in the Horizon system, and that "the logic of the system is correct": he said "the conclusion is inescapable that the Horizon system was working properly in all material aspects". We won the case on the basis of what had actually happened.

I believe that we should therefore allow an expert to examine the audit log having been fully briefed on how Horizon maintained integrity as this gives us the best chance of winning the argument. However we need to do so in a controlled manner and I suggest the following way forward.

1. It is not clear whether we have examined the audit log for this branch over the period during which the discrepancies occurred. If not we should do so. It would also be useful to understand the details of the investigation including a statement from P&BA as to whether it is possible that there are outstanding transaction corrections.

2. Horizon is a very complex system. We should ensure that the experience of the expert equips him to carry out the task. Being a bit of a whiz on a pc wouldn't make the guy an expert - I'd expect a background in the technical detail of say large scale banking system as the experience that would equip someone to carry out this task. This is not just in our interest it is also in the interest of the subpostmistress.

3. We should control the process. Firstly whoever faces off to the expert - and I'd suggest a combined Post Office/Fujitsu effort- should have first immersed themselves in what we discover from 1 so that they can prepare their explanation in the light of what we know. Secondly we should set out how Horizon maintains integrity and illustrate how this is ensured and explain how the audit log demonstrates this integrity. Then and only then

should we handover the audit log. Finally we should ensure that the expert has an open channel to our experts to follow up any queries. Finally, and we possibly can't insist on this, we should try to get the opportunity to comment on any report that is drafted before it is finalised.

Let me know how you want to proceed,

Dave

David Smith
Head of Change & IS
Post Office Ltd

2nd Floor, Bunhill Row wing, 148 Old Street, LONDON, EC1V 9HQ

Postline: **GRO** STD Phone: **GRO** Mobex: **GRO** Mobile:
GRO
External Email: **GRO**

Mandy Talbot

To: David X Smith/e/POSTOFFICE **GRO**
17/02/2010 11:18 cc: Rebekah Mantle/e/POSTOFFICE **GRO**, Carol
Ballan/e/POSTOFFICE **GRO**
Subject: Fw: Alresford Large debt outstanding , legal request fro info

David

Has Pol received requests like this before and if so how has it responded to them? Does the business in principle have any objection to meeting with a "computer expert" and explaining to him how the system works. Possibly even showing him the data. It may be beneficial in resolving this case but it will set a precedent. If we refuse I anticipate there is no way that we will be able to recoup any money on the sale of the branch without litigation which will revolve around computer evidence. I have looked up Vella who appears to be featured on a number of websites as a computer expert but what his experience is in the field is impossible to tell. Your opinion would be really useful to us in advising the business how it should respond to the request against the background of attacks on Horizon in the press and Courts.

Regards
Mandy Talbot
Dispute Resolution
Company Secretary's Office
Royal Mail Legal Services

100 Victoria Embankment
London
EC4Y 0HQ

Postline: **GRO** STD Phone: **GRO** Fax: **GRO** Mobile:
GRO
External Email: **GRO**

----- Forwarded by Mandy Talbot/e/POSTOFFICE on 17/02/2010 10:59 -----

Carol Ballan

To: Mandy Talbot/e/POSTOFFICE [GRO]
16/02/2010 16:44 cc: Lin Norbury/e/POSTOFFICE [GRO] Jessica
Madron/e/POSTOFFICE [GRO],
Dominic Williams/e/POSTOFFICE [GRO]
Subject: Alresford Large debt outstanding , legal request fro info

Mandy, I am aware that there are many cases at the moment , both current and ex PM's, where there are challenges regarding the integrity of the Horizon system .

Background to this case, I've had two I meetings with the PM to discuss how the £50k loss came about in may 2009 but she(Mrs Sangha) has so far been unable to provide any evidence. I provided her with both Sales & non sales information for the period 2/3/2009 to 6 /7/2009 , so that she could go through the data and check it alongside her paperwork . Again she has never come back to me with any queries/challenges .

In line with our debt process, in that all debts have to be cleared/recovered prior to any transfers taking place , i wrote to Mrs Sangha asking for her to either supply me with a letter of undertaking or a cheque for the outstanding amount , she ignored my letter in Dec so i followed this up a couple of weeks ago and have now received the response from her solicitor. I did authorise deductions of £1600 per month to start clearing the debt , which stands to day ay £46, 286.74.

If the transfer does happen then the business will end up incurring costs in a legal case

Mrs Sangha has done a commercial deal with the Co-op and the branch is due to transfer on 24th March 2010 , which she was advised that should this debt not be cleared then we may consider stopping the transfer

Please can I have you advice on a response to her solicitors

Many Thanks

Carol Ballan

Contract Advisor – South East England

Post Office Ltd – Network Support

Royal Mail Building, 1st Floor Admin Block, 98 Sandling Road, Maidstone
ME14 1AA

([GRO] Mobex [GRO]

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