

# OPUS|2

Exported: 01 Jul 2019

## Horizons Issues - Alan Bates & Others v Post Office Limited [WBD]

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SSC Offline KELs

Monday 19 Mar

## **HORIZON KEL GCSimpson1049L**

**KEL type:** Information  
**Title:** Foreign currencies on hand doubled  
**Summary:** Foreign currencies on hand doubled  
**Raised:** by Garrett C Simpson on 29/04/2004  
**Last updated:** by Garrett C Simpson on 05/05/2004  
**Release:** S50  
**System product:** BureauDeChange  
**Status:** Authorised  
**Visibility:** Medium  
**Peak:** PC102559  
**TfS:** 404260980  
**Version:** 1

### **Symptoms**

The PM balanced on Weds 21st April 2004 and noticed that all currencies on hand had doubled up

### **Problem**

Under investigation

### **Solution - ATOS**

Under investigation

### **Evidence**

Message store for the FAD  
Message store for the subscription group  
Event log  
Audit log  
Tunable trace log

## Horizon Briefing – 22<sup>nd</sup> March 2012

### 1. Computer Weekly Articles

A number of articles have been written by Computer Weekly relating to the Horizon System and the issues postmasters have had with deficits. The main article was published in May 2009 and can be found in Appendix 1.

In Summary this article highlights 7 case studies where the postmasters have claimed faults in the Horizon system have generated unexplained losses. In all cases no evidence was provided to substantiate errors in the Horizon System and where the case was taken to court the judge found that the Horizon System was working properly.

Computer Weekly engaged with 3 experts, Leigh Ellis (See profile in Appendix 2), Tony Sykes (See profile in Appendix 3) and Chris Wise. None of these IT industry experts could find any errors with the system; although they made a general statement that IT Systems generally do have errors.

An article by a Forensic Accountant on the Fraud Resource Web Site ( See Appendix 11 ) also commented about his involvement in one of the cases where he states that "the Post Office System was unlikely to be flawed otherwise you would see problems through many of the 14,000 or so branches"

There are further articles in Computer Weekly covering the more recent systems failures that have been experienced – these can be found in Appendix 5, 7, 9, 10.

In 1999 Computer Weekly disputed the cause of the Chinook Helicopter crash which killed 29 people on board in 1994. The RAF inquiry ruled that the pilots were to blame – however Computer Weekly reported that the control software may have been the cause of the crash (See Appendix 4). This article has to some extent given added credibility to Computer Weekly's capability in this area.

### 2. IT Industry View of Computer Weekly

Mark Davison (Account Manager for Post Office Ltd at Gartner) has strong connections with Brian Glick who is the Editor in Chief at Computer Weekly. His view is that Computer Weekly have a strong influence across the IT Industry and Government. They seem to have major influence on what is said and how it is presented.

Appendix 14 highlights the view from Gartner of what are the key influencers of UK Central Government.

Brian Glick also has links with Charlotte Aldred who is an advisor to the Cabinet Office on Open Data and Transparency.

Mark also confirms that Computer Weekly use "external experts" rather than using any internal capability.

Should we wish to have contact with Computer Weekly, Gartner would be willing to facilitate the contact with Brian Glick.

### 3. Audit Reports

The Ernst & Young management Letter for the year ending 27<sup>th</sup> March 2011 highlights a number of security improvements that need to be made around the management of central support accounts, there is nothing which would give concern regarding the integrity of the Horizon Online system.

The Gartner report in October 2008 was commissioned to provide assurance that the Horizon Online design was in-line with Post Office Ltd emerging strategies as well as providing a review of the Horizon Online ( HNG-X ) architecture.. This can be found from page 28 onwards of report in Appendix 12.

Gartner stated in their summary of the Architecture Suitability that :

*“Overall, the HNG-X architecture is first rate. Gartner does not recommend changing it in any substantial way. Placement of business logic on the Branch PCs and the use of a compact interpreter maximize the use of modestly-configured PCs and minimize the load on the network.*

*All solution architects have to deal with “trade-offs”; the HNG-X architects crafted a strong solution that would be hard to improve upon.”*

The Internal Audit Assurance Review, in conjunction with Deloitte, of Key System Controls in Horizon which can be found in Appendix 13 was conducted in February 2012. Its conclusions were as follows :

*“IT disciplines around functional changes and capacity monitoring were found to be appropriately designed and also operating effectively. However, access to the system in branches, particularly sub-post offices, can be by means of shared accounts. In addition, fail-over from the live data centre to the back-up centre has not been tested since June 2009. This requirement is of particular importance, as highlighted by an outage in the system in December 2011. Testing of the business continuity plan has been scheduled for March 2012. Controls designed to maintain the completeness, accuracy and integrity of transactional data flows within HNGX were effective, with minor weaknesses noted around manual processes for the validation of master data and transaction data. No evidence was found of material discrepancies arising from these issues.”*

Peter V. Stanley  
Chief Architect  
22<sup>nd</sup> March 2012

Appendix 1 – Computer Weekly Article – 11<sup>th</sup> May 2009**Bankruptcy, prosecution and disrupted livelihoods - Postmasters tell their story**

Monday 11 May 2009 01:01

Lee Castleton cannot get a mortgage or a bank account, and is unlikely to ever own his house. He works over 100 hours a week as an electrician to make ends meet and support his wife Lisa and two children, Millie, 13, and Cameron, 12.

In this article:	Key points:
<input type="checkbox"/> <a href="#">Case study 1 - Lee Castleton</a>	<ul style="list-style-type: none"> <li>• 14,000 post office branches use the Post Office's Horizon IT system for their accounts.</li> <li>• Postmasters claim faults with the technology are generating unexplained losses</li> <li>• Post Office denies IT fault could cause accounting system to show incorrect balances</li> </ul>
<input type="checkbox"/> <a href="#">Case study 2 - Jo Hamilton</a>	
<input type="checkbox"/> <a href="#">Case study 3 - Noel Thomas</a>	
<input type="checkbox"/> <a href="#">Case study 4 - Amar Bajaj</a>	
<input type="checkbox"/> <a href="#">Case study 5 - Alan Bates</a>	
<input type="checkbox"/> <a href="#">Case study 6 - Alan Brown</a>	
<input type="checkbox"/> <a href="#">Case study 7 - Julie Ford</a>	



The 40-year-old former postmaster was declared bankrupt after he refused to pay the Post Office £27,000 – money he owed because the accounts of his Post Office branch in Bridlington, Yorkshire, showed deficits over a 12-week period in 2004.

Castleton insists he did not owe the money – although it showed as a loss on the Post Office's Horizon system, which is used by postmasters to do their accounting. He is one of several postmasters to come across losses they could not explain.

Castleton was so concerned about the debt that he refused to pay it back, and decided to go to court to contest the Post Office's insistence that he should pay.

But the court ruled that the debt was real, not illusory as Castleton argued. "The losses must have been caused by his own error or that of his assistants," the judge said. "It is inescapable that the Horizon system was working properly in all material respects."



Having lost the case, Castleton was left with costs of £321,000. In 2007, he filed for bankruptcy. "I was in too deep – I see that now. The whole thing has been heartbreaking," he says.

After an investigation of six months, Computer Weekly has discovered that at least seven postmasters have come into conflict with the Post Office after the system showed losses which took them by surprise.

Jo Hamilton started signing her accounts even when she knew they were wrong, because, she says, calls to the Horizon helpline didn't stop the deficits occurring and she felt backed into a corner. She was convicted of false accounting, but was spared a prison sentence after local villagers organised a collection to pay the debt.

Noel Thomas was convicted of the same charge, and spent his 60th birthday in jail.

A fourth postmaster, Amar Bajaj, ended up selling his Post Office. He resents making good the shortage and claims that the Post Office has received £11,000 from him which he does not owe.



A fifth, Alan Brown, had a £6,500 deficit written off by the Post Office – only to find another £13,000 loss that he could not explain.

In a sixth case, Judy Ford had her IT equipment replaced by the Post Office, but not before £10,000 had gone missing. The company said it was probably down to her own errors, but she insisted she had not got anything wrong. She couldn't afford the repayments. "I lost all confidence in my job, and now I am going bankrupt. I have no trust in the Post Office at all," she says.

A seventh postmaster, Alan Bates, refused to sign his weekly accounts, saying it would have made him liable for any losses. He has called for a public inquiry.

All of the postmasters we spoke to say that their union, the National Federation of Sub Postmasters, has refused to help them investigate their concerns.

The Post Office denies it received any complaints from postmasters, and also denies that any IT-related fault could have caused the systems to show incorrect sums of money owed by some postmasters.



A spokesman said, "Horizon is an extremely robust system which operates over our entire Post Office network and successfully records millions of transactions each day. There is no evidence that points to any fault with the technology. We would always look into and investigate any issues raised by sub-postmasters."

The Federation declined to comment on the postmasters' claims.

#### Lack of evidence

None of the postmasters have firm evidence that IT was to blame. Jo Hamilton did not even realise it could have been the equipment causing problems until after her court case. She says, "I didn't understand what was happening, and I'm so rubbish with IT that at the time I thought it was somehow my fault. But other postmasters contacted me after my case, and I realised I wasn't alone."

One expert, Tony Sykes, a business systems specialist, says that further investigation is needed. Sykes has studied the system print-outs which showed that Castleton's Post Office had run up large debts.

A senior official at the Federation of Sub Postmasters, who asked not to be named, said, "The Horizon system may have been hunky dory on day one, but how does the Post Office know the system hasn't degraded over the years?"

"The problem we have is the culture of the Post Office. It's heresy to say something can go wrong. No one can say computers cannot go wrong."

Those affected say the Post Office did not fully investigate their claims. They also say that their contract requires them to pay any loss at their branch, whatever the circumstances.



Litigation solicitor Leigh Ellis, an IT specialist, says the contract between postmasters and the Post Office is weighted in favour of the company. "Postmasters need to be very careful that they retain evidence of differences between what the computer system reports and what they receive through the till. They need to put their concerns in writing to the Post Office explaining what the problems are."

Chris Wise, a business systems consultant who acts as an expert witness in court cases involving IT systems, says, "It's difficult to know what has gone wrong from the evidence we have to date, but almost all IT systems ever built have malfunctioned at some point. What matters is the way a business deals with those errors and gets to the bottom of what has actually happened."

He says it may not have been IT glitches that caused problems for postmasters but the way the Post Office handled them.

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### Case study 1

- Lee Castleton, Bridlington, Yorkshire



Lee Castleton, 40, was postmaster at the Bridlington post office in east Yorkshire. His problems started in January 2004, and he claimed he couldn't get help from the Post Office.

"Misbalances continued for 12 weeks. I spent hours going through accounts, trying to find out what had happened. It was baffling," he says.

Castleton rang the Horizon helpdesk, which is run by the Post Office, and asked repeatedly for help and a system check, but says they did very little.

"The Federation didn't help me either. It said it didn't want to get involved and refused to let me join."

After 12 weeks, Castleton was suspended and the Post Office told him he had to pay for the losses. "I decided to contest my obligation to pay the money in the civil court, because I hadn't done anything wrong," he says.

Castleton could not afford lawyers in the High Court, or pay an IT expert witness to look at the system logs for him. He argued that the discrepancy in his accounts had been created by the computer. But the judge said that the deficiencies were real, not illusory, and, as such, were evidence that the branch had not been managed properly. "The losses must have been caused by his own error or that of his assistants," the judgment said.

Under their contract with the Post Office, postmasters are liable for any losses that are due to carelessness, negligence or error. Castleton was also liable for the company's legal costs.

"The Post Office really put me through the mangle," he says. "I owed £27,000 for the deficits, and £321,000 altogether. I was in too deep — I see that now. The whole thing has been heartbreaking."

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### Case study 2

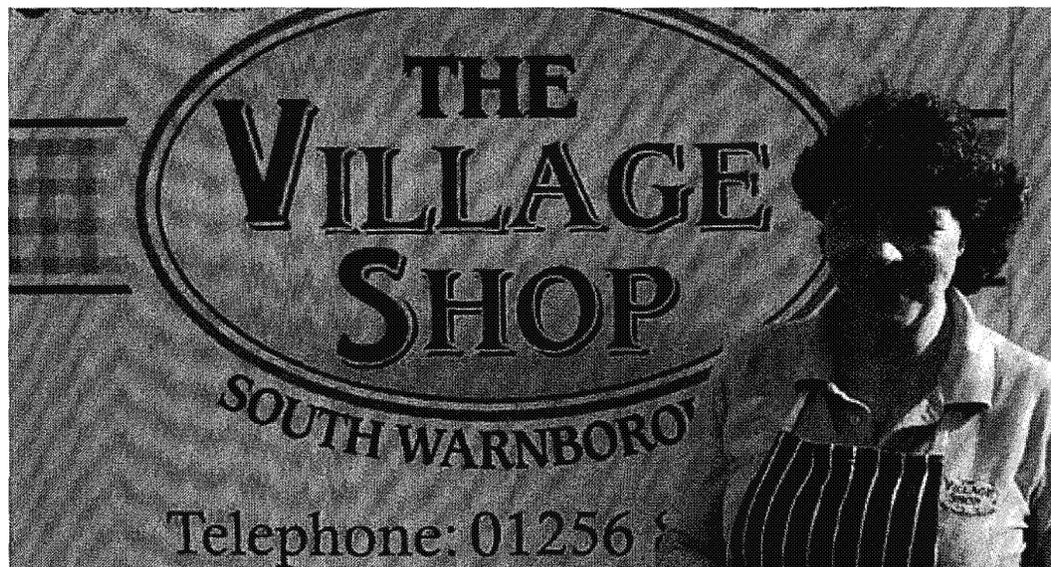
- Jo Hamilton, South Warnborough, Hampshire

Jo Hamilton, 51, was postmistress in South Warnborough in Hampshire between 2003 and 2005.

Hamilton started experiencing problems in October 2003. She entered every transaction into the system via the touchscreen till, and at the end of the week the computer would tell her how much money she should have.

"One time it said I was down £2,000, so I rang the Horizon helpdesk. The supervisor told me to do various things, and three minutes later I was £4,000 down. Whatever I did after that, I couldn't get it to come up any different," she says.

The Post Office told her she owed the money, and took repayments out of her monthly wages. "It made me reluctant to phone them, because it was just crazy – when I asked for help, it just doubled the amount and said I owed it money."



Hamilton's problems worsened. "Every week the system would come up telling me how much I should have in there. I knew it wasn't the right amount, but I didn't know what to do. I couldn't ring them up, because I just didn't have the money to pay it all back. So I signed the accounts each week, saying there was a certain amount in there when I knew there wasn't. I know it was dishonest, but I didn't steal any money. It got worse and worse."

Post Office auditors visited the branch in March 2005 and told Hamilton she owed £36,000. They prosecuted her for theft and 14 counts of false accounting, but later dropped the theft charge.

Hamilton says the case did not deal with the issue of IT. She pleaded guilty and was given a year's probation. Her house was remortgaged to pay the money, and the villagers in South Warnborough collected £9,000 between them to help.

Hamilton says, "In 18 months, I will have finished paying back the villagers, but won't have paid off our mortgage."

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### Case study 3

- Noel Thomas, Gaerwen, Anglesey

Noel Thomas, 61, from Anglesey, worked for the Post Office for 42 years. His problems started in 2003, when he discovered a deficit of £6,000. He says he spent hours looking at it, trying to find out what was wrong.

He says the Post Office paid half of the deficit for him, and he paid the other half. He didn't have any more problems until 2004.

"It started up again all of a sudden. The money was going at a rate of £2,000 a month, and it went on until October 2005. The last figure they told me I owed was £50,000.

"The National Federation of Sub Postmasters didn't want to know. It is frustrating – I would like to know where that money went to. The whole thing is a real mess," he says.

Faced with mounting deficits and nowhere to turn for help, Thomas signed the accounts to say the money was there, when it wasn't. "I didn't know what else to do. It was my biggest mistake – I should have turned round and told them I was shutting up shop until they found out what was going on. But at the time I thought they would close the Post Office if I did that, and that would cause a problem for the village."

The Post Office prosecuted Thomas for false accounting. He pleaded guilty and says the IT system didn't come up during his hearing – his barrister told the judge about his good character.

Mark Jenner, who at the time was the director of fraud investigation at accountancy firm Baker Tilly, said in a report prepared in advance of the case that he did not propose that the Horizon system was flawed. "If the Horizon system was flawed, I would expect to see issues raised by all 14,000 branches in the UK and not only a handful," he said.

But Jenner had been unable to examine the computer terminal used in Thomas's branch. "To completely discount the possibility that the Gaerwen branch terminal was not responsible for creating systematic and cumulative errors, I would still wish to inspect the terminal," he said.

Jenner's report was produced before the court hearing, when Thomas expected to face charges of theft. It was not used in the hearing because the theft charges were dropped.

Thomas was sentenced to 12 weeks in prison. "I spent my 60th birthday in there," he says. "It was hell on earth and it took me a long time to get over it."

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#### Case study 4

- Amar Bajaj, Chelmsford, Essex

Former barrister Amar Bajaj, from Chelmsford, sold his post office after losing £11,203.

His problems started in 2004, and he wrote to the Post Office every time there was a misbalance in the accounts. In July 2005, he contacted a solicitor because he felt that "the Post Office would look to prosecute us due to its own mistakes".

Bajaj says of the problems, "Any shortage will remain on the system for many weeks until a demand is made by the Post Office for the amount to be made good.

"I personally made good any shortage. After we got it back down to zero, the system would show a shortage of anywhere between £2,500 and £3,500 within a week.

"In spite of various letters and correspondence between myself and solicitors, no official has visited to see or check or remedy the defects. I am of the opinion that the Post Office is in breach of its contract to maintain the system, and therefore has wrongfully obtained our money and is earning interest as a result."

Bajaj contacted his MP, Simon Burns, who wrote to the Post Office on his constituent's behalf. In its reply, the company said, "We do accept that individual branches may experience very occasional failures."

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### Case study 5

- Alan Bates, Llandudno, Wales



Alan Bates, 52, worked at the post office in Llandudno in north Wales, from 1998 to 2003.

In 2000, he discovered a shortfall of £1,041.86 which he couldn't account for, and wrote to the Post Office. After two further letters, the company wrote back in 2002, saying they would write off the amount but without giving any reason.

It said, "Post Office Ltd has decided to take no further action in respect of the loss at your post office which will be written off."

Despite the loss being written off, Bates continued to have problems with deficits. He refused to sign his weekly accounts, saying it would have made him liable for any losses. When deficits occurred, he refused to use his own money to pay them. He was a member of the union, but said it was not supportive.

"Why didn't the Post Office prosecute me? Because it knew there were faults with my system. It did not want to take me to court. I never tried to take it to court as I had received quite a broad range of legal advice about doing so. I was told that it could keep me in court and keep appealing any findings until I ran out of money.

"There should be a public inquiry into this. I am in no doubt that many sub-postmasters have finished up breaking the law because of the Post Office and the position it left them in," he says.

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### Case study 6

- Alan Brown, Callender Square, Falkirk

Alan Brown is a serving postmaster. He gave an e-mail dated January 2006 to Lee Castleton for Castleton to use in his own court case. The e-mail says the Post Office had written off a £6,500 loss on his account "some time" after he said it had appeared on the system.

But he says another shortage appeared that evening when he was balancing the accounts. "I have one screen that says I have a £4 gain, and the screen next to it says I have a £13,000 loss on the same stock unit," he says in the e-mail.

"One node has stopped communicating with the rest. This could be costing sub-postmasters throughout the country a fortune and all because the computer systems occasionally do not work."

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### Case study 7

- Julie Ford, Yeovil, Somerset

Julie Ford is from Yeovil in Somerset. She became postmistress of Westfield Post Office in October 2007. Her problems with the company started at the beginning of November 2007, when her branch started losing hundreds of pounds at a time. The problems continued until February 2009, when she was forced to file for bankruptcy.

"At one stage I was £1,300 down. I rang up the Post Office and said I think there's something wrong. It said one of the staff, or myself, had sticky fingers," she says.

By January, Ford had paid all her £2,500 savings to the Post Office, so rang up and asked for an audit when £3,000 went missing overnight. The audit found she was nearly £10,000 short. The Post Office took money out of her wages, and suspended her for 18 weeks while it carried out an investigation.

*Instead of prosecuting or terminating her contract over the deficits, the company reinstated Ford in June 2008 without further action. The problems continued until several parts of her Horizon system were replaced, then balancing returned to normal.*

But Lynn Hobbs, general manager, network support at the Post Office, said in an e-mail at the time, "I am sure you are aware that we have had previous challenges in relation to the integrity of the system and I can confirm that the system has passed all tests and been exonerated in both the civil and criminal courts. I therefore cannot accept that the losses were as a result of the Horizon kit."

Hobbs suggested, "I think we should also look at other factors which coincided with this change, such as the additional training provided and the change of personnel at the branch."

Ford says, "In the end I refused to work. I wasn't taking the money and I wasn't making stupid mistakes. If they thought I was stealing money, why did they reinstate me? I lost all confidence in my job, and now I am going bankrupt."

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I am a sub-postmistress and have had problems with demands for money and deductions from my salary twice and am sure of why it happened. I have a Hanco cash machine and the errors occurred on the monthly rollover day both times. I tried to discuss it with the Post Office department which covered the cash machine and was treated rudely and with little interest.

I discussed the matter with Hanco and our figures agreed. The problem was haphazard accounting systems in the Post Office and the matter has never been resolved. I asked the Federation for help because I was a member and was advised to photocopy reams of paper and send them to Chesterfield and then they were all ignored and I was told that the sum would be taken from my salary if I refused to pay. I spent time on this and the Federation kept coming back and saying, that I wasn't presenting the case properly and they were no help at all. The money was taken from my salary on both occasions regardless of the fact that my objections were never answered.

I believe that there was a discrepancy because some of the money issued from the cash machine was dispensed after cut off on the month end leaving a discrepancy for that month because of the way the PO accounts for the cash machine money and that there should have been a corresponding discrepancy at the end of the next month to compensate but although they were willing to identify the discrepancy in their favour there was never a corresponding one. Therefore, their argument was not valid and there was not even an attempt to communicate on the matter - they just didn't understand how the office ran because they accounted one way and the Hanco accounts were another way and my Horizon system was different from both - although, after discussion, I was able to agree that there was no problem with Hanco because they understood

how it worked. They also grouped several figures together which did not relate to each other and refused to discuss the fact that this was not normal practice.

The sums of money were not big enough to justify legal action although I did think about going through the small claims court. It is all extra work and everybody who works for the Post Office works ridiculous hours for less than minimum wage (and without employee benefits because we are "agents"). The result of these restraints is that I did not take further action but I was unaware at the time of how often these discrepancies occurred and that so many large sums were involved.

Maggie  
Lincolnshire

## Appendix 2 – Leigh Ellis - Profile

### Leigh Ellis / Solicitor



Leigh Ellis is a solicitor, software engineer, intellectual property and information technology specialist. He acquired significant experience in software development and the IT industry prior to becoming a solicitor. Coupled with this, he is an accredited trade mark attorney and ideally suited to address most issues confronting companies involved in information technology.

tel. GRO email: GRO

#### Legal Expertise

Leigh's practice covers international information technology transactions and disputes, including software and technology contracts, software and patent licenses, patent infringement, copyright litigation and claims. He is a highly experienced intellectual property lawyer and advises on the full suite of intellectual property rights. He regularly advises on protecting and enforcement of trade reputation, infringement, structuring businesses to minimise risk and liability in commercial transactions. He appears in court and conducts High Court commercial litigation for clients in a range of industries.

With a keen eye for detail, technical expertise and genuine interest in the law, his skills facilitate identification of sources of evidence easily overlooked and discounted, unravelling the complexity in technology disputes and maximising the value and weight of evidence in court proceedings. He has provided legal advice to clients located in the United Kingdom, the United States, France, Switzerland, China, Gibraltar, Australia, Panama, Saudi Arabia, Russia and other countries on intellectual property litigation & information technology contracts, and disputes.

#### Specialist Industry Sectors

- Information technology, software licensing
- Media and New Media
- Entertainment
- Online Publishing

#### Memberships

- British Computer Society
- Society of Computers and Law

- Admitted as a solicitor in England and Australia

#### Professional Experience

- advises regularly on software licensing issues and intellectual property rights
- protection of trade reputation and goodwill
- assists companies transform their marketing to internet based ventures
- ISPs and commercial entities on internet based companies
- Has appeared on Sky News, BBC News, Channel 5 commenting on international developments in IT law and intellectual property affecting the technology industry and interviewed for industry publications. Interviewed by The Times, Forbes, BBC Online, Computing Magazine, New York Times, Guardian Online, TalkSport, amongst others
- Advised on examinations for a London University

#### Specialist Practice Areas

- Intellectual Property Litigation
- Technology Law
- Digital Rights Management (DRM)
- Outsourcing and Procurement
- Technology Licensing
- Commercial Litigation
- Protection of trade reputation and goodwill
- Management of corporate risk

#### Academic Qualifications

- Master of Laws: Intellectual Property
- Bachelor of Computer Science
- Registered Trade Mark Attorney, Australia

#### Clients include

- New Media Agencies
- Software Houses
- National Distributors
- IT Companies
- Importers and exporters
- Content Providers
- Internet Service Providers (ISPs)
- Solicitors seeking intellectual property advice

#### Advised on

- affiliate marketing disputes, involving high degree of technical knowledge relating to database structures and programming languages
- ingestion of content, streaming of content, and maintenance of IP rights
- software license audits
- telecommunications contracts
- intellectual property rights in petroleum industry, mobile telephones, motorsport and perfume
- contractual disputes involving least cost routing algorithms, trading systems; online video delivery systems

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Appendix 3 – Tony Sykes - Profile

**GRO**

**David Anthony Sykes - IT Group Partner**

BSc. C.Eng. CIPM MIET FAE MEWI - Managing Director

[Download David Sykes CV.](#)

[http://www.itgroup-uk.com/files/Qualified Electrical Engineer Expert Witness.pdf](http://www.itgroup-uk.com/files/Qualified_Electrical_Engineer_Expert_Witness.pdf) *Thank you for your recent emails and for the further amended second report. I have reviewed the report in some detail. I am extremely pleased with its content. You have done a first rate job of conveying in simple terms what [our client's] problem is."*

*Stephens Scown Solicitors - "Thank you for all of your help and assistance with this matter, and your contribution was particularly significant, I believe, in achieving the end result."*

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<http://uk.linkedin.com/in/tonysykes> Connect on LinkedIn

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Email: **GRO**

**Education**

1967 - 1973.

King Edward VII Grammar School Sheffield

**9 GCE O Levels**

**3 GCE A Levels**

1974 - 1978. BSc Honours Degree in Electrical Engineering with Electronics

**Professional**

Chartered Engineer and Member of the Institution of Engineering and Technology. Member of the Society of Expert Witnesses. Registered with the Association of Personal Injury Lawyers as an expert witness. Practicing Fellow of the Academy of Experts. Member of the Society for Computers and Law. Member of the committee of the SCL IT Disputes Group. Member of the National Association of Subrogation Professionals. IEE Expert Witness, IET Expert Witness. Expert in Sale of Goods act. Fully trained in Encase Mobile Phone Forensics.

**Career History**

1992 - Current. Chairman and Chief Executive, IT Group UK Limited

1989 - 1992 Managing Director, Microsys Consultants Limited

1988 - 1989 Group Manager, GEC-Plessey Telecommunications

1984 - 1988 Computer Applications Manager of FKI Babcock Group Company

1982 - 1984 Chief Engineer, Metal Closures Group Company

1979 - 1982 Systems Engineer for a German automotive test Company

1973 - 1978 Electronics Engineer, British Leyland

**Profile**

I have over 25 years experience in the application of electronics and software, chiefly as a designer of IT and telecommunications products and systems. I have worked with organizations such as GEC, Courtaulds and the MOD, on design contracts and for organizations such as OFCOM, BT and British Gas in a Consultancy role. I have been instructed by FM Global, Crawfords, Cunningham Lindsey and Zurich in connection with Insurance Claims and Loss adjustment. I have been instructed by firms such as Slaughter & May, Herbert Smith, Baker McKenzie, Denton Wilde Sapte. Pinsents, Eversheds, Taylor Wessing, Freshfields and PriceWaterhouse in connection with company litigation, copyright and customs tribunals. I have undertaken many forensic investigations and given evidence in the Crown Court in Criminal Proceedings presenting computer and electronic forensic evidence.

Some reported High Court Trials in which I prepared reports and gave evidence include:

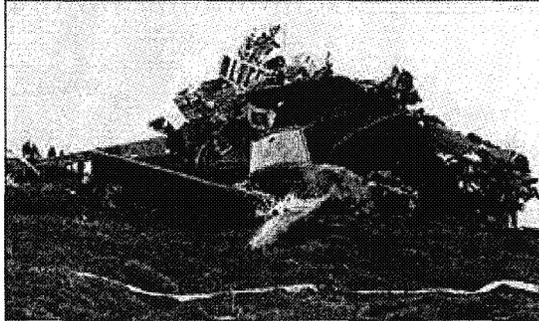
- Kingsway Hall Hotel Limited -v- Red Sky IT (Hounslow) Limited. High Court Queen's Bench Division Technology and Construction Court
- Horace Holman Group Limited v Sherwood International Group Limited (High Court TCC)
- SAM Business Systems v Hedley & Co (High Court TCC)
- Watford Electronics Limited v Sanderson CFL Limited (Court of Appeal)
- R. Benfield v Life Racing (High Court TCC)

## Appendix 4 – BBC Article on Chinook Tragedy

Wednesday, May 26, 1999 Published at 12:10 GMT 13:10 UK

UK

### Magazine disputes Chinook tragedy cause



The 29 people on board the Chinook died in the crash

A computer magazine is disputing the finding that two pilots whose Chinook helicopter crashed on the Mull of Kintyre in 1994 were "grossly negligent".

40  
Tony Collins  
tells the BBC  
about his  
magazine's  
report

All 29 people on board the helicopter died, including some of Northern Ireland's most senior police and intelligence experts.

The aircraft was flying to Inverness from Ulster when it crashed in thick mist.

An RAF board of inquiry ruled the pilots - Flight Lieutenants Jonathan Tapper and Richard Cook - were to blame but the conclusion has been strongly contested by their families and some politicians.

40  
The BBC's  
Emma  
Simpson: The  
magazine says  
the technical  
investigation  
was flawed

Based on the limited evidence, the inquiry said the wrong rate of climb was the most likely cause. It decided that although technical malfunction was unlikely, it could not be positively disproved.

Now, Computer Weekly reports that the helicopter's engine control software may have been the cause of the crash.

#### 'Car pedal'

The magazine's Executive Editor, Tony Collins, said with the benefit of hindsight new evidence had come to light which was not available to crash investigators.

Flt Lt Tapper is said to have expressed concerns about the speed at which the Chinook's "full authority digital engine control" was being put into service.



The pilots were said to have chosen the wrong climb rate

Mr Collins likened the software to a car's accelerator pedal.

"If the engines receive a signal from the software telling them to accelerate when the pilots don't want to, the only way they can bring down the speed is to go into cloud in a way which they don't want to," he said.

"That has not been generally understood. It has been thought that if the software fails, it would fail in a predictable manner."

Mr Collins said he did not think the inquiry had been deliberately misled but it was clear that crash investigators have difficulties when examining computer software after an accident.

"Gross negligence can only be brought if there's no doubt whatsoever as to the cause of the crash," he told the BBC.

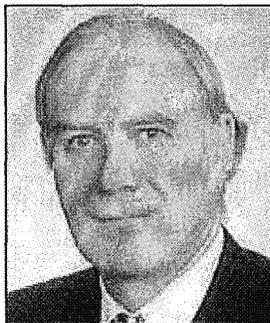
### Verdict 'unsafe'

"In this case, there are too many uncertainties and the evidence that we have highlighted proves that the evidence on which the verdict was based is inconclusive.

"We are saying that the verdict of gross negligence is manifestly and demonstrably unsafe."

Computer Weekly also questions whether the aircraft should even have been allowed to fly as it believes evidence from America should have alerted the army to the potential software problems.

Other theories which were rejected at the time of the inquiry included interference from laptop computers, mobile phones, submarine communications and the possibility of a passenger bursting into the cockpit.



Menzies Campbell: Call for inquiry review

Questions also arose about whether the crew members were running out of flying time and were going flat out to stay within their designated hours.

After a four-week fatal accident inquiry in 1996, a sheriff recommended the immediate installation of cockpit voice and accident data recorders.

He said he was not satisfied that the cause of the accident was the pilots' choice of an inappropriate rate of climb.

Liberal Democrat defence spokesman, Menzies Campbell said the inquiry's findings should be reviewed.

He said: "I have long been convinced that there is an injustice here.

"The RAF's own regulations at the time required that every other cause had to be eliminated before deceased pilots could be found to be negligent.

"The additional evidence appears once again to confirm the view that there were other possible causes for this tragic accident."



## Appendix 5 – Computer Weekly Article 02 Mar 2012

News

## Post Office turns to Twitter during computer system crash

Cliff Saran

GRO

Friday 02 March 2012 12:02

The Post Office branch network is back up and running after it failed for several hours on Thursday.

Users on Twitter were informed that the service had crashed. The Post Office team tweeted and responded individually to over 100 customers who had queries on the system failure: “Apologies, we are aware of a problem affecting our branches, which is being looked at,” the Post Office posted in one tweet.



A Post Office spokesman said of yesterday's system crash: "Post Offices across the network are again working normally after a computer problem which had earlier affected branches nationwide for several hours. We apologise to all our customers for the service problems experienced in our branches and the inconvenience this may have caused. Services have now fully been restored and customers are able to complete all transactions across the Post Office network. We are continuing to monitor the situation closely to make sure our services remain available as normal."

The system failure appears more substantial than the [previous outage in December 2011](#) when the Post Office suffered disruption after thousands of branches were hit by a computer crash.

At the time the problems hit for two 30-minute periods, which left some branches unable to handle the usual volume of mail.

Post Office owner Royal Mail is undergoing a major transformation in its business, which is due to complete in 2016, to modernise the mailing service, with greater levels of automation. As part of the project, according to its December 2011 annual

statement, Royal Mail reported it has started to implement the largest SAP human resources and payroll system in Europe. The IT system, dubbed “People System Programme”, aims to completely modernise all of the Royal Mail HR systems and drive performance improvements.

As part of government plans to part-privatise Royal Mail, the Post Office is set to be mutualised, a plan that is likely to lead to further major changes in the back-office IT that supports both organisations.

Appendix 6 – Computer Weekly Article 27 Feb 2012

## Post Office reveals plans for identity assurance services

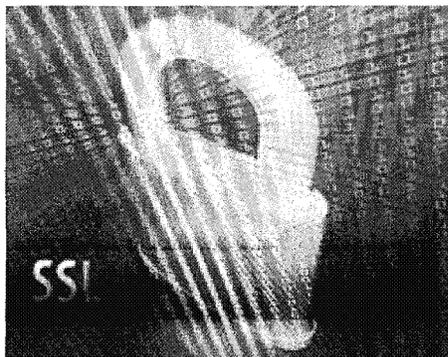
Kathleen Hall

GRO

Monday 27 February 2012 14:38

The Post Office is tendering for hardware and software which will enable it to become a provider of the government's proposed Identity Assurance (IDA) services.

IDA is a key part of the government's move to "digital by default" public services, and will require citizens to electronically verify who they are to access public services online.



The government's intention is to create a market of private sector identity assurance services, with individuals given the option to choose a certified private sector company to assure their identity. Banks, supermarkets and even social network sites could set themselves up as identity assurance providers.

The Post Office's search for a technology partner reveals its intent to provide identity assurance services across online, telephony and face-to-face channels, throughout its branch network and brand, according to its tender notice.

The contract will be worth £9m over 12 months and has been split into two lots. The first lot worth £2.5m includes consumer data services, which will process the personal details of users, as a means of authentication.

The second lot worth £6.5m includes identity management services, for systems and software for a single-sign-in system; near-field communication (NFC) tools, and mobile telephony for authentication and transaction delivery, as well as customer relationship management and support services.

Speaking at the official launch of the Government Digital Service in December 2011, Cabinet Office minister Francis Maude said the government would seek an online-

only model in digital services where possible to cut costs: "Where public services are capable of being delivered digitally online they should be, and only online."

Maude has earmarked £10m for implementation of IDA from the government's £650m cyber defence fund

Mike Bracken, director of digital and senior responsible owner for IDA, recently told Computer Weekly that more widely used security protocols for IDA would be key to identifying users. "Even some of our best services, like driving registration, require users to put all their data in for parking permit even if they have already submitted it for registration. There is no common ID framework recognised in two places," he said.

"What we are building is not an IT programme but standards the market can coalesce around. So it's more nuanced than classic IT programmes, where you throw in a system integrator and wait for it to be delivered."

Appendix 7 – Computer Weekly Article 14 Dec 2011

## Post Office suffers disruption after IT failure

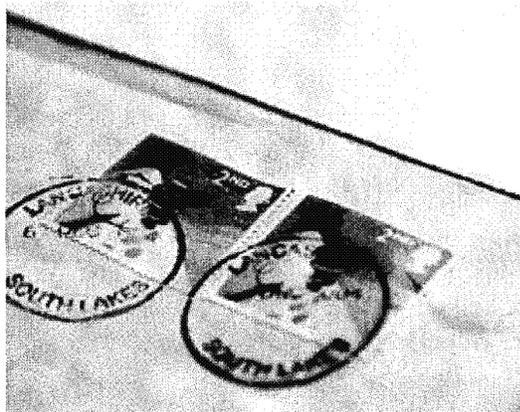
Karl Flinders

GRO

Wednesday 14 December 2011 09:15

**The Post Office suffered disruption this week after thousands of branches were hit by a computer crash.**

The problems hit for two 30-minute periods on Monday afternoon, which left some branches unable to handle the usual volume of mail.



There was a problem with the Horizon system used by Post Offices around the country. The service has now been restored.

“We are very sorry for the inconvenience this problem has caused customers. We know how important the Post Office is to our customers at all times, but especially at Christmas,” said Kevin Gilliland, network and sales director at the Post Office.

According to reports, staff had to manually calculate the cost of sending goods and then stick on individual stamps on one of the busiest days of the year for the Post Office with Christmas approaching.

About 4,000 branches were affected.

### Previous Post Office system problems

The Post Office also suffered a glitch back in July, which meant customers were unable to complete card transactions across all branches.

Debit and credit card transactions using Chip and PIN pads at branch counters and Post Office Card Accounts were affected, with customers unable to complete transactions or access their accounts.

The Horizon system is currently at the centre of a potential legal action against the Post Office. Over 80 sub-postmasters are interested in taking legal action against the Post Office in relation to Horizon, which has allegedly has led to false accounting accusations against them.

Appendix 8 – Computer Weekly Article 15 Dec 2011

## Post Office casts net for IT consultancy services

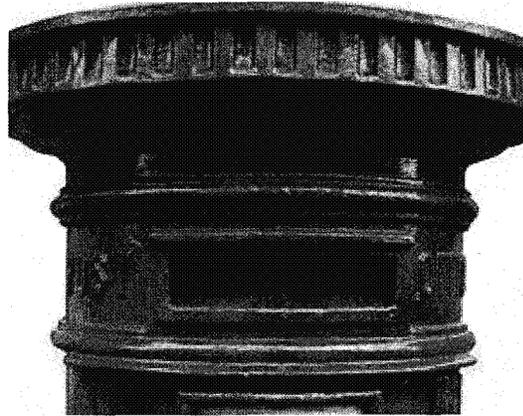
Karl Flinders

GRO

Thursday 15 December 2011 11:44

**The Post Office has put out a request for suppliers to bid for IT consulting services worth up to £8m over two years.**

The tender is looking for suppliers to provide consultancy services to the Post Office IT department to support the transformation of its operating model.



According to the tender, the consulting will provide support and guidance to the IT leadership team in the development and delivery of “organisational design and impact assessment triggered by IT strategies and change programmes, the provision of consultancy to support the development and delivery of enterprise architecture, the provision of consultancy to support the development and delivery of the security architecture”.

The Post Office expects four suppliers to be chosen.

Appendix 9 – Computer Weekly Article 08 Feb 2011

## Post Office faces legal action over alleged accounting system failures

Karl Flinders:

GRO

Tuesday 08 February 2011 14:33

More than 50 postmasters are planning legal action against the Post Office to reclaim money they paid to the Post Office after being accused of theft and false accounting.

All the postmasters protested their innocence and it is alleged that the problems could be down to the Post Office's Horizon accounting system, which they all use. The Post Office has denied an IT fault could cause the system to show incorrect balances



Access Legal, the consumer arm of law firm Shoosmiths, will initially launch the action for a group of six postmasters. It has a total of 55 already lined up to bring action and expects many more once the cases are made public.

Some of the postmasters gave exclusive interviews to Computer Weekly almost two years ago about the alleged Horizon problems.

Thousands of post offices use the Horizon IT system for their accounts and postmasters claim faults with the technology could be generating unexplained losses. The Post Office has denied this.

In recent years dozens of postmasters have been charged and even jailed with others repaying money following prosecutions. More than 250 post offices have been forced to close, according to Shoosmith's.

Amanda Glover, head of legal disputes at Shoosmiths, said, "Horizon was introduced to sub-post offices to provide first weekly, then monthly accounting, but didn't do a double entry, so it couldn't be checked regularly. Many users reported problems and couldn't work out how losses were arising. When they called a helpline, many claimed the problems got worse.

"Customers would try to get money from the hole-in-the-wall, but although they didn't receive it, it later showed as having been taken from their account.

"A key issue is the fact the system couldn't be accessed unless postmasters confirmed they agreed with figures on a daily basis, which led to errors being accepted by postmasters just so that they could log on to the system.

"They all say they have not taken any money, and while the Post Office says there is nothing wrong with Horizon, it appears to record people using it when they are not even logged on. One post office even recorded a loss when it was closed."

Glover said some postmasters are paying back "missing" amounts to avoid prosecution. The most common amount is around £35,000.

The Post Office said in a statement that it is "fully confident that the Horizon computer system in its branches, and all the accounting processes around it, are absolutely accurate and reliable at all times."

It added, "The Horizon system has been subjected to full, independently assured, robust testing procedures.

"The Horizon information security processes meet the relevant industry standards which apply to such organisations as banks and building societies.

"Subpostmasters are given fully appropriate training, typically including classroom training and a further time on site under close supervision and guidance from a Post Office manager. Subpostmasters can also ring a dedicated helpline for advice.

"The Horizon system has operated successfully for more than 10 years across the Post Office network, which currently stands at more than 11,500 branches.

"The National Federation of Subpostmasters, which represents the views and interests of subpostmasters around the country, has gone on record on a number of occasions to express its full confidence in the accuracy and robustness of the Horizon system.

"The Horizon system provides detailed records of every transaction, no matter how small or large, in any individual post office branch. Separate records of all key strokes in the system are stored in a tamper-proof way.

"The Post Office handles large sums of public money as well as the money entrusted to it by the 20 million people who visit our branches each week. The Post Office rightly makes every effort and takes all reasonable steps to protect the money in its care."

Appendix 10 – Computer Weekly Article 27 Jul 2011

## Computer glitch halts Post Office card transactions

Jenny Williams  
2011 05:00

GRO

Wednesday 27 July

Customers have been unable to complete card transactions at the Post Office today after a computer glitch across all branches.

Debit and credit card transactions using Chip-and-PIN pads at branch counters as well as Post Office Card Accounts have been affected, with customers unable to complete transactions or access accounts. The BBC predicts up to 3.3 million Card Account customers could be affected.



In a statement, the Post Office apologised to customers for the computer problem and confirmed its 11,820 branches remained open.

Martin Moran, Post Office commercial director said: "We apologise to customers for any inconvenience. We are making every effort to restore these services as soon as possible."

The Post Office is making "special arrangements" for emergency cash payments to pensioners and benefits claimants that rely on Post Office Card Accounts.

The firm also advised customers could alternatively withdraw cash from any of the Post Office's 2000 ATMs, which have been unaffected by the problem.

The Post Office said further details would be released shortly.

Royal Mail is set to get another CIO, its third in less than 18 months, when former Network Rail corporate development director Catherine Doran takes over the role from 1 September.

**UPDATE:** A Post Office statement released at 4.30pm today says the technical problems with PIN pads have been solved as of 3.30pm, having been down since branches opened today. The firm says it made 1,000 emergency payments to Post Office Card Account customers during that time.

Appendix 11 – Fraud Advice Article 23 Oct 2009

## Fraud and the Post Office Horizon Computer

Friday, October 23rd, 2009 at 10:42 am



I was searching the Internet last night to see if my Fraud Resource web site had moved up Google's ranking at all and came across a link to my name concerning a job I did around 4 years ago. It is interesting to see the contents of a forensic accounting report being quoted in the press as usually the forensic accountant remains in the background in criminal prosecutions even when his or her work is critical to the proper outcome of the matter.

The article was by ComputerWeekly.com and highlighted the plight of a number of postmasters who ran 7 of the Post Office's 14,000 or so branches throughout the UK. All of them had been convicted or accused of stealing typically £40,000 from their branch. One of the cases was mine. I am quoted as saying that the Post Office system was unlikely to be flawed otherwise you would see systematic problems through many of the 14,000 branches [inferring not just those run by postmasters who just happened to also have financial difficulties?]. I have to say that the contents of my report should not have been disclosed but hopefully no harm has been done in this case.

What the article did not say was that I had a couple of similar cases a year or two previously where I did examine the Post Office Horizon computer system in more detail. I concluded then that the system was essentially straight forward and could be considered to be an "Excel spreadsheet" with a fancy front end. There were unlikely to be such substantial and regular errors on the Post Offices part limited to only a few individual cases – however the apparently disadvantaged postmasters failed to consider the most obvious facts:

1. The deficit typically grew by a few £1000 per week over a few months.

2. The deficit was discovered by a Post Office audit that would probably be triggered by the increasing funds drawdown compared to usual.

3. The postmaster was responsible for reconciling his accounting system with the Post Office daily and weekly. Any deficiencies should be reported immediately so that they could be sorted (the Post Office would often bear a loss in this way).

4. The postmasters knowingly carried forward an increasing error by falsifying returns – failing to report the differences.

5. Whether or not the postmaster stole the money, a member of staff stole it or it was negligently overpaid regularly to customers of the branch in error – the fact remains that the postmasters were responsible for reporting problems to the Post Office and because they allowed the error/loss to mount up – they were responsible for it – either as criminals or incompetents.

In the most recent case that was being reported I had been asked by the barrister to advise the defendant in conference of my findings and as a result he pleaded guilty to false accounting – in return the prosecution dropped the theft charges for which he would I am sure have been convicted. His sentence was accordingly much lighter. 12 weeks in prison against probably a couple of years at least.

Hopefully this was a just outcome. If he had been convicted of theft he would have face confiscation proceedings for the £40,000 and given the nature of the alleged offences may even have endured the lifestyle assumptions. Clearly the postmaster had little in the way of assets and if he had defaulted on the confiscation his whole term in prison could easily have reached five or even more years!

Appendix 12 – Gartner Report



C:\Documents and  
Settings\peter.stanle

## Appendix 13 – Internal Audit Assurance Review of Key System Controls in Horizon



C:\Documents and  
Settings\peter.stanle

Report

## Peak Incident Management System

Call Reference	PC0043811	Call Logger	_Customer Call_ -- EDSC
Release	Targeted At -- CSR-CI3_2R	Top Ref	E-0004271707
Call Type	Live Incidents/Defects	Priority	B -- Business restricted
Contact	EDSC	Call Status	Closed -- Fixed at Future Release
Target Date	04/05/2000	Effort (Man Days)	0
Summary	The pm is having problems rolling the office over.		

## Progress Narrative

Date:28-Apr-2000 15:02:00 User:\_Customer Call\_  
 CALL PC0043811:Priority B:CallType L - Target 04/05/00 16:02:17  
 27/04/00 14:28 The pm is having problems rolling the office over. There are figures missing from the cash account which is one person entire work.  
 27/04/00 14:30 uk079786  
 Advice: Got the pm to check all the stock unit and they are in cap06.  
 Got the pm to try and get a trial cash account.  
 It says balancing error receipts and payments do not match, investigate the error the error may be corrected using the reversal function.  
 27/04/00 14:50 uk079786  
 Information: Discrepancy on the cash account for redeemed stamp nat saving deposits, out by f111  
 Nat savings withdrawels out by £450.95  
 MVL stamps out by £75  
 Tv stamps out by £200  
 In each case the figures are the same as this stock unit has taken.  
 Stock unit DD  
 User id CST001  
 27/04/00 14:53 uk079786  
 Advice: These figures are far too similar to the figures the women has taken in this stock unit.  
 27/04/00 16:16 uk066871  
 Repeat Call: pm called chasing call ...voiced Sandra Clegg  
 27/04/00 16:35 uk059697  
 Information: voiced SMC to this call  
 28/04/00 10:28 uk061537  
 Repeat Call: Caller has rung back again. At 18:21 on wednesday night they did a sales report and it included allt he transactions, however, they could not roll the clerk over. Yesterday morningn SU DD was rolled over and she is not in CAP 06. All her work is missing from the CA> When she did a blaance snapshot she was £9,000 over and all her stock is showing as minus.  
 It is all showing minus.  
 28/04/00 10:36 uk061537  
 Advice: I asked caller to do a reprint of the final balance for SU DD to see what the figures looked like. Everything is minus of what she sold. I think that she rolled over with nothing in her Stock, and everything went as an over. Advised caller to roll over the SU into the next BP and declare stock stamps and cash  
 28/04/00 10:44 uk061537  
 Advice: The manager will call in as they rolled the SU over and the caller cannot carry out the tasks as she does not have managerial access  
 28/04/00 11:37 uk080106  
 Repeat Call: asked pm to check figures on trial bal. pm says she cannot find this. asked to print a bal snapshot. it shows all minus against everything she has sold. the SU DD is individual and has been rolled over.  
 advised to create correctional SU ZZZ. already has ZZZ, so created XXX. individual. had pm attach to XXX. has pm declare everything in XXX what should have been declared in DD on wednesday using bal snpashot printed then.  
 28/04/00 11:45 uk080106  
 Advice: advised to go into stock bal and declare stock, then stamps then cash. advised to then roll over XXX. then to transfer the stock from XXX to DD and then roll over office. pm ok to do this.  
 28/04/00 11:53 uk080106  
 Advice: will leave call open for further contact from pm.  
 28/04/00 13:18 uk061537  
 Repeat Call: Caller has rung back in again. She has rolled SU XXX over with all the stock missing from the clerks SU. This is the incorrect. Caller should never have been advised to do this. If my update had been read from when she rang in before it would have been clear that the caller rolled over DD SU with no stock in it. Everything was zero and then she started

servicing in CAP06 with no stock minus creating the minus figures.  
By creating a correctional SU in CAP 05 and putting the  
figures in showing as a minus from CAP06 it will now roll with  
CAP 06 figures. If anything, they should never have added  
stock from this cap, they should have added stock from last  
cap. This faulty advise has caused even more trouble and the PM  
has not rolled XXX over  
28/04/00 13:24 uk061537  
Advice: Advised caller to go into Admin, SU, view Su as she states  
she is unable to roll over the CA. I do not want her to roll  
over her CA as because of XXX SU which has got CAP06  
figures in. All SU are in CAP 6. Asked caller to go to office  
balancing, office CAP, the office is in CAP 05.  
28/04/00 13:32 uk061537  
Advice: Escalated to STSA Amanda, Sandra and Elizabeth. Spoke to  
John Simpkins at EDSC for his advice. he advised to create  
another SU, and put in the difference between the correction SU  
and the actual Stock in DD (e.g. if DD had 100 first class  
stamps in CAP05 and sold 20, the balance snapshot would show  
minus 20. The XXX SU would have shown 20 first class  
stamps, so the other correctional SU would have to show 80)  
28/04/00 13:56 uk061537  
Contacted: Attempted to contact the PM but the line is currently  
engaged.  
28/04/00 14:00 uk061537  
Contacted: Attempted to contact the PM, the line is ringing off  
28/04/00 14:06 uk061537  
Contacted: Phone line is still ringing off. I cannot get through  
28/04/00 14:08 uk061537  
Contacted: I have tried three times in an attempt to contact the PO  
but the line just rings out.  
28/04/00 14:10 uk061537  
Information: Tried again, and it times out. Checked with 192 of the PO  
number and it is [REDACTED] GRO  
28/04/00 15:17 uk061537  
Contacted: Attempted to contact the PO but the line is engaged!  
28/04/00 15:24 uk061537  
Contacted: Contacted PM (finally!) SPOke her through attaching herself  
to DD SU and doing a balance snapshot. Asked her to get the  
final balance from SU XXX. Compare the two and work out  
what is left.  
28/04/00 15:34 uk061537  
Advice: Caller advises she declared it already in SU XXX, so  
advised her to do a trial CA and see if the figures were correct.  
Spoke her through doing a trial CA.  
28/04/00 15:44 uk061537  
Advice: The trial balance is not showing any of the receipts and  
payments. It is showing the stock but none of the receipts  
and payments.  
28/04/00 15:53 uk061537  
Information: SU DD user name is CST001 there is no set position. The  
balance report was carried out and was rolled over yesterday.  
Caller is trying to do the final CA from position 6.  
Please investigate why the SU DD receipts and payments are  
not on the trial CA.  
Advised caller not to roll over CA - advise NBSC of this  
28/04/00 15:57 uk059130  
Information: I have downloaded the event logs for this counter which can  
be found in the web page.  
Passing call to SSC for further investigation.  
F) Call details  
Diagnostician name:  
Customer opened date 27/04/2000 14:28:01  
CALL PC0043811 opened

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Date:28-Apr-2000 15:12:00 User: Customer Call  
27/04/00 14:28 The pm is having problems rolling the office over. There are  
figures missing from the cash account which is one person entire work.  
27/04/00 14:30 uk079786  
Advice: Got the pm to check all the stock unit and they are in  
cap06.  
Got the pm to try and get a trial cash account.  
It says balancing error receipts and payments do not  
match, investigate the error the error may be corrected using the  
reversal function.  
27/04/00 14:50 uk079786  
Information: Discrepancy on the cash account for redeemed stamp  
nat saving deposits, out by £111  
Nat savings withdrawels out by £450.95  
MVL stamps out by £75  
Tv stamps out by £200  
In each case the figures are the same as this stock unit  
has taken.  
Stock unit DD  
User id CST001  
27/04/00 14:53 uk079786

Advice: These figures are far too similar to the figures the women has taken in this stock unit.  
27/04/00 16:16 uk066871  
Repeat Call: pm called chasing call ...voiced Sandra Clegg  
27/04/00 16:35 uk059697  
Information: voiced SMC to this call  
28/04/00 10:28 uk061537  
Repeat Call: Caller has rung back again. At 18:21 on wednesday night they did a sales report and it included allt he transactions, however, they could not roll the clerk over. Yesterday morningn SU DD was rolled over and she is not in CAP 06. All her work is missing from the CA> When she did a blaance snapshot she was £9,000 over and all her stock is showing as minus. It is all showing minus.  
28/04/00 10:36 uk061537  
Advice: I asked caller to do a reprint of the final balance for SU DD to see what the figures looked like. Everything is minus of what she sold. I think that she rolled over with nothing in her Stock, and everything went as an over. Advised caller to roll over the SU into the next BP and declare stock stamps and cash  
28/04/00 10:44 uk061537  
Advice: The manager will call in as they rolled the SU over and the caller cannot carry out the tasks as she does not have managerial access  
28/04/00 11:37 uk080106  
Repeat Call: asked pm to check figures on trial bal. pm says she cannot find this. asked to print a bal snapshot. it shows all minus against everything she has sold. the SU DD is individual and has been rolled over.  
advised to create correctional SU ZZZ. already has ZZZ, so created XXX. individual. had pm attach to XXX. has pm declare everything in XXX what should have been declared in DD on wednesday using bal snpashot printed then.  
28/04/00 11:45 uk080106  
Advice: advised to go into stock bal and declare stock, then stamps then cash. advised to then roll over XXX. then to transfer the stock from XXX to DD and then roll over office. pm ok to do this.  
28/04/00 11:53 uk080106  
Advice: will leave call open for further contact from pm.  
28/04/00 13:18 uk061537  
Repeat Call: Caller has rung back in again. She has rolled SU XXX over with all the stock missing from the clerks SU. This is the incorrect. Caller should never have been advised to do this. If my update had been read from when she rang in before it would have been clear that the caller rolled over DD SU with no stock in it. Everything was zero and then she started serving in CAP06 with no stockm tus creating the minus figures. By creating a correctional SU in CAP 05 and putting the figures in showing as a minus from CAP06 it will now roll with CAP 06 figures. If anything, they should never have added stock from this cap, they should have added stock from last cap. This faulty advise has caused even more trouble and the PM has not rolled XXX over  
28/04/00 13:24 uk061537  
Advice: Advised caller to go into Admin, SU, view Su as she states she is unable to roll over the CA. I do not want her to roll over her CA as because of XXX SU which has got CAP06 figures in. All SU are in CAP 6. Asked caller to go to office balancing, office CAP, the office is in CAP 05.  
28/04/00 13:32 uk061537  
Advice: Escalted to STSA Amanda, Sandra and Elizabeth. Spoke to John Simpkins at EDSC for his advice. he advised to create another SU, and put in the difference between the correction SU and the actual Stock in DD (e.g. if DD had 100 first class stamps in CAP05 and sold 20, the balance snapshot would show minus 20. The XXX SU would have shown 20 first class stamps, so the other correctional SU would have to show 80)  
28/04/00 13:56 uk061537  
Contacted: Attempted to contact the PM but the line is currently engaged.  
28/04/00 14:00 uk061537  
Contacted: Attempted to contact the PM, the line is ringing off  
28/04/00 14:06 uk061537  
Contacted: Phone line is still ringing off. I cannot get through  
28/04/00 14:08 uk061537  
Contacted: I have tried three times in an attempt to contact the PO but the line just rings out.  
28/04/00 14:10 uk061537  
Information: Tried again, and it times out. Checked with 192 of the PO number and it is          GRO  
28/04/00 15:17 uk061537  
Contacted: Attempted to contact the PO but the line is engaged!  
28/04/00 15:24 uk061537  
Contacted: Contacted PM (finally!) SPOke her through attaching herself to DD SU and doing a balance snapshot. Asked her to get the

final balance from SU XXX. Compare the two and work out what is left.  
28/04/00 15:34 uk061537  
Advice: Caller advises she declared it already in SU XXX, so advised her to do a trial CA and see if the figures were correct. Spoke her through doing a trial CA.

28/04/00 15:44 uk061537  
Advice: The trial balance is not showing any of the receipts and payments. It is showing the stock but none of the receipts and payments.

28/04/00 15:53 uk061537  
Information: SU DD user name is CST001 there is no set position. The balance report was carried out and was rolled over yesterday. Caller is trying to do the final CA from position 6. Please investigate why the SU DD receipts and payments are not on the trial CA.

Advised caller not to roll over CA - advise NBSC of this  
28/04/00 15:57 uk059130  
Information: I have downloaded the event logs for this counter which can be found in the web page.  
Passing call to SSC for further investigation.  
F) Call details  
Diagnostician name:

---

Date:28-Apr-2000 15:51:00 User:Richard Coleman  
PRESCAN: It's so good they've told us 3 times by the looks of it.  
Target Release updated to CSR-CI3R  
Product EPOSS & DeskTop Cash Account added  
The Call record has been assigned to the Team Member: John Simpkins  
Defect cause updated to 40:General - User  
Hours spent since call received: 0 hours

---

Date:28-Apr-2000 17:15:00 User:John Simpkins  
New evidence added - Stock unit DD from 20-Apr-2000 to 28-Apr-2000  
F) Response :  
The openingstock figures from the roll CAP4 BP2 to CAP5 BP1 had a lot of stock items. However I can not find a Stock Declaration DrawerItemId:2 (stock) anywhere. I also cannot find a lot of DDNs that would match this. I cannot find a lot of SANs to remove the stock. I believe that the mapping must somehow be incorrect locating the CAP5 opening figures.  
I will attache the message store extract for SU DD.  
I will route this back to the main stack to be re-assigned while I am on holiday.  
[END OF REFERENCE 17724827]  
Responded to call type L as Category 40 -Incident Under Investigation  
The response was delivered to: PowerHelp  
The Call record has been transferred to the Team: EDSC  
Hours spent since call received: 0 hours

---

Date:28-Apr-2000 17:26:00 User:John Simpkins  
New evidence added - ObjectName:DD  
F) Response :  
I have followed the openingfigures markers from the StockUnits collection (attached as evidence) and they seem to be correct.  
[END OF REFERENCE 17724933]  
Responded to call type L as Category 40 -Incident Under Investigation  
The response was delivered to: PowerHelp

---

Date:29-Apr-2000 09:24:00 User:John Simpkins  
Please route to EPOSS Dev.  
The Call record has been transferred to the Team: QFP  
Hours spent since call received: 0 hours

---

Date:29-Apr-2000 10:12:00 User:\_Customer Call\_  
EMPTY 29/04/00 10:21 uk079746 HSH1 Repeat Call: Pm rang in for update. Spoke to EDSC, they advised will need to go to development team.  
Advised pm of this.

---

Date:02-May-2000 09:16:00 User:Lionel Higman  
The Call record has been assigned to the Team Member: Steve Warwick  
Hours spent since call received: 0 hours

---

Date:02-May-2000 12:05:00 User:Paul Steed  
F) Response :  
Someone from Horizon says that the PM is chasing this one. The call is currently with fourth line.  
[END OF REFERENCE 17751933]  
Responded to call type L as Category 40 -Incident Under Investigation

The response was delivered to: PowerHelp

Date:02-May-2000 13:08:00 User: Customer Call  
EMPTY 02/05/00 12:43 uk080109 HSH1 Repeat Call: pm rang back chasing, voiced  
3rd line who said somebody  
will callback asap.

Date:02-May-2000 16:35:00 User: Steve Warwick  
F) Response :  
Having looked at the evidence supplied there does seem to be an issue with  
the CAP 5 balance on Stock Unit DD. However to investigate fully we need to  
see a complete copy of the message store, not just the 'Container:DD'  
messages.  
[END OF REFERENCE 17762185]  
Responded to call type L as Category 96 -Insufficient evidence  
Hours spent since call received: 2 hours  
The Call record has been transferred to the Team: EDSC  
The response has been routed to the gateway team for validation

Date:03-May-2000 08:07:00 User: Barbara Longley  
The Call record has been assigned to the Team Member: John Simpkins  
Hours spent since call received: 0 hours

Date:03-May-2000 12:47:00 User: John Simpkins  
New evidence added - Complete message store  
The Call record has been transferred to the Team: EPOSS-Dev  
Hours spent since call received: 0 hours

Date:03-May-2000 14:07:00 User: Barbara Longley  
F) Response :  
New evidence added - Complete message store by John Simpkins in EDSC -  
The Call record has been transferred to the Team: EPOSS-Dev  
[END OF REFERENCE 17783656]  
Responded to call type L as Category 40 -Incident Under Investigation  
The response was delivered to: PowerHelp

Date:03-May-2000 14:08:00 User: Customer Call  
EMPTY 03/05/00 15:07 uk066702 HSH1 Advice: rnm - carl motion chasing this  
call for an update - tried  
paul steed but unavailable - voiced barbara longley for  
update on this call - if possible the pm needs a callback to  
explain the situation so far.....

Date:08-May-2000 12:53:00 User: Customer Call  
EMPTY 08/05/00 13:20 uk080111 HSH1 Repeat Call: voiced through Barbara  
Longley as pm needs to know what is  
happening. A development team are investigating this. Pm  
reports that this has happended again with this weeks CA on the  
same counter

Date:08-May-2000 13:50:00 User: Les Ong  
The Call record has been transferred to the Team: EPOSS-FP  
Hours spent since call received: 0 hours

Date:09-May-2000 16:23:00 User: Les Ong  
Target Release updated to CSR-CI3\_2R  
F) Response :  
Potential target release updated to CI3\_2R since date for existing target  
release has passed.  
[END OF REFERENCE 17936240]  
Responded to call type L as Category 68 -Administrative Response  
Hours spent since call received: 0 hours  
The Call record has been transferred to the Team: EDSC  
The response has been routed to the gateway team for validation

Date:09-May-2000 16:31:00 User: Barbara Longley  
The Call record has been assigned to the Team Member: John Simpkins  
Hours spent since call received: 0 hours

Date:09-May-2000 16:34:00 User: Barbara Longley  
The Call record has been transferred to the Team: EPOSS-FP  
Hours spent since call received: 0 hours

Date:11-May-2000 10:41:00 User:Barbara Longley  
F) Response :  
HSH rang to say that NBSC are chasing for an update on this call. Have informed them that call currently with the EPOSS development team.  
[END OF REFERENCE 17989436]  
Responded to call type L as Category 40 -Incident Under Investigation  
The response was delivered to: PowerHelp

Date:11-May-2000 13:22:00 User:Barbara Longley  
F) Response :  
HSH have chased call again. Call is still being progressed by EPOSS-FP. Have prompted team.  
[END OF REFERENCE 17995831]  
Responded to call type L as Category 40 -Incident Under Investigation  
The response was delivered to: PowerHelp

Date:11-May-2000 13:24:00 User:\_Customer Call\_  
EMPTY 11/05/00 11:38 uk080007 HSH1 Repeat Call: repeat call from NBSC. voiced through to EDSC, with eposs development team.  
advised that she will put an update on the call.  
11/05/00 14:12 uk066744 HSH1 Repeat Call: rnm Carl Motion called chasing - is not happy at lack of  
apparent progression from support on this matter - office have had no contact for 4-5 days and rnm wants to ensure the urgency of this matter is realised - rnm would like to support to call him on **GRO** Voiced ssc.

Date:11-May-2000 14:18:00 User:Lionel Higman  
The Call record has been assigned to the Team Member: Steve Warwick  
Hours spent since call received: 0 hours

Date:11-May-2000 14:21:00 User:Lionel Higman  
Failed to contact Steve personally, left a message on his answering service asking him to look at it.

Date:16-May-2000 15:12:00 User:\_Customer Call\_  
EMPTY 16/05/00 16:16 uk079680 HSH1 Repeat Call: the rnm is chasing this call she would like someone to call  
the office asap as the call has been going on for too long .

Date:16-May-2000 16:11:00 User:\_Customer Call\_  
EMPTY 16/05/00 17:06 uk080147 HSH1 Repeat Call: RNM has called back for updt on the situation. RNM has  
reporting a problem whereby the transactions carried out on the counter are being lost from SU TT.  
Stock was  
balanced on Tuesday and it was noticed that there was a  
£6343.07 surplus discrepancy. The counter daily and weekly reports were showing zero. The RNM put £6343.07 into the suspense account. The discrepancy has now doubled and is showing  
as a £12686.14 surplus.

Date:17-May-2000 13:27:00 User:Steve Warwick  
F) Response :  
Looking at the message store it seems that Stock Unit DD has failed to balance properly. The rollover records for the stock unit on 27th April include only records for Cash, Stamps (Product 21) and Discrepancies (Product 145). These records are present only because they were the values of the declarations used prior to balancing, all other stock, receipts and payments values are missing from the rollover records. At the time of declaration, the values declared for Cash and Stamps were converted to discrepancies, presumably because the system had failed to accumulate any current stock holding for either product.  
The call needs to be looked at in detail by the EPOSS team in order to establish why the system appears to have failed to locate any transactions for this stock unit in CAP 5.  
[END OF REFERENCE 18177392]  
Responded to call type L as Category 38 -Potential Problem Identified  
The response has been flagged to the gateway team for validation  
The Call record has been assigned to the Team Member: Walter Wright  
Hours spent since call received: 1 hours

Date:18-May-2000 15:32:00 User:Barbara Longley  
F) Response :  
The Call record has been assigned to EPOSS-FP Team Member: Walter Wright  
[END OF REFERENCE 18237650]  
Responded to call type L as Category 38 -Potential Problem Identified

The response was delivered to: PowerHelp

Date:23-May-2000 08:29:00 User:Walter Wright  
The Call record has been transferred to the Team: EPOSS-FP  
Hours spent since call received: .1 hours

Date:26-Jun-2000 07:39:00 User: Customer Call  
EMPTY 26/06/00 08:36 uk079674 HSH1 Follow Up: Shelley Lewis - Service  
Control Team - 7281-5432  
Have mailed Walter Wright to request an update for this  
call.  
Call has now received 11 Repeat calls from PM.

Date:26-Jun-2000 07:56:00 User:Walter Wright  
The Call record has been transferred to the Team: EPOSS-Pre-Dev  
Hours spent since call received: .1 hours

Date:26-Jun-2000 08:18:00 User:Walter Wright  
The Call record has been assigned to the Team Member: Martin McConnell  
Hours spent since call received: .5 hours

Date:26-Jun-2000 09:32:00 User:Martin McConnell  
This PINICL has just been assigned to me. I have a copy of the full  
messagestore which I've just started loading on my system. In the meantime  
(whilst I'm looking) , it would be useful for EDSC to supply event logs that  
might point to any further clues. Route back to EPOSS-Pre-Dev when finished  
please..  
The Call record has been transferred to the Team: EDSC  
Defect cause updated to 99:General - Unknown  
Hours spent since call received: 1 hours

Date:26-Jun-2000 12:07:00 User:Barbara Longley  
The Call record has been assigned to the Team Member: John Simpkins  
Hours spent since call received: 0 hours

Date:26-Jun-2000 12:55:00 User:Martin McConnell  
After my first run through, the StockBalancing process has worked  
successfully as of 27-Apr-2000. BEFORE PASSING THIS BACK WITH THE EVENT LOG,  
MAY I REQUEST THAT THE MESSAGESTORE FOR NODE 1 IS RETRIEVED DIRECTLY FROM IT.  
I suspect there is a serious problem (Ripostewise??) with this as opposed to  
the correspondance view of it.  
I shall still continue looking at subsequent weeks to see why the situation  
never recovered itself.

Date:26-Jun-2000 20:22:00 User:John Simpkins  
I have emailed Martin a textual copy for the message store extracted from the  
gateway counter. Routing to EPOSS\_PRE\_DEV.  
The Call record has been transferred to the Team: EPOSS-Pre-Dev  
Hours spent since call received: 0 hours

Date:28-Jun-2000 13:08:00 User:Martin McConnell  
This is another instance of PC0038631 where Dataserver trees have failed to  
build. This has now been fixed in CI4 and in conjunction with CP2587 (where  
the data tree rebuild is minimised to 2 attempts instead of 4) should return  
an abort right back up to the user to retry the balancing process. Instances  
where this can potentially occur is for example if the Riposte service has  
stoped/failed/unable to complete an IO request issued etc.  
The Call record has been transferred to the Team: EDSC  
Defect cause updated to 14:Development - Code  
Hours spent since call received: 20 hours

Date:28-Jun-2000 13:41:00 User:Barbara Longley  
The Call record has been assigned to the Team Member: John Simpkins  
Hours spent since call received: 0 hours

Date:29-Jun-2000 09:34:00 User:John Simpkins  
New evidence added - event log - may only

Date:29-Jun-2000 11:22:00 User:John Simpkins  
F) Response :  
In early May (01-May-2000) the event log shows a corrupt storage unit, and  
riposte queries were destroyed as a result. This would have caused the  
described errors. Unfortunately the event logs do not go back to include

27-Apr-2000.  
[END OF REFERENCE 19591884]  
Responded to call type L as Category 40 -Incident Under Investigation  
The response was delivered to: PowerHelp

Date:01-Jul-2000 14:38:00 User:John Simpkins

F) Response :  
This is another instance of PC0038631 where Dataserver trees have failed to build. This has now been fixed in CI4 and in conjunction with CP2587 (where the data tree rebuild is minimised to 2 attempts instead of 4) should return an abort right back up to the user to retry the balancing process. Instances where this can potentially occur is for example if the Riposte service has stopped/failed/unable to complete an IO request issued etc.  
In early May (01-May-2000) the event log shows a corrupt storage unit, and riposte queries were destroyed as a result. This would have caused the described errors. Unfortunately the event logs do not go back to include 27-Apr-2000.

This type of problem will be detected in CI4 (CSR+) and the user will be prompted to run the Cash Account again.  
I have not contacted the EM due to the length of time the call has been under investigation.

[END OF REFERENCE 19669955]  
Responded to call type L as Category 74 -Fixed at Future release  
Hours spent since call received: 0 hours  
CALL PC0043811 closed: Category 74, Type L  
The response was delivered to: PowerHelp

Date:01-Jul-2000 14:43:00 User:\_Customer Call\_  
Date and time complete: 01/07/2000 15:42:53  
Service Complete (Confirmation) Received

Root Cause	Development - Code
Logger	_Customer Call_ -- EDSC
Subject Product	EPOSS & DeskTop -- Cash Account (version unspecified)
Assignee	John Simpkins -- EDSC
Last Progress	01-Jul-2000 14:43 -- _Customer Call_

Report

## Peak Incident Management System

Call Reference	PC0089918	Call Logger	_Customer Call_ -- EDSC
Release	Targeted At -- BI_3S30R-Authorised	Top Ref	FSTK_2_0_WP16353
Call Type	Live Incidents/Defects	Priority	A -- Business stopped
Contact	EDSC	Call Status	Closed -- S/W Fix Available to Call Logger
Target Date	28/04/2003	Effort (Man Days)	0
Summary	FAD003227 Reversed REMs are doubling		
All References	Type	Value	
	Work Package	PWY WP 16353 B3S30R	
	Fast track fix	FSTK_2_0_WP16353	
	PowerHelp	E-0304240727	
	Release PinICL	PC0090109	
	SCKEL	KEL PSteed2847N.htm	

## Progress Narrative

Date:25-Apr-2003 18:11:00 User: \_Customer Call\_  
CALL PC0089918:Priority B:CallType L - Target 30/04/03 19:11:32  
24/04/03 15:44 Darren from NBSC states that the BM is trying to reverse a rem, but when this has been reversed it is doubling up on a balance snapshot. PM has conducted and existing reversal on the rem in, which shows on the balance snapshot.  
24/04/03 16:00 uk951563  
Advice: adv the pm to print out the reversal summary for today.  
24/04/03 16:00 uk951563  
Information: This shows that the reversals was performed at:  
£5000 cash at 14.59  
£8910 cash at 14.51  
24/04/03 16:05 uk951563  
Advice: adv the BM to print off the rems in summary.  
£5000 cash was at 12.39  
£8910 cash was at 13.11  
then 2 more at  
£8910 cash was at 1451  
£5000 cash was at 1459  
24/04/03 16:28 uk951563  
Advice: STSA Mary Rainbow  
advised the pm to look at his rems in summary and read out what it says  
pm reports that it shows the £5000 and £8910 remmed in and then the same amounts but this time as -1 in volume, advised the pm to try and reverse them using the same session number but ending it in -2 but pm was unable to complete these reversals as the system tells him they have already been reversed  
24/04/03 16:30 uk951563  
Information: pm reports that he has been transferring stock and cash between the stock units in the office to help correct this issue  
24/04/03 16:31 uk951563  
Information: call taken over by STSA Heather Dryden  
24/04/03 16:32 uk951563  
Advice: advised the pm to print an unreconciled transfer report from office weekly but this came up blank  
24/04/03 16:32 uk951563  
Advice: advised the pm to print transfer in and transfer out reports and try and see if they match with what the pm has actually done,  
24/04/03 16:38 uk951563  
Advice: pm reports that the figures showing on transfer are correct and on the Y stock unit it shows nothing for transfers in or out but it shows rems in to the value of £27820 which is £5000 x 2 and £8910 x 2  
24/04/03 16:52 uk951563  
Advice: advised the pm to go into session id in transaction log and try and input the -1 number from the rem in summary and continue and print but this gave the same -2 number which pm has tried to reverse on previously and this again came up with transaction has already been reversed  
24/04/03 16:56 uk951563  
Information: spoke to matt saunders on hit and asked for additional assistance, he advised to take down all relevant details and pass it to hit for further investigation  
24/04/03 17:09 uk951563  
Information: Stock Unit: Y  
User Name: TAS001  
Rem in : £5000 + 8910

24/04/03 17:18 uk951563  
Information: Reversal  
14:59  
session ID: 1-966095-1  
£5000  
Cash RIAD  
Reversal  
15:07  
Session ID: 1-966113-1  
Rem In  
£5000  
24/04/03 17:19 uk951563  
Information: Reversal  
14:51  
Session ID: 1-966076-1  
Cash RIAD  
Reversal  
15:07  
Session ID: 1-966107-1  
Rem In  
24/04/03 17:21 uk951563  
REASSIGN: Call # E-0304240727 was Reassigned from Dane Meah, Group  
HSH1 to Group HSH5  
24/04/03 17:35 uk064675  
REASSIGN: Call # E-0304240727 was Reassigned from Group HSH5 to Tina  
Wigens, Group HSH5  
24/04/03 17:37 uk081610  
Information: Checking kels to see if any pertaining to reversal doubling  
up figures.  
24/04/03 17:44 uk081610  
Information: Cannot find any relevant kels.  
24/04/03 17:47 uk081610  
Information: PM advises that rem summary shows correct, both rems were  
reversed and reversal is showing n the rems summary, error  
appears to only be visbale on the bal snap.  
24/04/03 17:54 uk081610  
Information: Possible that they remmed out amounts and then instead of  
reversing the rem they might have tried remming the amount  
back in and then reversed it also this would account for the  
doubling up on the bal snap.  
24/04/03 17:58 uk081610  
REASSIGN: Call # E-0304240727 was Reassigned from Tina Wigens, Group  
HSH5 to Group HSH5  
End of shift.  
24/04/03 18:20 uk064675  
Information: still no answer.  
24/04/03 18:24 uk064675  
Information: no answer. Attempted 3 times will suspend call until the  
morning.  
25/04/03 08:57 uk080066  
REASSIGN: Call # E-0304240727 was Reassigned from Group HSH5 to  
Martin Hammond, Group HSH5  
25/04/03 09:15 uk085549  
Contacted: Pm confirmed all previous information. Summarise. PM was in  
SU 'Y' he remmed in £13910 and continued to trade in that  
SU in error, he should have been in 'I' SU, so he did  
reversals of all transactions in 'Y' including the REM IN and  
expected to see a zero, but his REM IN had DOUBLED to £27,820.  
He went through all CA checks with NBSC and Horizon and a  
reversal was attempted but a message that a 'reversal CANNOT  
be reversed' came up which indicated that a reversal WAS  
CORRECTLY done.  
25/04/03 09:24 uk085549  
Information: PM is seeing this on balance snapshot which indicates CASH  
£27,820 and RIAD £27,820. ALL details of times, users and  
amounts are in log for this call.  
25/04/03 09:30 uk085549  
Information: assigning to Filter Hit for assessment  
25/04/03 09:31 uk085549  
REASSIGN: Call # E-0304240727 was Reassigned from Martin Hammond,  
Group HSH5 to Group FILTER HIT  
25/04/03 09:33 uk080066  
REASSIGN: Call # E-0304240727 was Reassigned from Group FILTER HIT to  
Group EDSC1  
F) Call details  
Diagnostician name:  
Customer opened date 24/04/2003 15:44:21  
CALL PC0089918 opened

Date:28-Apr-2003 08:50:00 User:Catherine Obeng  
Target Release updated to BI\_3S30R-Provisional  
Product EPOSS & DeskTop EPOSS added  
F) Response :  
PRESCAN: Possible KELS DRowe5139K or DRowe5854M.  
[END OF REFERENCE 34367444]  
Responded to call type L as Category 40 -Incident Under Investigation

The response was delivered to: PowerHelp  
The Call record has been assigned to the Team Member: Paul Steed  
Defect cause updated to 99:General - Unknown  
Hours spent since call received: 0 hours

Date:28-Apr-2003 08:53:00 User:Paul Steed

The call summary has been changed from:-  
Darren from NBSC states that the BM is trying to r  
The call summary is now:-  
FAD003227 Reversed REMs are doubling

Date:28-Apr-2003 10:07:00 User:Paul Steed

F) Response :  
I have looked at the messagestore and can see that the SaleValue (and Qty)  
have been incorrectly calculated by the system.  
TxnId Mode ProductNo SaleValue XRef  
44-3227-1-965837-2 RIAD 1 -5000  
44-3227-1-965837-3 RIAD 11215 5000  
44-3227-1-965912-2 RIAD 1 -8910  
44-3227-1-965912-3 RIAD 11215 8910  
44-3227-1-966076-2 ER 1 -8910  
44-3227-1-966076-3 ER 11215 8910 44-3227-1-965912-2  
44-3227-1-966095-2 ER 1 -5000  
44-3227-1-966095-3 ER 11215 5000 44-3227-1-965837-2  
[END OF REFERENCE 34369828]  
Responded to call type L as Category 42 -Product Error Diagnosed  
The response was delivered to: PowerHelp

Date:28-Apr-2003 10:32:00 User:Paul Steed

New evidence added - Complete zipped messagestore  
New evidence added - Application Event Log  
New evidence added - System Event Log  
New evidence added - Audit Log

Date:28-Apr-2003 10:44:00 User:Paul Steed

F) Response :  
Routing to MSU. Can MSU please liaise with NBSC over this software issue. The  
Post Office is going to have to balance with a large discrepancy 2 x (£5,000  
+ £8,910) = £27,820. I have spoken to the PM and said that I would arrange  
for someone from NBSC to talk to her ASAP. When the reconciliation issues  
have been put in train can you please route the call back to me so that I can  
send it on to development for a code fix. (I am about to create a KEL the  
reference of which I shall add to this call when available).  
[END OF REFERENCE 34370808]  
Responded to call type L as Category 42 -Product Error Diagnosed  
The response was delivered to: PowerHelp  
The Call record has been transferred to the Team: MSU-Indt Mgt  
Hours spent since call received: 0 hours

Date:28-Apr-2003 10:46:00 User:Angela Shaw

The Call record has been assigned to the Team Member: Michael King  
Hours spent since call received: 0 hours

Date:28-Apr-2003 12:30:00 User:Paul Steed

The call references have been updated. They are now:-  
ORIGINATOR : Phelp  
T PowerHelp : E-0304240727  
SSCKEL : PSteed2847N.htm

Date:29-Apr-2003 13:40:00 User:Michael King

F) Response :  
Routing back to SSC for further investigation.  
[END OF REFERENCE 34388773]  
Responded to call type L as Category 40 -Incident Under Investigation  
The response has been flagged to the gateway team for validation  
The Call record has been transferred to the Team: EDSC  
Hours spent since call received: 0 hours

Date:29-Apr-2003 13:48:00 User:Barbara Longley

The Call record has been assigned to the Team Member: Paul Steed  
Hours spent since call received: 0 hours

Date:29-Apr-2003 13:51:00 User:Paul Steed

F) Response :  
Please route to EPOSSDev for investigation and resolution.  
[END OF REFERENCE 34389172]  
Responded to call type L as Category 42 -Product Error Diagnosed

The response was delivered to: PowerHelp  
The Call record has been transferred to the Team: QFP  
Hours spent since call received: 0 hours

Date:29-Apr-2003 14:15:00 User:Lionel Higman  
The Call record has been assigned to the Team Member: Mark Scardifield  
Hours spent since call received: 0 hours

Date:29-Apr-2003 14:22:00 User:Walter Wright  
The Call record has been transferred to the Team: EPOSS-Dev  
Hours spent since call received: .2 hours  
The Call record has been assigned to the Team Member: Martin McConnell  
Hours spent since call received: .1 hours

Date:30-Apr-2003 08:41:00 User:Martin McConnell  
Found problem, to do with the fix introduced for PC0083594. Will have to get my head around the original fix first before attempting to come up with a solution.

Date:30-Apr-2003 14:38:00 User:Martin McConnell  
The fix for 83594 put an additional test to cater for adoptsettlement sense. In this case it was the reversal of a redeemed Postal order with partial (non-fast cash). The fix quite rightly identifies that an adjustment to the sense of the cash should be made in line with the sense that will best tilt the balance towards zero. In the case of reversing a RIAD cash transaction, the case of adopting a sense is a non-starter because all this requires is simply a reversal of the sense (which has already been primed for objTransaction.RealValue by the time it hits here!). Therefore RealValue will have to made aware of the original mode before deciding whether it wants to juggle the sense or not. It's the best solution I can think of.

Date:30-Apr-2003 14:56:00 User:Steve Parker  
Major problem with S30 Cash Account. POL will be aware because error notices for CA will need to be generated. More sites with this problem are coming out of the woodwork as cash account day approaches.  
CALL PC0089918:Priority A:CallType L - Target 28/04/03 19:11:32

Date:30-Apr-2003 15:19:00 User:Walter Wright  
Martin actually meant PC83954 in his previous response.

Date:01-May-2003 06:34:00 User:Walter Wright  
F) Response :  
Notes for testers:  
As well as testing that the fix addresses the problem described in this PinICL, it should be verified that the fix for the original bug (PC83954) has not been undone. Other desktop modes should also be checked to ensure that no regression has taken place:  
Discrepancies +/- (DDP/DDN)  
Housekeeping (HK)  
Non-accounting Data (NAD)  
Parcel Traffic (PT)  
Revaluation Up/Down (RU/RD)  
Recovery or Bulk Input (REC)  
Remittance In/Out AD (RIAD/ROAD)  
Remittance In/Out Client (RICL/ROCL)  
New Reversal (RV)  
Stock Adjustment +/- (SAP/SAN)  
Transfer In/Out (TI/TO)  
[END OF REFERENCE 34404934]  
Responded to call type L as Category 42 -Product Error Diagnosed  
The response has been flagged to the gateway team for validation

Date:01-May-2003 14:50:00 User:Lionel Higman  
Target release updated following discussions with representatives from Development, ITU & RM.  
Target Release updated to BI\_3S30R-Authorised

Date:01-May-2003 15:03:00 User:Walter Wright  
Product EPOSS & DeskTop EPOSS deleted  
Product EPOSS Deliverables Core.dll added  
The call references have been updated. They are now:-  
ORIGINATOR : Phelp  
PowerHelp : E-0304240727  
SSCKEL : PSteed2847N.htm  
T Work Package : PWY\_WP\_16353 B3S30R  
F) Response :

Link tested Ok.  
Fix released in WP16353 (B3S30R)  
[END OF REFERENCE 34416355]  
Responded to call type L as Category 46 -Product Error Fixed  
The response has been flagged to the gateway team for validation  
The Call record has been transferred to the Team: Dev-Int-Rel  
Defect cause updated to 14:Development - Code  
Hours spent since call received: 4 hours

Date:01-May-2003 16:25:00 User:Miho Fujii  
The call references have been updated. They are now:-  
ORIGINATOR : Phelp  
PowerHelp : E-0304240727  
SSCKEL : PSteed2847N.htm  
Work Package : PWY\_WP\_16353 B3S30R  
T Fast track fix : FSTK\_2\_0\_WP16353  
F) Response :  
Fast track available, please test.  
[END OF REFERENCE 34418031]  
Responded to call type L as Category 46 -Product Error Fixed  
The response has been flagged to the gateway team for validation  
The Call record has been transferred to the Team: Live Supp.Test  
Hours spent since call received: 0 hours

Date:01-May-2003 16:51:00 User:John Budworth  
The call references have been updated. They are now:-  
ORIGINATOR : Phelp  
PowerHelp : E-0304240727  
SSCKEL : PSteed2847N.htm  
Work Package : PWY\_WP\_16353 B3S30R  
T Fast track fix : FSTK\_2\_0\_WP16353  
Release PinICL : PC0090109

Date:07-May-2003 15:38:00 User:Graham Jennings  
F) Response :  
Applied to Calthorpe on 06/05  
[END OF REFERENCE 34457483]  
Responded to call type L as Category 60 -S/W Fix Released to Call Logger  
Hours spent since call received: 12 hours  
The Call record has been transferred to the Team: EDSC  
The response has been routed to the gateway team for validation

Date:07-May-2003 15:51:00 User:Barbara Longley  
The Call record has been assigned to the Team Member: Paul Steed  
Hours spent since call received: 0 hours

Date:08-May-2003 12:30:00 User:Paul Steed  
F) Response :  
Release PinICL is PC0090109 and is currently udergoing testing at Calthorpe.  
[END OF REFERENCE 34469991]  
Responded to call type L as Category 44 -Fix in Progress  
The response was delivered to: PowerHelp

Date:09-May-2003 14:16:00 User:Paul Steed  
F) Response :  
I have spoken to the PM to say that the software fix was sent down and became active on 07-May-2003 and so there should be no recurrences of the original problem. The suspense account issue being a procedural one; NBSC will tell the PM when it can be redeemed. The PM was happy with the explanation.  
[END OF REFERENCE 34490212]  
Responded to call type L as Category 60 -S/W Fix Released to Call Logger  
Hours spent since call received: 0 hours  
CALL PC0089918 closed: Category 60, Type L  
The response was delivered to: PowerHelp

Date:09-May-2003 14:30:00 User:\_Customer Call\_  
Date and time complete: 09/05/2003 15:36:01  
Service Complete (Confirmation) Received

Root Cause	Development - Code
Logger	_Customer Call_ -- EDSC
Subject Product	EPOSS Deliverables -- Core.dll (version unspecified)
Assignee	Deleted User -- EDSC
Last Progress	09-May-2003 14:30 -- _Customer Call_

Report

## Peak Incident Management System

Call Reference	PC0098230	Call Logger	_Customer Call_ -- EDSC
Release	Targeted At -- BI_3S60 Hzn	Top Ref	COUNTER_S60_V001-V000
Call Type	Live Incidents/Defects	Priority	B -- Business restricted
Contact	EDSC	Call Status	Closed -- Fixed at Future Release
Target Date	16/01/2004	Effort (Man Days)	0
Summary	FAD416329 - discrepancy with CA for last few weeks		
All References	Type	Value	
	PowerHelp	E-0401130647	
	Other	COUNTER_S60_V001-V000	
	Other	S60 PinCL Pack	
	Work Package	PWY_WP_17829	

## Progress Narrative

Date:13-Jan-2004 15:48:19 User: \_Customer Call\_  
CALL PC0098230 opened

Date:13-Jan-2004 15:48:35 User: \_Customer Call\_  
CALL PC0098230:Priority B:CallType L - Target 16/01/2004 15:48:19  
13/01/2004 15:23 Call details have been taken from Andrew Wise at NBSC on telephone number stated above. PM has a discrepancy with his cash account for the last few weeks.  
13/01/2004 15:25 uk951450  
Information: The NBSC have advised that the4 PM can only declare the holding amount or 0 not a negative figure.

Date:13-Jan-2004 15:48:36 User: \_Customer Call\_  
13/01/2004 15:26 uk951450  
Information: The NBSC have been through the checks with the PM and feel there is a software error as the PM has negative figures which he would not have been able to enter  
13/01/2004 15:30 uk951450  
Information: In week 37 the PM was showing a surplus of £19.66 on the front page of the cash account  
13/01/2004 15:31 uk951450  
Information: In table 5 cash and stock he is showing a surplus cash figure of £42860.61 and a surplus chq figure of £116248.50  
13/01/2004 15:32 uk951450  
Information: The cash on hand declared was £159109.11  
13/01/2004 15:34 uk951450  
Information: In week 38 the PM had a surplus of £49.22 on the front page of the cash account  
13/01/2004 15:34 uk951450  
Information: In table 5 of the cash account it is showing a surplus of cash of £41723.47 and a surplus of chq £225291.93

Date:13-Jan-2004 15:48:37 User: \_Customer Call\_  
13/01/2004 15:35 uk951450  
Information: The actual cash on hand declared this week was £267015.40  
13/01/2004 15:36 uk951450  
Information: In week 39 the cash account front page was showing a surplus of £110.35  
13/01/2004 15:37 uk951450  
Information: Table 5 shows a negative cash figure of £264007.28 and the chqs show a surplus of £450554.92  
13/01/2004 15:38 uk951450  
Information: The cash declared for this week was £186547.64  
13/01/2004 15:38 uk951450  
Information: In week 40 the front page of the cash account is showing a shortage of £5.29  
13/01/2004 15:39 uk951450  
Information: Table 5 is showing a negative cash figure of £732582.91 and a positive chq figure of £896298.45  
13/01/2004 15:40 uk951450  
Information: The cash on hand declared was £163715.54  
13/01/2004 15:41 uk951450

Date:13-Jan-2004 15:48:38 User: \_Customer Call\_  
Information: Week 41 is showing a negative figure of £60.78 on the front page of the cash account  
13/01/2004 15:41 uk951450

Information: Table 5 is showing a negative cash figure of £1638386.90 and a positive chq figure of £1786304.77  
13/01/2004 15:42 uk951450  
Information: The actual cash on hand was £147917.80 and no chqs were kept  
13/01/2004 15:43 uk951450  
Information: The RLM has been through the cash account with the PM and tried to adjust the figures but they keep doubling up.  
13/01/2004 15:43 uk951450  
Information: The PM is balancing on the gateway in stock unit AA. the user name provided is "Sticky" NBSC unsure if this should have 001 at the end.  
13/01/2004 15:44 uk951450  
Information: Please can the cash account be investigated  
13/01/2004 15:45 SYSADM  
Open OTI: Automatic Open OTI  
\*\*\*Updated by Jane Kastenhofer at 13/01/2004 15:45:28

Date:13-Jan-2004 15:48:39 User: Customer Call  
13/01/2004 15:45 uk951450  
REASSIGN: Call # E-0401130647 was Reassigned from Jane Kastenhofer;  
Group HSH1 to Group EDSC1  
F) Call details  
Diagnostician name:

Date:13-Jan-2004 15:48:40 User: Customer Call  
Customer opened date 13/01/2004 15:23:52

Date:13-Jan-2004 16:01:17 User:Barbara Longley  
The call summary has been changed from:-  
Call details have been taken from Andrew Wise at N  
The call summary is now:-  
PAD416329 - discrepancy with CA for last few weeks  
Target Release updated to BI\_3S50R-Provisional  
Product EPOSS & DeskTop added

Date:13-Jan-2004 16:01:18 User:Barbara Longley  
F) Response :

Date:13-Jan-2004 16:01:19 User:Barbara Longley  
Prescan: Assigning call to Anne Chambers in ESC.  
[END OF REFERENCE 36970694]  
Responded to call type L as Category 40 -Incident Under Investigation

Date:13-Jan-2004 16:01:22 User:Barbara Longley  
The response was delivered to: PowerHelp

Date:13-Jan-2004 16:01:23 User:Barbara Longley  
The Call record has been assigned to the Team Member: Anne Chambers  
Defect cause updated to 99:General - Unknown  
Hours spent since call received: 0 hours

Date:14-Jan-2004 17:55:56 User:Anne Chambers  
F) Response :  
Spoke to PM to get some more info (his number is **GRO**)  
Before he balances; he rems out his cheques (although sometimes 1 or 2 more cheques are taken before he balances the SU).  
He Declares Cash then Declares Stamps; then finally Declares Stock. On the first Declare Stock line; he includes any 'rest home' cheques which he is holding.  
This results in a discrepancy between the system cheque figure and the declared figure.  
Something has changed in the counter code recently (I think at COUNTER\_EPOSS 20\_3; released end Nov) which causes the discrepancy to be recorded wrongly; so the cheque discrepancy; instead of being cleared; is doubled; and the cash is also wrongly adjusted.  
However I think the PM should not be declaring his 'rest home' cheques in this way; even if he has always done so - need to get advice on this or; preferably; get NBSC to explain what the proper procedure is.  
[END OF REFERENCE 36978269]

Date:14-Jan-2004 17:55:57 User:Anne Chambers  
Responded to call type L as Category 40 -Incident Under Investigation

Date:14-Jan-2004 17:56:00 User:Anne Chambers  
The response was delivered to: PowerHelp

Date:15-Jan-2004 12:58:42 User:Anne Chambers

F) Response :

When PM balanced yesterday; I advised him to leave the Cheque line in Declare Stock blank - i.e. not to put the 'rest home' cheque in there.

He did as advised - and the problem has gone away - Cheque line 2051 is zero; Cash line 2050 is £132293.61; which is what he declared.

Spoke to PM and explained that there is a new software problem; so that what he has been doing for 2 years no longer works. He's happy with this. Also spoke to the auditor who was onsite; explained that I had advised him not to declare these cheques in this way - she confirmed that they should be put in the suspense account; and said she would talk him through the procedures. She also asked about another cheque which was not being handled correctly (not a cheque received in payment nor a rest home cheque); I knew nothing about this as the PM hadn't mentioned it.

[END OF REFERENCE 36982109]

Responded to call type L as Category 40 -Incident Under Investigation

Date:15-Jan-2004 12:58:44 User:Anne Chambers

The response was delivered to: PowerHelp

Date:15-Jan-2004 14:32:04 User:Anne Chambers

New evidence added - Summary of cheque discrepancies

New evidence added - Full messagestore

Date:15-Jan-2004 14:32:05 User:Anne Chambers

F) Response :

Information above has been emailed to Julie Welsh; who will pass it on to POL.

Please can EPOSS development have a look at this:

At this site; since 3rd Dec (almost certainly as a result of the fixes in COUNTER\_EPOSS 20\_3); a discrepancy (gain) on cheques is written to the messagestore with Mode DDN. In fact 3 lines are written: product 2; -ve salevalue; product 222; -ve salevalue; product 1; +ve salevalue (sum of the other 2). Summary file shows these messages; and also what happened before 3rd Dec.

This is a nasty problem as; if cheques continue to be declared each week on the Declare Stock screen; the numbers keep doubling. However there is a simple circumvention and; as they should not be declaring cheques in this way; it shouldn't have much impact. But I think it should be looked at and resolved (any chance for S60??) - might be instances where it really does cause problems.

Routing via QFP.

[END OF REFERENCE 36982993]

Date:15-Jan-2004 14:32:06 User:Anne Chambers

Responded to call type L as Category 40 -Incident Under Investigation

Date:15-Jan-2004 14:32:10 User:Anne Chambers

The response was delivered to: PowerHelp

Date:15-Jan-2004 14:32:11 User:Anne Chambers

The Call record has been transferred to the Team: QFP

Hours spent since call received: 0 hours

Date:15-Jan-2004 14:49:06 User:Lionel Higman

The Call record has been assigned to the Team Member: Mark Scardifield

Date:15-Jan-2004 15:42:53 User:Matt Arris

The Call record has been transferred to the Team: EPOSS-Dev

Hours spent since call received: .3 hours

Date:15-Jan-2004 15:43:12 User:Matt Arris

The Call record has been assigned to the Team Member: Martin McConnell

Hours spent since call received: .1 hours

Date:16-Jan-2004 15:27:42 User:Martin McConnell

F) Response :

Date:16-Jan-2004 15:28:19 User:Martin McConnell

Fix for 97081 was to blame. Initialisation of the session effect variable with clsStockFigure was not initialised (was moved from clsOutlet). Alas this will affect products such as cheques with SE:Out when declared explicitly.

Code will take less than 1 day to code /unit test.

[END OF REFERENCE 37299768]

Date:16-Jan-2004 15:28:40 User:Martin McConnell  
Responded to call type L as Category 42 -Product Error Diagnosed

Date:16-Jan-2004 15:30:16 User:Martin McConnell  
The response has been flagged to the gateway team for validation

Date:16-Jan-2004 15:31:12 User:Martin McConnell  
The Call record has been assigned to the Team Member: Matt Arris  
Defect cause updated to 14:Development - Code  
Hours spent since call received: 15 hours

Date:18-Jan-2004 16:33:04 User:Matt Arris  
I can confirm Development can fix this bug at S60 provided we get the go ahead this week (W/B 19/1/04). Can RMF please decide which release it wants a fix in. SSC has asked for a fix at S60; so I guess it's up to ITU whether it can fit in the testing for this fix at S60.

Date:18-Jan-2004 16:33:21 User:Matt Arris  
The Call record has been transferred to the Team: RelMngmntForum

Date:18-Jan-2004 16:33:22 User:Matt Arris  
Hours spent since call received: 1 hours

Date:19-Jan-2004 12:43:06 User: Customer Call  
Request For Service \*\*\*\*\* Date/Time Raised: 13/01/2004 15:23:52 Priority: B Contact Name: Andrew wise Contact  
Phone: 01226 274513 Diagnostician Name: \*\*\*\*\*  
Product Type: Riposte Product Serial No: Product Site: 416329  
\*\*\*\*\* Request Identifiers Originator: Phelp  
Originator's reference: E-0401130647 Consumer: 16953 ALGATE Consumer's reference: E-0401130647 Provider: PINICL Provider's  
reference:

Date:19-Jan-2004 12:43:07 User: Customer Call  
Prescan: Assigning call to Anne Chambers in ESC.

Date:19-Jan-2004 12:43:45 User: Customer Call  
Spoke to PM to get some more info (his number is GRO) Before he balances, he rems out his cheques (although sometimes 1 or 2 more cheques are taken before he balances the SU). He Declares Cash then Declares Stamps, then finally Declares Stock. On the first Declare Stock line, he includes any 'rest home' cheques which he is holding. This results in a discrepancy between the system cheque figure and the declared figure. Something has changed in the counter code recently (I think at COUNTER\_EPOSS 20\_3, released end Nov) which causes the discrepancy to be recorded wrongly, so the cheque discrepancy, instead of being cleared, is doubled, and the cash is also wrongly adjusted. However I think the PM should not be declaring his 'rest home' cheques in this way, even if he has always done so - need to get advice on this or, preferably, get NBSC to explain what the proper procedure is.

Date:19-Jan-2004 12:43:54 User: Customer Call  
When PM balanced yesterday, I advised him to leave the Cheque line in Declare Stock blank - i.e. not to put the 'rest home' cheque in there. He did as advised - and the problem has gone away - Cheque line 2051 is zero, Cash line 2050 is £132293.61, which is what he declared. Spoke to PM and explained that there is a new software problem, so that what he has been doing for 2 years no longer works. He's happy with this. Also spoke to the auditor who was onsite, explained that I had advised him not to declare these cheques in this way - she confirmed that they should be put in the suspense account, and said she would talk him through the procedures. She also asked about another cheque which was not being handled correctly (not a cheque received in payment nor a rest home cheque); I knew nothing about this as the PM hadn't mentioned it.

Date:19-Jan-2004 12:43:56 User: Customer Call  
Information above has been emailed to Julie Welsh, who will pass it on to POL. Please can EPOSS development have a look at this: At this site, since 3rd Dec (almost certainly as a result of the fixes in COUNTER\_EPOSS 20\_3), a discrepancy (gain) on cheques is written to the messagestore with Mode DDN. In fact 3 lines are written: product 2, -ve salevalue; product 222, -ve salevalue; product 1, +ve salevalue (sum of the other 2). Summary file shows these messages, and also what happened before 3rd Dec. This is a nasty problem as, if cheques continue to be declared each week on the Declare Stock screen, the numbers keep doubling. However there is a simple circumvention and, as they should not be declaring cheques in this way, it shouldn't have much impact. But I think it should be looked at and resolved (any chance for S60??) - might be instances where it really does cause problems. Routing via QFP.

Date:19-Jan-2004 12:50:37 User: Customer Call  
Fix for 97081 was to blame. Initialisation of the session effect variable with clsStockFigure was not initialised (was moved from clsOutlet). Alas this will affect products such as cheques with SE:Out when declared explicitly. Code will take less than 1 day to code /unit test.

Date:20-Jan-2004 14:31:00 User:Martin McConnell  
I'd like to add that this can occur when a clerk declares any cheque short of what the system has calculated; the fact that the clerk/PM in this instance was going against normal procedure is irrelevant. Multiply this potentially

several thousands of times over there could be an awful lot of 'repair' work to do when S50R kicks in for real.

Date:27-Jan-2004 10:16:14 User:Tyrone Cozens  
Requires further discussion with Debbie Richardson and Mik Peach, with regards to the target release this should be authorised for.

Date:29-Jan-2004 11:19:52 User:Lionel Higman  
The call TargetRelease has been changed from:-  
BI\_3S50R-Provisional  
The call TargetRelease is now:-  
BI\_3S60

Date:29-Jan-2004 11:20:16 User:Lionel Higman  
The Call References have been updated. They are now :-  
PowerHelp : E-0401130647  
Other : S60 PinICL Pack

Date:29-Jan-2004 11:21:25 User:Lionel Higman  
The Call record has been assigned to the Team Member: Mark Scardifield

Date:29-Jan-2004 11:22:03 User:Lionel Higman  
Target release agreed between development, test and live support.

Date:29-Jan-2004 11:35:21 User:Matt Arris  
The Call record has been assigned to the Team Member: Martin McConnell

Date:29-Jan-2004 14:06:55 User:Martin McConnell  
F) Response :  
A fix is available in S60 stream to build  
[END OF REFERENCE 37479926]  
Response code to call type L as Category 46  
Hours spent since call received: 0 hours

Date:29-Jan-2004 14:07:13 User:Martin McConnell  
The Call record has been assigned to the Team Member: Geoff Thomas

Date:16-Feb-2004 16:36:46 User:Geoff Thomas  
Fix now on DeLY Rigs.

Date:16-Feb-2004 16:36:55 User:Geoff Thomas  
The Call record has been transferred to the team: AP System Test

Date:20-Feb-2004 13:41:10 User:Julie Havard  
20/02/2004 13:39:01 - By Julie Havard  
Routed to me by Geoff, by mistake. Routing back to Geoff as per his request.

Date:20-Feb-2004 13:41:12 User:Julie Havard  
The Call record has been transferred to the Team: EPOSS-Rel  
Hours spent since call received: .1 hours

Date:20-Feb-2004 13:53:10 User:Geoff Thomas  
The Call References have been updated. They are now :-  
ORIGINATOR : Phelp  
PowerHelp : E-0401130647  
Other : S60 PinICL Pack  
Fix released in WP17829, BI3S60.

Date:20-Feb-2004 13:57:25 User:Geoff Thomas  
The Call record has been transferred to the team: Dev-Int-Rel

Date:05-Mar-2004 09:31:16 User:Brian Bradley  
The call references have been updated. They are now:-  
ORIGINATOR : Phelp  
PowerHelp : E-0401130647  
Other : S60 PinICL Pack  
Work Package : PWY\_WP\_17829  
T Other : COUNTER\_S60\_V001-V000

Date:05-Mar-2004 09:31:19 User:Brian Bradley  
F) Response :

Date:05-Mar-2004 09:31:20 User:Brian Bradley  
Fast-track released, please re-test  
[END OF REFERENCE 37765312]

Date:05-Mar-2004 09:31:22 User:Brian Bradley  
Responded to call type L as Category 46 -Product Error Fixed

Date:05-Mar-2004 09:31:23 User:Brian Bradley  
The response has been flagged to the gateway team for validation  
The Call record has been transferred to the Team: ITU SV&I

Date:05-Mar-2004 09:31:24 User:Brian Bradley  
Hours spent since call received: 0 hours

Date:05-Mar-2004 10:07:29 User:\_Customer Call\_  
Fast-track released, please re-test

Date:20-Mar-2004 10:16:30 User:Chris Hawkes  
F) Response :  
Administrative closure for OTI switch.  
[END OF REFERENCE 37883369]  
Responded to call type L as Category 68 -Administrative Response  
Hours spent since call received: 0 hours

Date:20-Mar-2004 10:16:32 User:Chris Hawkes  
CALL PC0098230 closed: Category 68, Type L  
The response was delivered to: PowerHelp

Date:20-Mar-2004 11:57:54 User:\_Customer Call\_  
Date and time complete: 20/03/2004 10:48:37  
Service Complete (Confirmation) Received

Date:22-Mar-2004 09:08:14 User:\_Customer Call\_  
EMPTY  
20/03/04 10:48 PINICL  
REASSIGN: OTI monitor reassigned this call from PINICL to the Action Group  
HSH1 as directed by the OTIReturn activity  
22/03/04 08:46 uk081610  
REASSIGN: Call # E-0401130647 was Reassigned from Group HSH1 to Jane  
Kastenhofer, Group HSH1  
  
22/03/04 09:05 SYSADM  
ReOpen OTI: Automatic Re-Open OTI  
\*\*\*Updated by Tina Wiggins at 22/03/04 09:05:49  
22/03/04 09:05 uk081610  
REASSIGN: Call # E-0401130647 was Reassigned from Jane Kastenhofer,  
Group HSH1 to Group EDSC1

Date:22-Mar-2004 09:08:14 User:\_Customer Call\_  
CALL PC0098230 reopened by \_Customer Call\_

Date:22-Mar-2004 09:13:53 User:\_Customer Call\_  
Administrative closure for OTI switch.

Date:22-Mar-2004 09:27:08 User:Chris Hawkes  
The Call record has been transferred to the team: ITU SV&I  
Progress was delivered to Powerhelp

Date:29-Mar-2004 12:27:58 User:\_Customer Call\_  
EMPTY 29/03/04 12:26 uk951566 HSH8 Repeat Call: RLM phoning, requests to  
speak to Jane as was dealing with  
this call previously 29/03/04 12:27 uk951566 HSH8 Information: spoke to  
Jane, transferred RLM

Date:29-Mar-2004 12:31:32 User:\_Customer Call\_  
EMPTY EMPTY EMPTY OTI Astea OTI Success: An add has been sent to PINICL  
29/03/04 12:29 uk951450 HSH1 Information: Have spoken to Phil and

advised that I will call him back

Date:29-Mar-2004 13:03:55 User:\_Customer Call\_  
EMPTY EMPTY EMPTY OTI Astea OTI Success: An add has been sent to PINICL  
29/03/04 12:58 uk951450 HSH1 Information: Have contacted Phil and gone  
through the findings of SSC.  
Phil needed this information for a disciplinary with the PM  
tomorrow. Advised Phil that this is basically user error  
and 3rd line had advised the PM of correct procedures

Date:12-May-2004 11:07:07 User:Simon Vaughan  
Raph, can you retest this? Speak to Billie as she may have some scripted  
tests for this.

Date:12-May-2004 11:07:12 User:Simon Vaughan  
The Call record has been assigned to the Team Member: Raphael Howley  
Progress was delivered to Powerhelp

Date:27-May-2004 13:46:54 User:Raphael Howley  
Re-tested on BTC3 fad 183611 20 counter.  
Account balancing - cheque was declared in stock declaration, and was not  
allowed to progres on through balancing as there should be no cheques in  
stock declaration.  
The call will now be closed.

Date:27-May-2004 13:48:05 User:Raphael Howley  
The Call record has been assigned to the Team Member: Simon Vaughan  
Progress was delivered to Powerhelp

Date:27-May-2004 15:11:42 User:Simon Vaughan  
Lionel, this can be closed (successfully re-tested)

Date:27-May-2004 15:11:46 User:Simon Vaughan  
The Call record has been transferred to the team: QFP  
Progress was delivered to Powerhelp

Date:27-May-2004 15:13:39 User:Lionel Higman  
[Start of Response]  
Fix tested as clearing reported roblem.  
[END OF REFERENCE 38115255]  
Response code to call type L as Category 46  
Hours spent since call received: 0 hours

Date:27-May-2004 15:14:17 User:Lionel Higman  
[Start of Response]  
Fix tested at S60 as clearing reported problem.  
[END OF REFERENCE 38115262]  
Response code to call type L as Category 74  
Hours spent since call received: 0 hours

Date:27-May-2004 15:18:25 User:Barbara Longley  
Product EPOSS & DeskTop Balancing added.

Date:27-May-2004 15:18:27 User:Barbara Longley  
Product EPOSS & DeskTop Balancing updated to Subject.

Date:27-May-2004 15:18:48 User:Barbara Longley  
[Start of Response]  
Date:2004-05-27 15:14:17.947  
User:Lionel Higman - QFP  
Fix tested at S60 as clearing reported problem.  
Closing as 74 - Fix at Future Release.  
[END OF REFERENCE 38115356]  
Response code to call type L as Category 74  
Service Response was delivered to Powerhelp  
Hours spent since call received: 0 hours

Date:27-May-2004 15:18:48 User:Barbara Longley  
CALL PC0098230 closed: Category 74 Type L

Date:27-May-2004 15:20:15 User:\_Customer Call\_

Consumer Phelp has received the call closure

Root Cause	Development - Code
Logger	_Customer Call_ -- EDSC
Subject Product	EPOSS & DeskTop -- Balancing (version unspecified)
Assignee	_Customer Call_ -- EDSC
Last Progress	27-May-2004 15:20 -- _Customer Call_

Export

## Peak Incident Management System

Call Reference	PC0141445	Call Logger	Deleted User -- MSU-Indt Mgt
Release	Reported In -- T30	Top Ref	PC0141477
Call Type	Live Incidents/Defects	Priority	B -- Business restricted
Contact	Deleted Contact	Call Status	Closed -- Administrative Response
Target Date	26/11/2006	Effort (Man Days)	0
Summary	Branch 061026 - TPSC250 - 22/11/2006		
All References	Type	Value	
	Call reference	PC0141386	
	Call reference	PC0141477	

## Progress Narrative

Date:23-Nov-2006 11:35:14 User:Pooja Sujith  
CALL PC0141445 opened  
Details entered are:-  
Summary:Branch 061026 - TPSC250 - 22/11/2006  
Call Type:L  
Call Priority:B  
Target Release:T30  
Routed to:MSU-Indt Mgt - Pooja Sujith

Date:23-Nov-2006 11:35:14 User:Pooja Sujith  
TPSC250. Produced on 22/11/2006  
Branch shows that the TPS Total and Counter total values for the Number and Abs Quantity columns are the same, but there is a difference in the Absolute Value.  
Absolute Value for Counter Total is greater than the corresponding TPS Total by £14.8  
  
Not sure which KEL is relevant.  
Relevant report attached. Sending to EDSC for investigation.  
  
A similar Peak, PC0141386 was raised on 21/11/06.

Date:23-Nov-2006 11:35:24 User:Pooja Sujith  
Evidence Added - TPSC250 - 22/11/2006

Date:23-Nov-2006 11:36:19 User:Pooja Sujith  
The Call record has been transferred to the team: EDSC

Date:23-Nov-2006 11:51:02 User:Lorraine Elliott  
The Call record has been assigned to the Team Member: Cheryl Card

Date:24-Nov-2006 14:30:30 User:Cheryl Card  
Reference Added: Call reference PC0141477

Date:24-Nov-2006 14:31:01 User:Cheryl Card  
Reference Added: Call reference PC0141386

Date:24-Nov-2006 14:56:15 User:Cheryl Card  
[Start of Response]  
Problem appears to be related to smartpost products 7967/8058 - By lpm Bulk/PrePaidBulk. Credit and Debit figures appear to have doubled - message for product 7967, SaleValue is 7.40 but Credit is 1480; message for product 8058, SaleValue is -7.40 but Debit is again 1480.  
Problem has occurred 3 times - see also PC0141477 and PC0141386.  
[End of Response]  
Response code to call type L as Category 40 -- Pending -- Incident Under Investigation  
Hours spent since call received: 0 hours

Date:24-Nov-2006 15:00:10 User:Cheryl Card  
[Start of Response]  
Transaction was carried out on counter 1 on 22/11/06 at 17:05.  
[End of Response]  
Response code to call type L as Category 40 -- Pending -- Incident Under Investigation  
Hours spent since call received: 0 hours

Date:24-Nov-2006 15:33:13 User:Cheryl Card  
[Start of Response]

F/366/1

No harvester exceptions found for this fad.

[End of Response]

Response code to call type L as Category 40 -- Pending -- Incident Under Investigation

Hours spent since call received: 0 hours

Date:24-Nov-2006 15:41:19 User:Cheryl Card

[Start of Response]

TIP file W\_326039.TP\_.pz shows values of 7.40 being harvested, not 14.80.

[End of Response]

Response code to call type L as Category 40 -- Pending -- Incident Under Investigation

Hours spent since call received: 0 hours

Date:29-Nov-2006 09:15:51 User:John Ballantyne

Evidence Added - PC0141445.zip - File will be encrypted and made available to download soon.

Date:29-Nov-2006 09:16:09 User:John Ballantyne

Evidence **Self-Decrypting Archive** Added - Message Store, PSStandard.log. Download this executable file and use the pass phrase 8hV2L64\*wz{\\$.h\*u to decrypt it.

Date:29-Nov-2006 10:22:16 User:John Ballantyne

Evidence Added - Application events

Date:29-Nov-2006 10:26:18 User:John Ballantyne

[Start of Response]

In the 3 cases seen so far each riposte message has had the <Credit:> attribute written immediately before after the <Mode:SC>> with the value doubled. Normally the <Credit:> attribute is seen at the end of the message. We have not as yet been able to reproduce the fault, but will continue to try and reproduce the fault.

[End of Response]

Response code to call type L as Category 40 -- Pending -- Incident Under Investigation

Hours spent since call received: 0 hours

Date:29-Nov-2006 10:30:29 User:John Ballantyne

[Start of Response]

KEL created: ballantj2547K

[End of Response]

Response code to call type L as Category 40 -- Pending -- Incident Under Investigation

Hours spent since call received: 0 hours

Date:29-Nov-2006 10:30:44 User:John Ballantyne

The Call record has been transferred to the team: QFP

Date:29-Nov-2006 10:43:14 User:Lionel Higman

The Call record has been assigned to the Team Member: Mark Scardifield

Date:29-Nov-2006 11:16:32 User:Mark Scardifield

Richard, superficially this looks related to 141145 (coincidentally a very similar PEAK number!!).

Date:29-Nov-2006 11:16:43 User:Mark Scardifield

The Call record has been transferred to the team: APS-Ctr-Dev

Date:29-Nov-2006 11:17:14 User:Mark Scardifield

The Call record has been assigned to the Team Member: Richard O'Neill

Date:08-Dec-2006 14:47:34 User:Richard O'Neill

This PEAK appears to be a duplicate of PEAK PC0141145 which is on our stack and is currently under investigation. Suggest this PEAK is closed to that effect.

Date:08-Dec-2006 14:47:55 User:Richard O'Neill

The Call record has been transferred to the team: QFP

Date:08-Dec-2006 15:18:14 User:Lionel Higman

See response from Development.

Date:08-Dec-2006 15:18:22 User:Lionel Higman

The Call record has been transferred to the team: EDSC

Date:08-Dec-2006 15:39:18 User:Steve Parker

F/366/2

The Call record has been assigned to the Team Member: John Ballantyne
Date:18-Dec-2006 15:40:52 User:John Ballantyne [Start of Response] No further reported error - no action required. Call PC0141145 is being used to progress the fault. [End of Response] Response code to call type L as Category 40
Date:18-Dec-2006 15:41:18 User:John Ballantyne The Call record has been transferred to the team: MSU-Indt Mgt
Date:19-Dec-2006 10:43:14 User:Pooja Sujith [Start of Response] Closing to Master call PC0141145. [End of Response] Response code to call type L as Category 68 -- Final -- Administrative Response Routing to Call Logger following Final Progress update. Hours spent since call received: 0 hours
Date:19-Dec-2006 10:43:19 User:Pooja Sujith Defect cause updated to 14: Development - Code
Date:19-Dec-2006 10:43:22 User:Pooja Sujith CALL PC0141445 closed: Category 68 Type L
Date:06-Dec-2010 08:36:58 User:John Ballantyne KEL ballantj2547K rejected: Not a valid scenario in HNGX

Root Cause	Development - Code
Logger	Deleted User -- MSU-Indt Mgt
Subject Product	EPOSS & DeskTop -- (version unspecified)
Assignee	Deleted User -- MSU-Indt Mgt
Last Progress	06-Dec-2010 08:36 -- John Ballantyne

**Export**

**Peak Incident Management System**

Call Reference	<b>PC0195561</b>	Call Logger	Customer Call_ -- EDSC
Release	Targeted At -- HNG-X 01.22.01	Top Ref	<u>2091569</u>
Call Type	Live Incidents/Defects	Priority	B -- Business restricted
Contact	EDSC	Call Status	Closed -- S/W Fix Available to Call Logger
Target Date	07/03/2010	Effort (Man Days)	0
Summary	FAD226542 pm was issued with 2 x 4000pds receipts		
All References	Type	Value	
	DevIntRel-Director	ITU SV&I	
	OCP	<u>OCP 25882</u>	
	TRIOLE for Service	<u>2091569</u>	
	SSCKEL	<u>KEL cardc262S</u>	
	SSCKEL	<u>KEL cardc262S</u>	
Collections	Name	User	Date
	PrescanCounter	Lorraine Elliott	15-Apr-2010 08:05:13

**Progress Narrative**

Date:04-Mar-2010 12:50:40 User:\_Customer Call\_  
 CALL PC0195561 opened  
 Details entered are:-  
 Summary:see call 2083169. pm was trying to transfer out 4000 pds. the...  
 Call Type:L  
 Call Priority:A  
 Target Release:T86  
 Routed to:EDSC - \_Unassigned\_

Date:04-Mar-2010 12:50:40 User:\_Customer Call\_

-----  
 INCIDENT MANAGEMENT  
 Date/Time Raised: Mar 4 2010 12:33PM  
 Priority: A  
 Contact Name: caroline dickson  
 Contact Phone: [GRO]  
 Originator: XXXXXX@TFS01  
 Originator's reference: 2091569  
 Product Serial No:  
 Product Site: 226542  
 =====

see call 2083169. pm was trying to transfer out 4000 pds. the system crashed. pm was issued with 2 x 4000pds receipts.  
 ---  
 Incident History:  
 ---  
 2010-03-04 12:33:39 [ Vasse, Anthony]  
 INIT : create a new request/incident/problem/change/issue  
 ---  
 2010-03-04 12:36:08 [ Vasse, Anthony]  
 zneun\_en\_rmg : Open Notification  
 ---  
 2010-03-04 12:36:08 [ Vasse, Anthony]  
 zneut\_en\_rmg : Transfer Notification  
 ---  
 2010-03-04 12:36:20 [ Vasse, Anthony]  
 LOG : nbsc said that the error should have resolved itself overnight.  
 ---  
 2010-03-04 12:36:41 [ Vasse, Anthony]  
 FLD : FIELD='zcbflag' OLD='NO' NEW='YES'  
 ---  
 2010-03-04 12:36:50 [ Vasse, Anthony]  
 LOG : pm is horizon online.  
 ---  
 username CDI001  
 Stock Unit BB individual  
 Transferring BB into MS shared main stock unit.  
 the transfer out receipt came up at 1506 on the 2/3  
 pm got two receipts for 4000pds.  
 they have the same session number on them.  
 session 2-192266

message at bottom of receipt reads "this session may or may not have worked  
It will not be recovered. You will need to check its effect when you next log in. "

at 1615 pm logged into ms on the transfer screen.  
pm had two transfers at 4000pds each to complete.  
Both had the same session id.  
1-537246  
----

2010-03-04 12:41:59 [ Vasse, Anthony]  
FLD : FIELD='category' OLD='RMGA.S Software.SD21 Reported software error' NEW='RMGA.S Software.SD22 HNG Migration Issue.CB3 HNG Migration issue'  
----

2010-03-04 12:42:04 [ Vasse, Anthony]  
LOG : pm transferred one amount back to stock unit bb.  
session id 1-537252 at 16:16  
transfer in slip for stock unit bb 2-192288

pm did a cash declaration in MS that was fine.  
pm did a cash declartion in BB. that was out by 4000 pounds. ( a loss of 4000 pds.)  
----

2010-03-04 12:45:34 [ Vasse, Anthony]  
LOG : pm is not sure what has happend with a 4000 pds transfer.  
pm is now showing a 4000pds loss in stock unit BB.  
Please see details.  
pm had a system crash when she was completing the transfer.  
----

2010-03-04 12:47:08 [ Vasse, Anthony]  
LOG : pm had a number of crashes yesterday " unable to contact the data center errors "

pm is not back in office until 1400 today.  
----

2010-03-04 12:49:32 [ Vasse, Anthony]  
TR : Transfer 'group' from 'HSH6' to 'PEAK'

2010-03-04 12:49:32 [ Vasse, Anthony]  
zneut\_en\_rmg : Transfer Notification

---

Date:04-Mar-2010 12:59:33 User:Lorraine Elliott  
Product EPOSS & DeskTop -- Counter Common (version unspecified) added.

---

Date:04-Mar-2010 12:59:54 User:Lorraine Elliott  
The call summary has been changed from:-  
see call 2083169. pm was trying to transfer out 4000 pds. the...  
The call summary is now:-  
FAD226542 pm was issued with 2 x 4000pds receipts

---

Date:04-Mar-2010 13:13:36 User:Lorraine Elliott  
The Call record has been assigned to the Team Member: Cheryl Card  
Progress was delivered to Consumer

---

Date:05-Mar-2010 16:58:10 User:Cheryl Card  
[Start of Response]  
On 02/03/10 on counter 2 at 15:04, the clerk attempted a Transfer Out of 4000.00 from stock unit BB to MS. Due to a system problem, the Transfer Out doubled up, so when the Transfer In was done on counter 1 at 16:15, it was for 8000.00. The branch now has a loss of 4000.00.

I phoned the PM and explained that the problem was under investigation. The PM would like to have it sorted out before she rolls into the next TP, which is due on Wed 17th March.  
[End of Response]  
Response code to call type L as Category 40 -- Pending -- Incident Under Investigation  
Response was delivered to Consumer

---

Date:09-Mar-2010 17:43:04 User:Anne Chambers  
KEL cardc262S authorised

---

Date:10-Mar-2010 08:43:45 User:Cheryl Card  
[Start of Response]  
The PM attempted a Transfer Out of ?4000. The settlement request timed out and the PM was logged out. Two Transfer Out slips were printed, each with the following text at the bottom:  
This session may or may not have worked. It will not be recovered. You will need to check its effect when you next login.  
  
When the PM did the corresponding Transfer In, it was for ?8000 instead of the expected ?4000. The branch now has a loss of ?4000.  
  
The Transfer Reconciliation Report, printed by the clerk, contains:  
2-192266 BB MS 2 02-Mar 15:04 TO 8000.00-  
1-537246 BB MS 2 02-Mar 16:15 TI 8000.00

Relevant counter logs and database extracts are attached.  
[End of Response]  
Response code to call type L as Category 40 -- Pending -- Incident Under Investigation

F/590/2

Response was delivered to Consumer

Date:10-Mar-2010 08:44:53 User:Cheryl Card

Evidence Added - Database extract and logs for branch 226542 on 02/03/10

Date:10-Mar-2010 08:51:33 User:Cheryl Card

[Start of Response]

After discussion with Gareth Jenkins, the suggested correction is to negate the duplicate transfer out by writing 2 lines to the BRDB\_RX\_REP\_SESSION and BRDB\_RX\_EPOSS\_TRANSACTIONS tables, with:

- 1) Product 1, Quantity 1, Amount 4000.00, Counter mode id 7 (TI)
- 2) Product 6276, Quantity -1, Amount -4000.00, Counter mode id 7 (TI)

This should be done using the Transaction Correction tool. An OCP approved by POL will be needed.

[End of Response]

Response code to call type L as Category 40 -- Pending -- Incident Under Investigation

Response was delivered to Consumer

Date:11-Mar-2010 11:35:17 User:Cheryl Card

[Start of Response]

I spoke to the PM yesterday about the proposed repair.

The source stock unit BB is down by 4000 and has not been used since the problem occurred. The destination stock unit MS has balanced correctly and has rolled into a new BP. Therefore I propose to make the correction by writing 2 additional records to both BRDB\_RX\_REP\_SESSION and BRDB\_RX\_EPOSS\_TRANSACTIONS to transfer out an additional 4000 from BB as follows:

- 1) Product 1, Mode 13 (TO), Amount 4000, Quantity 1
- 2) Product 6277, Mode 13, Amount -4000, Quantity -1

This reflects how they have handled it at the branch, and also matches the 2 records in the BRDB\_SU\_PENDING\_TRANSFER\_DET table.

The PM is waiting for me to do the repair, then they will roll the BB stock unit into a new BP this week (TP rollover is next week).

[End of Response]

Response code to call type L as Category 40 -- Pending -- Incident Under Investigation

Response was delivered to Consumer

Date:11-Mar-2010 15:22:14 User:Cheryl Card

[Start of Response]

Advised PM to print a balance snapshot. Ran the Transaction Correction tool (BRDBX015). Advised PM to print a balance snapshot again and she confirmed that it now looks correct. She will now balance and do 2 BP rollovers to catch up with the other stock units. Will keep call open until she has rolled into a new TP (17th March).

[End of Response]

Response code to call type L as Category 40 -- Pending -- Incident Under Investigation

Response was delivered to Consumer

Date:11-Mar-2010 17:26:59 User:Cheryl Card

Evidence Added - SQL updates and output from the TC tool

Date:12-Mar-2010 16:54:08 User:Cheryl Card

[Start of Response]

Checked the BRDB\_DAILY\_SUMMARY table, which would have been populated overnight, and this shows the Transfer Out of 4000.00 against products 1 and 6277 for stock unit BB.

[End of Response]

Response code to call type L as Category 40 -- Pending -- Incident Under Investigation

Response was delivered to Consumer

Date:12-Mar-2010 17:25:00 User:Cheryl Card

The call Priority has been changed from A

The call Priority is now B

Date:12-Mar-2010 17:25:18 User:Cheryl Card

[Start of Response]

Reducing priority to B now that the repair has been successfully done.

[End of Response]

Response code to call type L as Category 40 -- Pending -- Incident Under Investigation

Response was delivered to Consumer

Date:15-Mar-2010 12:29:40 User:Cheryl Card

[Start of Response]

On 02/03/10 between 15:03 and 15:06, on counter 2, the PM attempted to do a Transfer Out of 4000.00 cash from stock unit BB to MS. The settlement request timed out and the PM was logged out. Two Transfer Out slips were printed, each with the following text at the bottom:

This session may or may not have worked. It will not be recovered. You will need to check its effect when you next login.

BAL logs show 2 instances of:

RequestEvent... for BasketSettlementService/SettleTransferOut has timed out but is executing. Ignoring timeout

F/590/3

Two entries for 4000.00 were written to table BRDB\_SU\_PENDING\_TRANSFER\_DET, but only one entry should have been written. This caused the branch a loss of 4000.00 (which has now been corrected using the Transaction Correction tool).

Routing to 4th line for investigation into why the Transfer Out doubled up. Evidence (logs and database extract) attached.

[End of Response]

Response code to call type L as Category 40 -- Pending -- Incident Under Investigation

Response was delivered to Consumer

---

Date:15-Mar-2010 12:29:50 User:Cheryl Card

The Call record has been transferred to the team: xCtr\_GDC

User:Cheryl Card Confirmed that this Incident may be passed to the external company with the attached evidence.

Progress was delivered to Consumer

---

Date:15-Mar-2010 12:34:08 User:Suresh Chitikela

The Call record has been transferred to the team: xCtr\_CSM\_GDC

The Call record has been assigned to the Team Member: Chaitanya Pothapragada

Progress was delivered to Consumer

---

Date:15-Mar-2010 18:11:16 User:Steven Porter

[Start of Response]

This looks like it would need to go into HNGX R1 at some point, and could not wait for R2.

[End of Response]

Response code to call type L as Category 40 -- Pending -- Incident Under Investigation

Response was delivered to Consumer

---

Date:17-Mar-2010 07:14:46 User:Chaitanya Pothapragada

[Start of Response]

When the BAL service is timed out, the data used to commit to the database before.

With the release of PC0194893 in CTR025\_10\_HOTFIX, which resolved the issue of a transaction committing data once a request has timed out. The fix will rollback the data.

We are trying to reproduce the issue in CTR024\_04\_HOTFIX to get the receipt twice and check the db if the transaction data is committed and check the same in CTR025\_10\_HOTFIX to find the transaction data not getting committed.

[End of Response]

Response code to call type L as Category 40 -- Pending -- Incident Under Investigation

Response was delivered to Consumer

---

Date:17-Mar-2010 08:34:18 User:Chaitanya Pothapragada

[Start of Response]

Branch used to reproduce the issue : CTR024\_04\_HOTFIX

Steps to reproduce :

-----  
Run the OSR in debug mode setting breakpoints.

Do the transfer out in counter and hit settle to hit the break point in OSR.

Let the request timeout.

MSG10010 will be displayed on CTR.

Hit Retry and let the request timeout for the second time.

Now hit Cancel on MSG10010.

This will print two transfer out receipt with same session id.

On successfully completing the printing of second receipt, ctr logs off.

I am able to produce two receipts for the same transfer out transaction and found the transaction details in brdb\_su\_pending\_transfer\_det and brdb\_su\_pending\_transfer.

After contacting OSR team, found that this issue is a duplicate of PC0194893.

PC0194893 went to release in CTR025\_10\_HOTFIX

Not able to reproduce the issue in CTR025\_10\_HOTFIX.

When BAL request is timedout, data is not committed to the database.

[End of Response]

Response code to call type L as Category 40 -- Pending -- Incident Under Investigation

Response was delivered to Consumer

---

Date:17-Mar-2010 08:34:30 User:Chaitanya Pothapragada

The Call record has been assigned to the Team Member: Suresh Chitikela

Progress was delivered to Consumer

---

Date:17-Mar-2010 08:48:32 User:Suresh Chitikela

[Start of Response]

when the request timedout BAL used to commit the data to databse.This has been addressed as part of peak PC0194893.

analysis looks fine

[End of Response]

Response code to call type L as Category 40 -- Pending -- Incident Under Investigation

Response was delivered to Consumer

Date:17-Mar-2010 08:49:33 User:Suresh Chitikela  
Action placed on Team:xCtr\_OSR\_SME, User:Steven Porter

Date:17-Mar-2010 14:05:17 User:Martin Tonge

[Start of Response]

Not totally convinced you have re-created what occurred in live. You are running breakpoints on the settlement request. This is different to what occurred in live.

1: Settlement requests have journal entries and in your test scenario the second request would have failed because the first request would have committed a journal entry and you would have a duplicate entry.

2: In live one of the settlements would have failed because of the journal entry - if this was a genuine retry.

Can you check your testing and get the OSR message logs to show that you have recreated what occurred in live. My concern is that something else has occurred here. One thing that is bothering me is cash declaration on with respect to 2 different stock units.

[End of Response]

Response code to call type L as Category 40 -- Pending -- Incident Under Investigation  
Response was delivered to Consumer

Date:17-Mar-2010 14:19:54 User:Martin Tonge

[Start of Response]

Not totally convinced you have re-created this with what occurred in live.

Settlement requests have journal entries and in your test scenario the second request would have failed because the first request would have committed a journal entry and you would errored with a duplicate entry with the second request.

If as in live the retry was committed before the first request completed then the first request would have failed with a duplicate journal entry.

Can you check your testing and get the OSR message logs to demonstrate what happened. Although the DB was the trigger for this and the new OSR behaviour may avoid this issue - I'm not convinced we understand how the duplicate occurred.

Needs more analysis. Please ring if it will to discuss this one.

[End of Response]

Response code to call type L as Category 40 -- Pending -- Incident Under Investigation  
Response was delivered to Consumer

Date:17-Mar-2010 14:20:15 User:Martin Tonge

Action has been removed from the call

Date:18-Mar-2010 11:45:59 User:Chaitanya Pothapragada

[Start of Response]

I am working on this and will put my analysis here in a shortwhile.

As the fix is already released, I would like to request the priority of the issue be downgraded to C as we are trying to investigate the root cause only. Please let me know your thoughts on this.

[End of Response]

Response code to call type L as Category 40 -- Pending -- Incident Under Investigation  
Response was delivered to Consumer

Date:18-Mar-2010 11:46:35 User:Chaitanya Pothapragada

The Call record has been transferred to the team: xCtr\_OSR\_SME

The Call record has been assigned to the Team Member: Martin Tonge

User:Chaitanya Pothapragada Confirmed that this Incident may be passed to the external company with the attached evidence.

Progress was delivered to Consumer

Date:18-Mar-2010 13:17:54 User:Martin Tonge

[Start of Response]

What is missing from this Peek is an explanation of the events in terms of the requests, how they were ordered and when any was committed. Only then can we qualify the priority. The assumption is that we have a fix. The facts are -

1: A settlement request to timed.

2: A retry of request timeout occurred.

3: According to the DB entries both later succeeded.

Now unlike other reconciliation Peeks this stands out because only one of the requests are specific to settlement. They should have worked because there would have been a unique constraint violation on the journal entry of one of them and if we are not getting it right **F/590/5**

then this is still an issue!

So what next -

We can't reduce the priority unless we understand what is going on.

1: Need to look at the logs and work out the sequence of events.

2: If you have genuinely recreated this issue during test. We also need to work out the sequence of events and to determine why no exception was thrown.

[End of Response]

Response code to call type L as Category 40 -- Pending -- Incident Under Investigation  
Response was delivered to Consumer

---

Date:18-Mar-2010 13:18:05 User:Martin Tonge

The Call record has been assigned to the Team Member: Martin Tonge  
Progress was delivered to Consumer

---

Date:18-Mar-2010 13:19:17 User:Martin Tonge

The Call record has been assigned to the Team Member: Martin Tonge  
Progress was delivered to Consumer

---

Date:18-Mar-2010 13:19:32 User:Martin Tonge

The Call record has been assigned to the Team Member: Martin Tonge  
Progress was delivered to Consumer

---

Date:18-Mar-2010 13:20:18 User:Martin Tonge

The Call record has been transferred to the team: xCtr\_CSM\_GDC  
The Call record has been assigned to the Team Member: Chaitanya Pothapragada  
User:Martin Tonge Confirmed that this Incident may be passed to the external company with the attached evidence.  
Progress was delivered to Consumer

---

Date:18-Mar-2010 14:26:04 User:Chaitanya Pothapragada

[Start of Response]

Yes, the second request is failing and the first request is committing the data in db.

The below message is seen in the logs :

```
2010-03-18 10:01:01,296 UTC [settlement_queue pool-13-thread-9] com.fujitsu.poa.bals.filters.MessageJournalFilter INFO [3407-2-VU-1809-19] - [3407]- Retry attempted for a request that already succeeded - BasketSettlementService/SettleTransferOut from counter[2] branch code[3407]. No further processing required
```

Please find attached the message logs.

When a transfer out is done to another SU, the data is committed in two tables, BRDB\_SU\_PENDING\_TRANSFER and BRDB\_SU\_PENDING\_TRANSFER\_DET , but here the duplicate row is added only in BRDB\_SU\_PENDING\_TRANSFER\_DET which contains the details of the transaction.

I am not able to get the duplicate row in BRDB\_SU\_PENDING\_TRANSFER\_DET in my testing.

I would like to request for more logs to investigate further as to how the duplicate row in BRDB\_SU\_PENDING\_TRANSFER\_DET is added in live.

i)Need OSR message log for the following request ids :

226542-2-XH-0215-2  
226542-2-XH-0215-3  
226542-2-XH-0215-4  
226542-2-XH-0215-5.

ii)Also the "osr.log" file for the following OSR instances :

"lprpbal005:20560"  
"lprpbal008:20560"  
"lprpbal006:20560" for the day 02-MAR-2010 from 15:00 to 15:20 for the branch id "226542" and counter id "2".

[End of Response]

Response code to call type L as Category 40 -- Pending -- Incident Under Investigation  
Response was delivered to Consumer

---

Date:18-Mar-2010 14:32:21 User:Chaitanya Pothapragada

[Start of Response]

Please provide the below information to proceed further on the issue :

i)Need OSR message log for the following request ids :

226542-2-XH-0215-2  
226542-2-XH-0215-3  
226542-2-XH-0215-4  
226542-2-XH-0215-5.

ii)Also the "osr.log" file for the following OSR instances :

"lprpbal005:20560"  
"lprpbal008:20560"  
"lprpbal006:20560" for the day 02-MAR-2010 from 15:00 to 15:20 for the branch id "226542" and counter id "2".

F/590/6

iii) DB extract of BRDB\_SU\_PENDING\_TRANSFER\_DET including the full data of all the columns for the rows given below, which you have provided earlier.

Before it was BRDB\_SU\_PENDING\_TRANSFER\_DET:

INSERT TIMESTAMP PROD\_ID AMOUNT QUANTITY IS\_BUREAU

02-MAR-2010 15:08:22 1 4000 1 N

02-MAR-2010 15:08:31 1 4000 1 N

[End of Response]

Response code to call type L as Category 40 -- Pending -- Incident Under Investigation

Response was delivered to Consumer

Date:18-Mar-2010 14:33:37 User:Chaitanya Pothapragada

The Call record has been transferred to the team: EDSC

User:Chaitanya Pothapragada Confirmed that this Incident may be passed to the external company with the attached evidence.

Progress was delivered to Consumer

Date:18-Mar-2010 15:47:48 User:Mark Wright

The Call record has been assigned to the Team Member: Cheryl Card

Progress was delivered to Consumer

Date:19-Mar-2010 14:16:06 User:Cheryl Card

Evidence Added - More evidence as requested

Date:19-Mar-2010 14:18:02 User:Cheryl Card

The Call record has been transferred to the team: xCtr\_CSM\_GDC

The Call record has been assigned to the Team Member: Chaitanya Pothapragada

User:Cheryl Card Confirmed that this Incident may be passed to the external company with the attached evidence.

Progress was delivered to Consumer

Date:24-Mar-2010 14:45:49 User:Chaitanya Pothapragada

[Start of Response]

Timeouts were the underlying cause of the issue and that there were long delays waiting on the DB to process the 4 requests.

In this case two of the requests were committed and two correctly detected that the transaction had already succeeded.

There is an issue with the 2 commits because this shouldn't have happened.

However the behaviour of the OSR from CTR25.07 onwards is to roll the transaction back on a timeout. In this scenario all the requests would have failed and no reconciliation is required.

We would like to find the root cause of the issue as to how the duplicate entry was committed in the db.

In consultation with FJ SME, request to kindly downgrade the priority to C.

[End of Response]

Response code to call type L as Category 40 -- Pending -- Incident Under Investigation

Response was delivered to Consumer

Date:24-Mar-2010 15:30:48 User:Chaitanya Pothapragada

[Start of Response]

As per above, please downgrade the priority to C.

For further investigating the root cause of the issue, request to provide the below :

1. For branch accounting code = 226542, counter id = 2, JSN = 3192266

Please provide the message journal record(JOURNAL\_XML) in

BRDB\_RX\_MESSAGE\_JOURNAL.

Incase, if there are two records existing for the same JSN, pls provide both.

2. Also, provide the BAL request logs/message journal records for

previous(3192265) and next(3192267) JSN requests

Thanks.

[End of Response]

Response code to call type L as Category 40 -- Pending -- Incident Under Investigation

Response was delivered to Consumer

Date:24-Mar-2010 15:35:54 User:Chaitanya Pothapragada

The Call record has been transferred to the team: EDSC

User:Chaitanya Pothapragada Confirmed that this Incident may be passed to the external company with the attached evidence.

Progress was delivered to Consumer

Date:24-Mar-2010 15:37:38 User:Cheryl Card

The call Priority has been changed from B

The call Priority is now C

Date:24-Mar-2010 15:50:00 User:Darran Avenell

The Call record has been assigned to the Team Member: Cheryl Card

F/590/7

Progress was delivered to Consumer

Date:25-Mar-2010 14:31:31 User:Customer Call

Voiced Cheryl Card (SSC) and advised on the latest update in the call she states she was going to check if it was the same thing that happend before.

POL are want to know why this has happend? - why does it keep happening? - can you advise on this.

Thanks

Date:25-Mar-2010 16:26:58 User:Cheryl Card

[Start of Response]

Have checked the logs and it does not appear to be a system error. Checked the buttonpress details in the PostOffieCounter log and this shows that the clerk:

Pressed Enter to select the transfer

Pressed Print to print the Transfer In slip

Pressed Enter to accept the transfer - which also prints the Transfer In slip.

I checked the relevant database tables and they look consistent. Phoned the PM to explain why the Transfer In slip was printed twice. She maintains that the stock unit is now down by 182.00. I agreed to do further checks tomorrow.

[End of Response]

Response code to call type L as Category 40 -- Pending -- Incident Under Investigation

Response was delivered to Consumer

Date:26-Mar-2010 11:56:43 User:Cheryl Card

[Start of Response]

A transaction to the value of 182.00 was done in stock unit OOH on counter 1, on 20/03/10 at 09:23. A Transfer Out of 182.00 from OOH to AA was done immediately afterwards.

The corresponding Transfer In of 182.00 was done on counter 2 at 09:24.

A Balance Snapshot for OOH was done on counter 1 at 09:27 showing zero cash. The PM has confirmed that this is as expected.

A Balance Snapshot for AA was done on counter 2 at 12:17 showing 3285.01 cash. The previous balance snapshot was done on a previous day. I phoned the PM and suggested she contact the NBSC to see if the transactions carried about between the 2 balance snapshots can be checked.

[End of Response]

Response code to call type L as Category 40 -- Pending -- Incident Under Investigation

Response was delivered to Consumer

Date:27-Mar-2010 10:35:59 User:Cheryl Card

Evidence Added - Extracts from Journal and BAL logs

Date:27-Mar-2010 10:40:24 User:Cheryl Card

[Start of Response]

Extracts from Journal and BAL logs attached as requested by Chaitanya Pothapragada

[End of Response]

Response code to call type L as Category 40 -- Pending -- Incident Under Investigation

Response was delivered to Consumer

Date:27-Mar-2010 10:40:58 User:Cheryl Card

The Call record has been transferred to the team: xCtr\_CSM\_GDC

The Call record has been assigned to the Team Member: Chaitanya Pothapragada

User:Cheryl Card Confirmed that this Incident may be passed to the external company with the attached evidence.

Progress was delivered to Consumer

Date:14-Apr-2010 16:21:19 User:Chaitanya Pothapragada

[Start of Response]

Request to provide a few more logs to investigate the root cause of the issue.

PC0195561 is now routed to you.

We need osr.log for lprpbal005:20560 & lprpbal010:20559 from 15:04 to 15:10 for the day, 2010-03-02.

Also, please run the query below and provide us the result :

```
SELECT insert_timestamp
FROM brdb_rx_message_journal
WHERE branch_accounting_code = 226542
AND journal_seq_number = 3192266
```

[End of Response]

Response code to call type L as Category 40 -- Pending -- Incident Under Investigation

Response was delivered to Consumer

Date:14-Apr-2010 16:21:51 User:Chaitanya Pothapragada

The Call record has been transferred to the team: EDSC

User:Chaitanya Pothapragada Confirmed that this Incident may be passed to the external company with the attached evidence.

Progress was delivered to Consumer

Date:15-Apr-2010 12:35:50 User:Anne Chambers  
Evidence Added - OSRlog extracts

Date:15-Apr-2010 12:39:16 User:Anne Chambers  
[Start of Response]  
SELECT insert\_timestamp  
FROM brdb\_rx\_message\_journal  
WHERE branch\_accounting\_code = 226542  
AND journal\_seq\_number = 3192266

found nothing because the journal entries are not kept for long on the database. I've found the journal entry in theaudit file but I can't see that it includes the brdb insert\_timestamp.

I ran a similar check on brdb\_rx\_rep\_session\_data; the insert timestamp of the 2 messages was 02-MAR-10 15:08:22.4782  
[End of Response]  
Response code to call type L as Category 40 -- Pending -- Incident Under Investigation  
Response was delivered to Consumer

Date:15-Apr-2010 12:51:53 User:Lorraine Elliott  
The Call record has been transferred to the team: xCtr\_CSM\_GDC  
The Call record has been assigned to the Team Member: Chaitanya Pothapragada  
User:Lorraine Elliott Confirmed that this Incident may be passed to the external company with the attached evidence.  
Progress was delivered to Consumer

Date:22-Apr-2010 09:58:59 User:Cheryl Card  
The call Priority has been changed from C  
The call Priority is now B

Date:22-Apr-2010 10:00:46 User:Cheryl Card  
[Start of Response]  
Changing priority to B - since this involves a loss of 4000.00 cash and POL are now concerned that this problem may reoccur.  
[End of Response]  
Response code to call type L as Category 40 -- Pending -- Incident Under Investigation  
Response was delivered to Consumer

Date:22-Apr-2010 15:35:54 User:Chaitanya Pothapragada  
[Start of Response]

I have gone through the counter logs, OSR logs and the DB dumps provided in the peak. Lets analyze this from the scratch.  
Peak has been raised when a clerk attempted a Transfer Out of 4000.00 from stock unit BB to MS. Due to a system problem, the Transfer Out doubled up, so when the Transfer In was done on counter 1 at 16:15, it was for 8000.00. The branch now has a loss of 4000.00.

I checked the counter logs and analyzed that the request ?BasketSettlementService/SettleTransferOut? with request id ?226542-2-XH-0215-2?(with JSN 3192266) has timed out. But note that in the BAL/OSR side this request was ignored by the time out monitor and continued to execute and hence updated the table.

Since in the counter side the request was timed out, PM has retried the same request 3 more times with request ids (226542-2-XH-0215-3, 226542-2-XH-0215-4, 226542-2-XH-0215-5).

Since the first request 226542-2-XH-0215-2, updated the DB tables, the following retries should fail in the Message Journal Filter itself. In this filter, system will check whether the JSN entry is already exists in the Journal table. Retried requests (226542-2-XH-0215-4 and 226542-2-XH-0215-5) were failed with the same reason, since there already exists journal record due to 226542-2-XH-0215-2.

But, I have noticed that the retried request with id ?226542-2-XH-0215-3? was ignored by time out monitor in the BAL side and continued to execute. But from the osr.log file and OSR message log, I couldn't find this request was failed due to the duplicate JSN record in the journal table (which was expected and the normal behavior of OSR), didn't happen in this case.

I have requested for the journal table dump, to check whether duplicate JSN entries exists in the table. But from the DB dump, I couldn't find any duplicates.

Even I have requested OSR logs for to investigate further. I didn't get any clue on the request ?226542-2-XH-0215-3?. I could only able to see the following in the osr.log file.

2010-03-02 15:05:18,536 UTC lprpbal010:20559 [time\_out thread] com.fujitsu.poa.bal.osr.event.RequestEvent INFO [226542-2-XH-0215-3] - [- Event:com.fujitsu.poa.bal.osr.event.RequestEvent@5d0efe for BasketSettlementService/SettleTransferOut has timed out but is executing. Ignoring timeout-@@-

The OSR message log shows the following logs.

2010-03-02 15:04:48,280 UTC lprpbal010:20559 [httpWorkerThread-20559-9] message\_logger INFO [226542-2-XH-0215-3] - [- Request Received: Uri[BasketSettlementService/SettleTransferOut]: Request[user-agent: Jakarta Commons-HttpClient/3.0.1 content-length: 1170 retry: true timeout: 30000 content-encoding: gzip host: vbal001:9000 reqmessageid: 226542-2-XH-0215-3 accept-encoding: gzip content-type: text/xml authorization-signature: ca1I7fBegQfO/WGkTGPz6PkWRN/xb+g7kWxhznZMoUFXluTYWCIpUMa9CrxZQhLZ0CkxOsTltN4c9ZRIuCRVtY5ipeGEbyRlMU8S/42aFceZ9CUCtPo6t+Vzmg7V iYod4TU5RGg/8JVWdq7fZwgZbjuhlgFjjdNz4o=

J:[JSN:3192266]: Request length[5750]-@@-

2010-03-02 15:08:48,369 UTC lprpbal010:20559 [settlement\_queue pool-13-thread-37] message\_logger INFO [226542-2-XH-0215-3] - [226542]  
Request Complete: Status[Response Sent]: uri[BasketSettlementService/SettleTransferOut]: Response length[143] : Duration[240090]-@@-

I suspect there must be something gone wrong with this request i.e. 226542-2-XH-0215-3. But unfortunately no clue on this. I am not sure why this might have happened. Normally, since this is a retried one it should have failed at the Journal filter stage.

But from the DB dump, in the BRDB\_SU\_PENDING\_TRANSFER\_DET table we had 2 records as follows.

```
INSERT TIMESTAMP PROD ID AMOUNT QUANTITY IS BUREAU
02-MAR-2010 15:08:22 1 4000 1 N
02-MAR-2010 15:08:31 1 4000 1 N
```

So, we can see that the insert time stamp is different for these 2 records and hence it might have entered from 2 different requests.

I have no doubt that one of the records was inserted by the request id ?226542-2-XH-0215-2?, which is the original request. But I am not sure how the second record was inserted. But I have doubt on the retried request ?226542-2-XH-0215-3?, which didn't fail at the journal filter stage.

So, I would request you to suggest on this, since there wasn't any evidence which shows that 2 txn has happened and updated the tables.

[End of Response]

Response code to call type L as Category 40 -- Pending -- Incident Under Investigation  
Response was delivered to Consumer

Date:22-Apr-2010 15:50:33 User:Tyrone Cozens

The call Target Release has been moved to Targeted At -- HNG-X 01.22.01

Date:22-Apr-2010 15:50:42 User:Tyrone Cozens

[Start of Response]

Authorised for 01.22.01.00 as agreed in RME

[End of Response]

Response code to call type L as Category 56 -- Pending -- Live Fix Authorised  
Response was delivered to Consumer

Date:23-Apr-2010 08:17:31 User:Chaitanya Pothapragada

Action placed on Team:xCtr\_OSR\_SME, User:Martin Tonge

Date:23-Apr-2010 08:32:25 User:Martin Tonge

[Start of Response]

I think we have done as much as we can on this one. In conclusion although we haven't been able to totally explain the behaviour, the risk of this type Peek occurring again has been minimised in live due to a change of behaviour in the BAL with respect to transactions. PC0194893 in CTR025\_10\_HOTFIX will not allow any timed out request to commit. The timeouts are essence of this Peek and the underlying cause.

This may now be marked as a duplicate of PC0194893.

[End of Response]

Response code to call type L as Category 56 -- Pending -- Live Fix Authorised  
Response was delivered to Consumer

Date:23-Apr-2010 08:32:30 User:Martin Tonge

Action has been removed from the call

Date:23-Apr-2010 12:03:24 User:Chaitanya Pothapragada

[Start of Response]

duplicate of PC0194893

[End of Response]

Response code to call type L as Category 72 -- Final -- Duplicate Call  
Routing to Call Logger following Final Progress update.  
Response was delivered to Consumer  
Defect cause updated to 40 -- General - User

Date:23-Apr-2010 15:09:05 User:Cheryl Card

[Start of Response]

I am sending this call back with Response Rejected.

Closing a call as 'Duplicate Call' results in a black mark against me. It basically means that I should not have sent the call over since the same problem has already been sent over in a previous call.

PC0195561 (duplicate transfer of 4000.00 cash) may have been caused by the same underlying fault as PC0194893 (banking reconciliation), however I could not have been reasonably expected to link the 2 calls and take the decision that it was not necessary to send PC0195561 over for further investigation.

Please close this call with category 'Advice After Investigation'

[End of Response]

Response code to call type L as Category 52 -- Pending -- Response Rejected  
Response was delivered to Consumer

Date:23-Apr-2010 15:11:09 User:Cheryl Card  
The Call record has been transferred to the team: xCtr\_CSM\_GDC  
The Call record has been assigned to the Team Member: Chaitanya Pothapragada  
User:Cheryl Card Confirmed that this Incident may be passed to the external company with the attached evidence.  
Progress was delivered to Consumer

---

Date:26-Apr-2010 09:06:26 User:Steven Porter  
[Start of Response]  
Thus we need to ensure there is a KEL for this (either an existing one, or a new one), then return to SSC.  
  
[End of Response]  
Response code to call type L as Category 52 -- Pending -- Response Rejected  
Response was delivered to Consumer

---

Date:26-Apr-2010 09:54:25 User:Chaitanya Pothapragada  
Action placed on Team:xCtr\_GDC, User:Suresh Chitikela

---

Date:26-Apr-2010 09:56:34 User:Chaitanya Pothapragada  
[Start of Response]  
Actioned to xctr\_gdc for visibility of the peak to GDC in future.  
[End of Response]  
Response code to call type L as Category 52 -- Pending -- Response Rejected  
Response was delivered to Consumer

---

Date:26-Apr-2010 10:02:38 User:Chaitanya Pothapragada  
[Start of Response]  
PC0195561 covers the fix for this issue.  
[End of Response]  
Response code to call type L as Category 95 -- Final -- Advice after Investigation  
Routing to Call Logger following Final Progress update.  
Response was delivered to Consumer

---

Date:26-Apr-2010 10:03:57 User:Chaitanya Pothapragada  
My above comment is incorrect.  
  
PC0194893 covers the fix for this issue.

---

Date:26-Apr-2010 11:42:41 User:Cheryl Card  
The Call record has been assigned to the Team Member: Cheryl Card  
Progress was delivered to Consumer

---

Date:04-May-2010 13:41:57 User:Cheryl Card  
[Start of Response]  
The problem was fixed in release BAL\_SRV\_OSR\_ROUTING\_0108\_D048-D047 /  
BAL\_SRV\_OSR\_0108\_D056-D055, which went onto Live on 04/04/10. I have updated KEL cardc262S with this information. Call can now be closed.  
[End of Response]  
Response code to call type L as Category 60 -- Final -- S/W Fix Released to Call Logger  
Routing to Call Logger following Final Progress update.  
Service Response was delivered to Consumer

---

Date:04-May-2010 13:41:58 User:Cheryl Card  
CALL PC0195561 closed: Category 60 Type L

---

Date:04-May-2010 15:23:21 User:\_Customer Call\_  
Consumer XXXXXX@TFS01 has acknowledged the call closure

Root Cause	General - User
Logger	Customer Call -- EDSC
Subject Product	EPOSS & DeskTop -- Counter Common (version unspecified)
Assignee	Customer Call -- EDSC
Last Progress	04-May-2010 15:23 -- Customer Call

Report

**Peak Incident Management System**

Call Reference	PC0196154	Call Logger	_Customer Call_ -- EDSC
Release	Reported In -- T86	Top Ref	2140316
Call Type	Live Incidents/Defects	Priority	C -- Non-critical
Contact	EDSC	Call Status	Closed -- Advice after Investigation
Target Date	23/03/2010	Effort (Man Days)	0
Summary	FAD506246 remmed in some currencies and the figures got doubled up		
All References	Type	Value	
	DevIntRel-Director	ITU SV&I	
	TRIOLE for Service	2140316	

Progress Narrative

```

Date:18-Mar-2010 10:48:58 User:_Customer Call_
CALL PC0196154 opened
Details entered are:-
Summary:Pm states he remmed in some currencies and the figures got d...
Call Type:L
Call Priority:A
Target Release:T86
Routed to:EDSC - _Unassigned_
=====
INCIDENT MANAGEMENT
Date/Time Raised: Mar 17 2010 5:39PM
Priority: A
Contact Name: Rohit Jaspal - PM
Contact Phone: [REDACTED]
Originator: XXXXXX@TFS01
Originator's reference: 2140316
Product Serial No:
Product Site: 506246
=====
Pm states he remmed in some currencies and the figures got doubled up on the system - previous call regarding this was closed,
ref: 2134128. POL state this is a system issue.
---
Incident History:
---
2010-03-17 17:39:14 [ Beavis, Sean]
INIT : create a new request/incident/problem/change/issue
---
2010-03-17 17:41:53 [ Beavis, Sean]
zneun_en_rmg : Open Notification
---
2010-03-17 17:41:53 [ Beavis, Sean]
zneut_en_rmg : Transfer Notification
---
2010-03-17 17:42:13 [ Beavis, Sean]
LOG : Call has been voiced to NBSC but are still adamant it is a system issue
as requested by POL will send call across for investigation.
---
2010-03-17 17:42:57 [ Beavis, Sean]
FLD : FIELD='zcbflag' OLD='NO' NEW='YES'
---
2010-03-17 17:45:07 [ Beavis, Sean]
LOG : *****Please investigate*****
---
2010-03-17 17:50:53 [ Beavis, Sean]
LOG : Contacted SSC - they state there is inadequate information in the call so even if we send it across it will get bounced
back.

Will inform Sandie Bothick and requested we need to get more information on this call tomorrow to be able to progress it.
---
2010-03-18 10:20:55 [ Howard, Rachel]
LOG : PM scanned in her rem ouch on Tuesday 16th March 2010 @ 12:54
SU: 7
node: 2
TP: 12
rem session 2/113504
Pouch number: 370207858026
for the total of the pouch as £2,104.42
---
2010-03-18 10:36:10 [ Howard, Rachel]
LOG : 800 Australian dollars with a value of £482.98
2500 Egyptian pounds with a value of £301.40

```

200 US dollars with a value of £1,320.04

Total - £2,104.42 - which matches the pouch value

2010-03-18 10:38:04 [ Howard, Rachel]

LOG : PM states she got one slip printed out with these figures showing (which is correct)

Then got another slip printed showing a different session number as 2113504

When she went to do her report to check the bureau stock (as a customer came in asking for foreign exchange)

Her system showed as having a value of £4,208.84 in the bureau stock which is exactly double of the original amount she scanned - the NBSC have said that she has just scanned it in twice but the PM sattes this physically cannot be done

2010-03-18 10:47:01 [ Howard, Rachel]

LOG : POL have requested this issue be looked into...

2010-03-18 10:48:01 [ Howard, Rachel]

zneut\_en\_rmg : Transfer Notification

2010-03-18 10:48:03 [ Howard, Rachel]

TR : Transfer 'assignee' from 'Beavis, Sean' to ''

Transfer 'group' from 'HSH3' to 'PEAK'

Date:18-Mar-2010 11:06:52 User:Lorraine Elliott

The call summary has been changed from:-

Pm states he remmed in some currencies and the figures got d...

The call summary is now:-

FAD506246 remmed in some currencies and the figures got doubled up

Date:18-Mar-2010 11:07:02 User:Lorraine Elliott

Product EPOSS & DeskTop -- Counter Common (version unspecified) added.

Date:18-Mar-2010 11:46:20 User:Lorraine Elliott

The Call record has been assigned to the Team Member: Sudip Sur

Progress was delivered to Consumer

Date:18-Mar-2010 11:54:58 User:Sudip Sur

[Start of Response]

I am not sure why this is an "A" priority call!!

As this is not a business stopper, I am reducing the priority.

[End of Response]

Response code to call type L as Category 40 -- Pending -- Incident Under Investigation

Response was delivered to Consumer

Date:18-Mar-2010 11:55:02 User:Sudip Sur

The call Priority has been changed from A

The call Priority is now C

Date:18-Mar-2010 14:06:33 User:Sudip Sur

[Start of Response]

I have investigated the problem and understand what has happened.

This problem is clearly documented in KEL:acha4221Q.

The first Delivery Receipt was printed, but then the PM pressed Retry (instead of Continue). This returned him to the screen with the Print option, but he then pressed Prev twice, back into the barcode scans. Then Enter, Print and forward through the screens as expected.

Pouch 370207858026, £2104.42 (Aus dollar £482.98, Egypt Pound £301.40, US dollar £1320.04) was accepted TWICE at branch 506246 on 16th March, due to a system problem when the clerk used the Prev button several times during the Delivery acceptance. They cannot reverse this transaction. The pouch acceptance will show up twice in POLFS as well.

Passing call to MSU to inform POL via BIMS - POL may have to issue a TC.

This office has also raised another call PC0195380 which is currently with development.

[End of Response]

Response code to call type L as Category 40 -- Pending -- Incident Under Investigation

Response was delivered to Consumer

Date:18-Mar-2010 14:07:06 User:Sudip Sur

The Call record has been transferred to the team: MSU-Indt Mgt

Progress was delivered to Consumer

Date:18-Mar-2010 14:08:30 User:Sudip Sur

[Start of Response]

I should have said; This office previously raised another call PC0195380 which is currently with development.

[End of Response]  
Response code to call type L as Category 40 -- Pending -- Incident Under Investigation  
Response was delivered to Consumer

Date:18-Mar-2010 14:25:43 User:Joanne Ball

[Start of Response]  
Many thanks.

Final BIMS issued to POL.

Returning call to SSC.

[End of Response]

Response code to call type L as Category 40 -- Pending -- Incident Under Investigation  
Response was delivered to Consumer

Date:18-Mar-2010 14:25:48 User:Joanne Ball

The Call record has been transferred to the team: EDSC  
Progress was delivered to Consumer

Date:18-Mar-2010 15:28:20 User:Mark Wright

The Call record has been assigned to the Team Member: Sudip Sur  
Progress was delivered to Consumer

Date:18-Mar-2010 15:48:44 User:Sudip Sur

[Start of Response]  
Please see my previous response which explains what has happened.

MSU has issued BIMS to POL which should issue a Transaction Correction for this problem.

[End of Response]

Response code to call type L as Category 95 -- Final -- Advice after Investigation  
Routing to Call Logger following Final Progress update.  
Service Response was delivered to Consumer

Date:18-Mar-2010 15:48:44 User:Sudip Sur

CALL PC0196154 closed: Category 95 Type L

Date:18-Mar-2010 15:48:44 User:Sudip Sur

Defect cause updated to 42 -- Gen - Outside Program Control

Date:18-Mar-2010 16:00:39 User:\_Customer Call\_

Consumer XXXXXX@TFS01 has acknowledged the call closure

Root Cause	Gen - Outside Program Control
Logger	_Customer Call_ -- EDSC
Subject Product	EPOSS & DeskTop -- Counter Common (version unspecified)
Assignee	_Customer Call_ -- EDSC
Last Progress	18-Mar-2010 16:00 -- _Customer Call_

**Export**

**Peak Incident Management System**

Call Reference	PC0198077	Call Logger	Deleted User -- EDSC
Release	Targeted At -- HNG-X 02.10.03.00	Top Ref	Live Supp.Test
Call Type	Cloned call	Priority	B -- Progress stopped
Contact	Deleted Contact	Call Status	Closed -- Fix Released to Call Logger
Target Date	25/04/2010	Effort (Man Days)	0

Summary FAD351217 discrepancy of £167.17

All References	Type	Value
	Call reference	<u>PC0197797</u>
	SSCKEL	<u>KEL_acha5259Q</u>
	Product Baseline	CTR_APP_X0210_V209
	DevIntRel-Director	ITU SV&I
	SSCKEL	<u>KEL_acha5259Q</u>
	Release PEAK	<u>PC0203438</u>
	DevIntRel-Director	ITU SV&I
	TRIOLE for Service	<u>2240422</u>
	DevIntRel-Director	Live Supp.Test
	Clone Master	<u>PC0197797</u>

Collections	Name	User	Date
	PrescanCounter	Lorraine Elliott	22-Apr-2010 14:23:02

**Progress Narrative**

Date:22-Apr-2010 14:13:26 User:Anne Chambers  
 CALL PC0198077 opened  
 Details entered are:-  
 Summary:FAD351217 discrepancy of £167.17  
 Call Type:C  
 Call Priority:B  
 Target Release:HNG-X 01.00  
 Routed to:EDSC - Anne Chambers

Date:15-Apr-2010 14:14:56 User:\_Customer Call\_  
 CALL PC0197797 opened  
 Details entered are:-  
 Summary:Ibrahim @ NBSC has reported... On 14/03/2010 office carri...  
 Call Type:J  
 Call Priority:B  
 Target Release:HNG-X 01.00  
 Routed to:EDSC - \_Unassigned\_

Date:15-Apr-2010 14:14:56 User:\_Customer Call\_  
 =====  
 INCIDENT MANAGEMENT  
 Date/Time Raised: Apr 15 2010 2:07PM  
 Priority: B  
 Contact Name: Ibrahim @ NBSC  
 Contact Phone: [GRO]  
 Originator: XXXXXX@TFS01  
 Originator's reference: 2240422  
 Product Serial No:  
 Product Site: 351217  
 =====  
 Ibrahim @ NBSC has reported...  
 On 14/03/2010 office carried out Trading Period balance for period 12. The spmr balanced AA and ended up with a discrepancy of £167.17.  
 ---  
 Incident History:  
 ---  
 2010-04-15 14:07:56 [ White, Martin]  
 INIT : create a new request/incident/problem/change/issue  
 ---  
 2010-04-15 14:11:16 [ White, Martin]  
 zneun\_en\_rmg : Open Notification  
 ---

2010-04-15 14:11:39 [ White, Martin]  
LOG : Office is on Horizon On Line.

On 14/03/2010 office carried out Trading Period balance for period 12. The spmr balanced AA and ended up with a discrepancy of £167.17. The was cleared from local suspense as normal and the spmr selected to make good cash. At this point the system printed out a final balance report for TP12 with the cash figure amended and nil discrepancy. Normally the system would then come up with a message to confirm rollover, but instead went back to the screen asking how the discrepancy was going to be made good. Again the spmr selected cash and this time a final balance report showing TP01 was produced, again showing nil discrepancy but the cash figure had risen by £167.17. All the rest of the transactions in receipts and payments were still showing. The spmr says that again instead of allowing him to confirm the rollover, it again went back to the screen asking how the discrepancy was to be made good. Again cash was selected and another final balance report produce, this time with the cash figure showing £334.34 more cash than it should have done. At this point the spmr managed to get out of the screen (he cannot remember how).

2010-04-15 14:11:48 [ White, Martin]  
FLD : FIELD='zcbflag' OLD='NO' NEW='YES'

2010-04-15 14:11:53 [ White, Martin]  
LOG : On logging on 15/04/2010 the spmr produced a balance snapshot that showed nil discrepancy and again the inflated cash figure. The spmr had logged a couple of incidents with NBSC, and was referred to HSD, reference 2238224. The spmr was bounced back to NBSC as a balancing error rather than a system problem.

2010-04-15 14:12:48 [ White, Martin]  
LOG : Can this issue by investigated further and the office contacted about dealing with the issue raised. The office is currently in Trading Period 01, balance period 01 and are open to the public. The spmr is called Robin, and the contact number is 01572 823301.

2010-04-15 14:13:06 [ White, Martin]  
LOG : Branch - Uppinghom SPSO  
FAD - 351217  
Date - 14/03/2010  
Stock unit - AA  
User - RBR002  
Node 3  
Value £167.17

2010-04-15 14:13:23 [ White, Martin]  
LOG : Can you please investigate this problem? NBSC second line completed their investigation and they cannot find a user error.

2010-04-15 14:13:59 [ White, Martin]  
zneut\_en\_rmg : Transfer Notification

2010-04-15 14:14:00 [ White, Martin]  
TR : Transfer group from '' to 'PEAK'

Date:15-Apr-2010 14:17:58 User:Lorraine Elliott  
The call summary has been changed from:-  
Ibrahim @ NBSC has reported... On 14/03/2010 office carri...  
The call summary is now:-  
FAD351217 discrepancy of £167.17

Date:15-Apr-2010 14:18:08 User:Lorraine Elliott  
Product EPOSS & DeskTop -- Counter Common (version unspecified) added.

Date:19-Apr-2010 17:27:46 User:Anne Chambers  
The Call record has been assigned to the Team Member: Anne Chambers  
Progress was delivered to Consumer

Date:19-Apr-2010 17:30:56 User:Anne Chambers  
[Start of Response]  
I think that the date of the problem was 14th April, not 14th March as recorded above - if it is April, I stand some chance of finding some useful evidence...  
[End of Response]  
Response code to call type J as Category 40 -- Pending -- Incident Under Investigation  
Response was delivered to Consumer

Date:21-Apr-2010 10:18:57 User: Customer Call\_  
The date is supposed to be 14/04/10

NBSC has just advised that another office had a similar problem, although the discrepancy has now been sorted out. Details of the site and problem are below for information...

Office - Hucclecote SPSO  
FAD - 186523  
Date - 15/04/2010  
Stock unit - OOH  
Office rolling from TP12 to TP01

Office was dealing with the discrepancy in the office following the TP rollover, and selected settle centrally. The office reports that nothing happened and they ended up doing this a further 2 times before they could proceed. This has resulted in the office settling the loss centrally 3 times. This showed as such as the total on the final balance. The Trading Statement and suspense account seemed to be correct though. On Monday 19th April the office reported they showed a cash gain of double the original and after further investigation a suspense account was produced that showed 2 clear loss from local suspense entries. We have

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cleared this by clearing gain from local suspense, which should clear the gain in the office.

Date:22-Apr-2010 11:26:12 User: Customer Call

The solution we thought we had for Hucclecote SPSO, FAD 186523, has not resolved the problem, but has actually doubled the discrepancy. The original figures in suspense were clear loss from local suspense in OOH su of £998.81 which was the original loss in the for the branch and this shows twice. We have entered a clear gain from local suspense but has doubled the discrepancy that was showing on AA su from £1997.62 to £3995.24.

Date:22-Apr-2010 11:27:14 User: Customer Call

We have now also got a similar issue with Kingsbury Road SPSO, FAD 277201, who also had problems when clearing a gain of £235.52 from the trading period balance done on 15/04/2010 in OOH su. They have ended up now with 3 clear gain from local suspense entries on the suspense account for £235.52 from 15/04/2010 on OOH su. The office reports again they had problems when pressing the assign to nominee icon and ended up pressing it several times to get the rollover complete. The suspense account and Trading Statement from the 15/04/2010 show correct. This office reports there does not seem to be any related cash discrepancy in the branch.

Date:22-Apr-2010 12:31:14 User: Anne Chambers

[Start of Response]

Looking first at 351217 Uppingham...14 Apr, counter 3, SU AA. Times UTC

17:08 Print trial balance report. Shows net loss £167.17

17:14 Final balance report

Cash 60834.12

Receipts section:Short Resolved 167.17

Payments section: Short Transferred 167.17

17:15 Final balance report

Cash 61001.29

Receipts section:Short Resolved 334.34

Payments section: Short Transferred 167.17

17:19 Final balance report

Cash 61168.46

Receipts section:Short Resolved 501.51

Payments section: Short Transferred 167.17

Checking on BRDB, I can see three pairs of 'Clear loss from LS'/ cash.

The balance report saved for reprint is the correct one (produced at 17:14).  
The Suspense account and BTS are correct, and only show the single LS clearance.

The cash figure for the next period in the opening balance table is 60834.12 (again as on the correct balance report) - does this mean there is no long term effect on the branch figures? I suspect though there will be an effect within POLFS and they may need to make some adjustment between the Cleared from LS account and cash.

Investigations continue.

[End of Response]

Response code to call type J as Category 40 -- Pending -- Incident Under Investigation

Response was delivered to Consumer

Date:22-Apr-2010 13:05:15 User: Anne Chambers

[Start of Response]

The two extra LS clearances, and their cash settlement, are in the new TP/BP - so there will be a knock-on effect at the branch. NBSC tried to clear Hucclecote SPSO, FAD 186523, via Housekeeping, which seems sensible, but apparently it hasn't worked as expected. I'll look at that branch too.

I can't yet see anything obvious in the counter logs to indicate why the system apparently went back to the wrong screen twice and forced them to clear LS again.

[End of Response]

Response code to call type J as Category 40 -- Pending -- Incident Under Investigation

Response was delivered to Consumer

Date:22-Apr-2010 14:13:22 User: Anne Chambers

[Start of Response]

I'm going to clone this call and send the clone to development for investigation of the underlying cause, while keeping the original call to work out what needs to be done to get the branches straight.

[End of Response]

Response code to call type J as Category 40 -- Pending -- Incident Under Investigation

Response was delivered to Consumer

Date:22-Apr-2010 14:13:26 User: Anne Chambers

Call cloned from original call:PC0197797 by User: Anne Chambers

Date:22-Apr-2010 14:13:51 User: Anne Chambers

Reference Added: SSCKEL PC0197797

Date:22-Apr-2010 14:13:54 User: Anne Chambers

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Reference Deleted: SSCKEL PC0197797

Date:22-Apr-2010 14:14:03 User:Anne Chambers  
Reference Added: Call reference PC0197797

Date:22-Apr-2010 15:07:47 User:Anne Chambers  
[Start of Response]  
Looking at the counter logs, after they pressed the Stock Balancing/Report button the first time, there was a ClassCastException / system error 0437 (trying to process a corrupt ReportingService response), forcing them to start again.  
  
This happened at all three branches. The reason for the exception is understood (PC0197409).  
  
Can 4th line please try to confirm that this exception and failure does subsequently cause the user to have to clear local suspense multiple times, as described clearly at the start of this call. Can anything be done to stop it doing this after an unexpected error?  
[End of Response]  
Response code to call type C as Category 40 -- Pending -- Incident Under Investigation

Date:22-Apr-2010 15:16:24 User:Anne Chambers  
Evidence Added - 351217 poc and message.log extracts

Date:22-Apr-2010 15:19:08 User:Anne Chambers  
The Call record has been transferred to the team: xCtr\_GDC  
User:Anne Chambers Confirmed that this Incident may be passed to the external company with the attached evidence.

Date:22-Apr-2010 15:21:02 User:Suresh Chitikela  
The Call record has been transferred to the team: xCtr\_BAC\_GDC  
The Call record has been assigned to the Team Member: Suresh Chitikela

Date:22-Apr-2010 16:17:05 User:Cheryl Card  
KEL acha5259Q authorised

Date:23-Apr-2010 11:27:29 User:Suresh Chitikela  
[Start of Response]  
incident under investigation  
[End of Response]  
Response code to call type C as Category 40 -- Pending -- Incident Under Investigation

Date:27-Apr-2010 11:21:54 User:Suresh Chitikela  
[Start of Response]  
Analysis  
=====  
The description given in the Peak says they didnt get the rollover confirmation message instead went back to the previous screen.  
  
But in the counter log file it is clear that they got the rollover confirmation message(MSG01012) at 17:15:13 where the pm clicked the Continue.  
  
After click Continue on the message (MSG01012) normally Enter button will be disabled but pm able to click Enter button here at 17:15:31.  
  
From the post office counter log ---  
1)pm able to rollover Tp 12 and final balance report for tp 12 was produced which contains Cash 60834.12 and at this point he was able to get the message MSG01012 saying stockunit rolled over successfully to tpl and bpl.pm click continue on the message.  
2)at this point pm was able to click Enter button,which is disabled .counter generated final balance copy for tpl and bpl which shows cash 61001.29 .  
  
after clicking enter i can see below lines in counter log which i couldn't understand  
2010-04-14 17:15:43,882 UTC [AWT-EventQueue-0] com.fujitsu.poa.ctrc.businesslogic.startup.InactivityTrackerBLO INFO - [] []-startTimer1 DETAIL: timer1::start-@@-  
2010-04-14 17:15:43,882 UTC [AWT-EventQueue-0] com.fujitsu.poa.ctrc.businesslogic.startup.InactivityTrackerBLO INFO - [] []-startTimer1 DETAIL: timer1::start timer: java.util.Timer@b87c51; -@@-  
  
Not able to reproduce it in my counter.  
  
Not able to understand how pm able to click enter(at 17:15:31) which is disabled.may be this is causing the counter to behave differently here.  
  
[End of Response]  
Response code to call type C as Category 40 -- Pending -- Incident Under Investigation

Date:27-Apr-2010 11:27:43 User:Suresh Chitikela  
Action placed on Team:xCtr\_OSRSME, User:Jon Hulme

Date:27-Apr-2010 14:07:14 User:Suresh Chitikela Action has been removed from the call
Date:27-Apr-2010 14:07:37 User:Suresh Chitikela Action placed on Team:xCtr_OSRS_SME, User:Steven Porter
Date:28-Apr-2010 09:34:17 User:Steven Porter [Start of Response] Why am I actioned on this peak?  [End of Response] Response code to call type C as Category 40 -- Pending -- Incident Under Investigation
Date:28-Apr-2010 09:34:19 User:Steven Porter Action has been removed from the call
Date:28-Apr-2010 11:11:02 User:Suresh Chitikela Action placed on Team:xCtr_OSRS_SME, User:Martin Day
Date:28-Apr-2010 12:39:24 User:Steven Porter Action has been removed from the call
Date:29-Apr-2010 10:33:39 User:Anne Chambers I strongly suspect that this problem is connected to the exception that occurred at the start of the process - see my Peak entry Date:22-Apr-2010 15:07:47.  Yes the PM clicked the Confirm button (at 17:15:08) - but then they were unexpectedly presented with a previous screen again. You can see the final balance being reprinted, and Confirm pressed again, at 17:16:45 and 17:21:02, before they finally Cancelled at 17:24:04.  This problem affected 33 branches in all, a few on 7/8 Apr then more 14/15 Apr. This fits in with the BAL problem where corrupt messages were being returned. There were no instances last week - the OSRs had been restarted and corrupt messages were not being generated.
Date:29-Apr-2010 11:15:14 User:Anne Chambers Evidence Added - <u>Session data and opening balance</u>
Date:27-May-2010 12:16:28 User:Suresh Chitikela We cannot reproduce this error in any environment. Going through the log files only we need to identify the root cause. From the log file we can not identify what went wrong. There are serious of corrupt messages came from bal at the point of error which was addressed by peak PC0197409.  At this point I am not in a position to identify the root cause and propose a solution
Date:02-Jun-2010 11:42:13 User:Suresh Chitikela SME Help Required ----- We are not able to reproduce the issue.GDC UI team suggested me to run the use case with Unread user memos detail.With this also i am not able to reproduce the issue and i am not able to figure out the root cause from the log files also
Date:02-Jun-2010 11:42:37 User:Suresh Chitikela Action placed on Team:xCtr_OSRS_SME, User:Steven Porter
Date:02-Jun-2010 13:45:30 User:Steven Porter Evidence Added - <u>SME Analysis</u>
Date:02-Jun-2010 13:45:53 User:Steven Porter SME Analysis provided as attachment.
Date:02-Jun-2010 13:45:58 User:Steven Porter Action has been removed from the call
Date:03-Jun-2010 09:42:19 User:Suresh Chitikela peak PC0197261 address this issue.Hence a fix is available with PC0197261 .This peak can be closed once PC0197261 is merged in to release. PC0197261 is not targetted for any release as of now.it should be considered for the next release

Date:08-Jun-2010 15:52:17 User:Suresh Chitikela  
[Start of Response]  
changing the status  
[End of Response]  
Response code to call type C as Category 41 -- Pending -- Product Error Diagnosed

Date:11-Jun-2010 17:06:10 User:Steven Porter  
DEVELOPMENT IMPACT OF FIX:  
  
SPECIFY THE HNG-X PLATFORMS IMPACTED:  
Yes - Counter  
  
TECHNICAL SUMMARY:  
Counter Java code changes. Improvements to error handling to mitigate screen freezes, double settlements and accounting/discrepancy issues.  
  
LIST OF KNOWN DIMENSIONS DESIGN PARTS AFFECTED BY THE CHANGE:  
CTR\_APP  
  
ARE ANY OF THESE DESIGN PARTS AFFECTED BY APPROVED CPs/PEAKS in HNGX Release 2:  
None  
  
RELEASE 2 IMPACT:  
None  
  
DEPENDENCIES:  
None  
  
DOES THE FIX REQUIRE ANY MANUAL DEPLOYMENT BASELINES:  
N/A  
  
DEV EFFORT IN MANDAYS:  
1 day fix/test - fix available  
  
IMPACT ON USER:  
Avoids accidental double settlements.  
Avoids screen freezes and hence reboots subsequently.  
Avoids further such significant errors.  
Fixing this will ensure roll-overs can continue accordingly.  
This can potentially affect any branch.  
  
IMPACT ON OPERATIONS:  
These errors are costly for SSC and 4LS to investigate/resolve. The impact ranges from discrepancies, screen freezes and roll-overs which can be costly to support to resolve.  
  
HAVE RELEVANT KELS BEEN CREATED OR UPDATED?  
Yes  
  
IMPACT ON HORIZON TO HNGX BRANCH MIGRATIONS  
No impact, beyond ability to handle call volume.  
  
IMPACT ON TEST:  
Basic Counter regression testing in CIT and LST.  
Specific error scenarios to be tested in Development.  
Development regression test suite to be run.  
New development automation test suite to be provided.  
  
RISKS (of releasing and of not releasing proposed fix):  
Risk of releasing is low - a low risk area.  
Risk of not releasing is fairly high - these issues will continue to impact operations and business as described above.  
No pilot required.  
  
LIST OF LIKELY DELIVERABLES:  
LIST OF THE ABOVE ALREADY DELIVERED FOR THE PROPOSED RELEASE:  
LIST OF THE ABOVE ALREADY DELIVERED TO A RELEASE LATER THAN THAT PROPOSED:  
LIST OF THE ABOVE LIKELY TO BE REDELIVERED INTO THE PROPOSED OR A LATER RELEASE:

Date:11-Jun-2010 17:06:36 User:Steven Porter  
Product HNG-X Platforms -- CNT-HNG-X NT4 Counter (version unspecified) added.

Date:14-Jun-2010 08:19:19 User:Steven Porter  
The call Target Release has been moved to Proposed For -- HNG-X 02.10.00.00

Date:14-Jun-2010 10:19:41 User:Suresh Chitikela  
Can we get these two peaks tidied up?  
I suggest:  
PC0198077 ? please route to Sateesh  
PC0197261 ? please close as covered by PC0198077  
I'd like to do it this way round since PC0198077 is B priority, whereas PC0197261 is C priority. Hence PC0198077 has a better chance of being delivered even though it's the same issue &#61514;  
Note that I do not expect any more work on either peaks ? as far as I am concerned, the solution for PC0198077/ PC0197261 fr  
Sateesh is fine.

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I have proposed PC0198077 for 02.10 on this basis.

Regards  
Steve

Date:14-Jun-2010 10:19:55 User:Suresh Chitikela

The Call record has been transferred to the team: xCtr\_UI\_GDC  
The Call record has been assigned to the Team Member: Sateesh Nelluri

Date:14-Jun-2010 12:50:20 User:Sateesh Nelluri

HNGX CODE FIX

-----

FIX DESCRIPTION

- i) Add a new boolean flag to WorkspaceScreenControllerBLO ?applicationStarted?
- ii) WorkspaceScreenControllerBLO registers for the APPLICATION\_ACTION\_EVENT\_NAME, which sets applicationStarted=true
- iii) WSSC BLO sets applicationStarted=false, when it fires the APPLICATION\_ENDED\_EVENT\_NAME
- iv) Add a new method ?isApplication? which returns applicationStarted || isInCurrentApplication()
- v) Modify ApplicationHelperBLO.abandonApplication(needToGoHome) to use this new method instead of wssc.isInCurrentApplication()
- vi) Register ScriptControllerBLO to APPLICATION\_ACTION\_EVENT\_NAME, to log a warning if PDL BLO stack is not empty.
- vii) if applicationGettingStarted is true, and the new UIA is not an application screen - then isLeavingApplication() should return true.

PROPOSED BRANCH

02.10

COUNTER JAVA FILES CHANGED

WorkspaceScreenControllerBLO, ApplicationHelperBLO, ScriptControllerBLO.java

COUNTER PDL FILES CHANGED

None.

COUNTER REFDATA FILES CHANGED

None.

SHARED CODE FILES CHANGED

None.

BAL JAVA CODE FILES CHANGED

None.

SQL FILES CHANGED

None.

OTHER FILES CHANGED

None.

APPROPRIATE CODE COMMENTS

Yes

DEPENDENCIES

None.

RELATED PROBLEMS

None.

UNIT TESTING EVIDENCE

None

REGRESSION TEST CLASS

PC0198077\_FinishPrematureApplicationTest.java

BACKWARDS COMPATIBILITY

N/A.

DEVELOPMENT DOCUMENTATION

None.

REQUIREMENTS DOCUMENTATION

None.

HELP

None.

Date:14-Jun-2010 12:51:12 User:Sateesh Nelluri

Evidence Added - final\_code\_patch\_2.txt

Date:14-Jun-2010 12:51:27 User:Sateesh Nelluri

Evidence Added - PC0198077\_FinishPrematureApplicationTest.java

Date:14-Jun-2010 12:51:55 User:Sateesh Nelluri

Action placed on Team:xCtr\_OSRSME, User:Steven Porter

Date:15-Jun-2010 10:53:55 User:Steven Porter  
SME Review:

Changes have been reviewed previously - production code is fine.

Test is OK.

Date:15-Jun-2010 10:53:57 User:Steven Porter  
Action has been removed from the call

Date:15-Jun-2010 11:39:22 User:Sateesh Nelluri  
Action placed on Team:RelMngmntForum

Date:16-Jun-2010 09:37:08 User:Steven Porter

The specific issue which caused the roll-over and subsequent discrepancy was addressed in PC0196767.

There is a wider, general issue in relation to error handling that is still not addressed, hence which can and will still cause roll-over and subsequent discrepancies. This wider issue is outstanding, and can also contribute to screen freezes and double settlements and hence further discrepancies.

The wider issue can occur when any unhandled exception occurs in the early stages of the roll-over process (PC0196767 was just one such example).

This wider issue is addressed by the fix for this peak.

Date:28-Jun-2010 16:17:53 User:Sateesh Nelluri  
Action has been removed from the call

Date:01-Jul-2010 10:58:32 User:Christopher Hammond

The call Target Release has been moved to Targeted At -- HNG-X 02.10.03.00

Date:09-Jul-2010 09:40:28 User:Sateesh Nelluri  
[Start of Response]

[End of Response]

Response code to call type C as Category 46 -- Pending -- Product Error Fixed

Date:16-Jul-2010 15:09:08 User:Sateesh Nelluri

Evidence Added - [R2\\_regression\\_test\\_run\\_screenshot.zip](#)

Date:19-Jul-2010 08:51:43 User:Sateesh Nelluri

Defect cause updated to 15: Development - Low Level Design

Date:19-Jul-2010 08:52:15 User:Sateesh Nelluri

The Call record has been transferred to the team: xCtr\_REL\_GDC

Date:21-Jul-2010 15:58:02 User:Pavan Vejendla

Rig: 4LS\_CCIT

Release: CTR02.10.03.00

Baseline: CTR\_APP\_X0210\_V209

peak has been successfully verified at 4LS\_CCIT and working as expected

Test Scenario covered:

=====

1. Check we're at Front Office Home
2. Disable network
3. Press Postal Services", "F2"
4. Press RM Speed bulk", "84"
5. System error will occur
6. Now enable network
7. Press RM Speed bulk", "84"
8. Enter barcode
9. Press Enter
10. Complete the print
11. Current screen should be in front office home

Date:21-Jul-2010 16:13:29 User:Kishor GaneshRao

The Call record has been assigned to the Team Member: Kishor GaneshRao

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Date:26-Jul-2010 13:14:23 User:Pavan Vejendla  
FIX RELEASE CHECKLIST

-----  
FIX IMPACT TEMPLATE FULLY COMPLETED?  
Yes  
RMF APPROVAL GRANTED?  
Yes  
CODE REVIEW TEMPLATE FULLY COMPLETED?  
Yes  
CODE REVIEW PASSED?  
Yes  
CODE CHECK-IN BRANCH SPECIFIED?  
Yes  
ALL CHECKED-IN FILES HAVE PEAK REFERENCE IN CVS COMMENT?  
Yes  
FIX PASSED CIT AND REGRESSION TESTING?  
Yes  
KEL UPDATED TO REFLECT PEAK FIX?  
Yes  
CIT TEST SCRIPT UPDATED TO REFLECT PEAK?  
yes  
CIT TEST RESULTS PUBLISHED?  
Yes

Date:26-Jul-2010 13:14:42 User:Pavan Vejendla  
Reference Added: Product Baseline CTR\_APP\_X0210\_V209

Date:26-Jul-2010 13:14:45 User:Pavan Vejendla  
TOP Reference set to: Product Baseline CTR\_APP\_X0210\_V209

Date:26-Jul-2010 13:15:04 User:Pavan Vejendla  
The Call record has been transferred to the team: Dev-Int-Rel  
User:Pawan Vejendla Confirmed that this Incident may be passed to the external company with the attached evidence.

Date:30-Jul-2010 11:22:15 User:Vijesh Pandya  
[Start of Response]  
Baseline has been processed. and is available for release to test  
[End of Response]  
Response code to call type C as Category 49 -- Pending -- Fix Available for IndependentTest

Date:30-Jul-2010 11:22:22 User:Vijesh Pandya  
The Call record has been transferred to the team: Int-Rel

Date:30-Jul-2010 11:43:49 User:Vijesh Pandya  
The Call record has been transferred to the team: Live Supp.Test

Date:10-Aug-2010 09:55:48 User:Sheila Bamber  
Reference Added: DevIntRel-Director LST

Date:11-Aug-2010 17:47:14 User:Sheila Bamber  
TOP Reference set to: Product Baseline CTR\_APP\_X0210\_V209

Date:24-Aug-2010 12:12:59 User:John Budworth  
Reference Added: Release PEAK PC0203438

Date:25-Aug-2010 10:47:36 User:Lionel Higman  
Reference Added: DevIntRel-Director Live Supp.Test

Date:25-Aug-2010 11:02:43 User:Lionel Higman  
Reference Deleted: DevIntRel-Director LST

Date:03-Sep-2010 15:05:06 User:Sheila Bamber

The Call record has been assigned to the Team Member: Release to Live

Date:15-Sep-2010 16:47:21 User:John Budworth

[Start of Response]

Counter release RNT9612 delivering Tivoli Product COUNTER\_X0210 54\_1 has now commenced roll out to the live sstate. Routing to call logger for closure.

[End of Response]

Response code to call type C as Category 71 -- Final -- Fix Released to Call Logger

Routing to Call Logger following Final Progress update.

Date:17-Sep-2010 16:31:53 User:Anne Chambers

[Start of Response]

This problem has happened intermittently since April but never at the levels seen then. Being investigated on PC0204396. The good news is thatno instances have been seen since this fix was applied. Closing call.

[End of Response]

Response code to call type C as Category 71 -- Final -- Fix Released to Call Logger

Routing to Call Logger following Final Progress update.

Date:17-Sep-2010 16:31:58 User:Anne Chambers

CALL PC0198077 closed: Category 71 Type C

Root Cause	Development - Low Level Design
Logger	Deleted User -- EDSC
Subject Product	EPOSS & DeskTop -- Counter Common (version unspecified)
Assignee	Deleted User -- EDSC
Last Progress	17-Sep-2010 16:31 -- Anne Chambers



Pack for James Arbuthnot and Oliver Letwin meeting scheduled for 17<sup>th</sup> May 2010

This pack contains:

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**1. Agenda**

Attendees:	James Arbuthnot Oliver Letwin Alice Perkins Paula Vennells Susan Crichton Lesley Sewell (?)	Member of Parliament for North East Hampshire Member of Parliament for West Dorset Chairman, Post Office Ltd Chief Executive, Post Office Ltd Legal and Compliance Director, Post Office Ltd Chief Information Officer, Post Office Ltd
Case review:	Rod Ismay Angela Van-Den-Bogerd	Head of Produce and Branch Accounting, Post Office Ltd Head of Network Services, Post Office Ltd

	Agenda Item	Lead by:	Duration
1	Introductions	Alice	5 mins
2	Post Office Background	Paula	5 mins
3	Horizon - Background	Lesley	5 mins
4	Training – Background	Paula	5 mins
5	Introduction to case review	Susan	2 mins
6a	Review Jo Hamilton Case – South Warnborough branch	Angela	20 mins
6b	Review Tracey Merrick Case - Yetminster branch	Susan	20 mins
7	Conclusion and next steps	Alice	10 mins



**2. Key Messages**

Agenda Item	Who	Duration	Key Messages
1 Introductions	Lead by: Alice	5 mins	<ul style="list-style-type: none"> <li>○ Thank you for coming today</li> <li>○ People round the table are....</li> <li>○ We understand you have raised some concerns, and are representing the concerns of sub-postmasters in your areas</li> <li>○ We are open to feedback and we will provide you the information we have available, our aim is to be open and transparent</li> </ul>
2 Post Office Background	Lead by: Paula	5 mins	<ul style="list-style-type: none"> <li>○ Start off by providing you an overview of the Post Office</li> <li>○ 11,800 branches</li> <li>○ Over 10,000 agency branches</li> <li>○ We process over 150 million transactions each month</li> <li>○ 20 million people visit a Post Office each week</li> <li>○ Post Office Ltd provides full infrastructure support to all branches with a UK-wide cash and stock distribution system, product and marketing support, a helpdesk who provide telephone support for sub-postmasters, and field support teams who provide on site support.</li> </ul>



3	Horizon - Background	Lead by: Lesley	5 mins	<ul style="list-style-type: none"> <li>○ Horizon is the system used in branch to process counter transactions and branch accounting</li> <li>○ Although we recognize that Horizon is not perfect, no computer systems is, it has been audited by internal and external teams, it has also been tested in the courts and no evidence of problems found (of the nature suggested by JFSA)Horizon first deployed over fifteen years ago to automate the branch accounting activities</li> <li>○ An upgraded version of Horizon was deployed 2 years ago. Both versions of Horizon were built on the same principles of reliability and integrity.</li> <li>○ Although we recognize that Horizon is not perfect, no computer systems is, it has been audited by internal and external teams, it has also been tested in the courts and no evidence of problems found (of the nature suggested by JFSA)</li> </ul>
4	Training – Background	Lead by: Paula	5 mins	<ul style="list-style-type: none"> <li>○ Run through the recruitment / training process from beginning to end. Key points: <ul style="list-style-type: none"> <li>○ Classroom training followed by on site support</li> <li>○ Help desk support available at all times</li> <li>○ On site support available on request</li> <li>○ Contract is available to the sub-postmasters before they sign it. Key points are specifically reviewed</li> <li>○ Effectiveness of training is independency assessed</li> <li>○ What we are do to improve our processes</li> </ul> </li> </ul>



5	Introduction to case review	Lead by: Susan	2 mins	<ul style="list-style-type: none"> <li>○ Occasionally we do get incidents of fraud.</li> <li>○ Process?? Eg, audit, internal review, interview, if cant be resolved then dismissal for crown staff, court for sub-postmasters (need to explain why)</li> <li>○ Public money, important protected.</li> <li>○ Direct xx into the next meeting room.</li> </ul>
6a	Review Jo Hamilton Case – South Warnborough branch	Lead by: Angela	20 mins	<ul style="list-style-type: none"> <li>○ Run through timeline of events. Key facts: <ul style="list-style-type: none"> <li>○ Cash holdings</li> <li>○ Training received</li> <li>○ Audit findings</li> <li>○ She was in personal financial difficulties</li> <li>○ She was provided an opportunity for an explanation</li> <li>○ She did plea guilty to fraud</li> </ul> </li> </ul>
6b	Review Tracey Merrick Case - Yetminster branch	Lead by: Susan	20 mins	<ul style="list-style-type: none"> <li>○ Run through timeline of events. Key facts: <ul style="list-style-type: none"> <li>○ Produces a cheque for £9,500 when audited, explaining that she had removed cash of that value the previous night after declaring her cash balance on Horizon</li> <li>○ A further shortage of £3,500 was also found at her outreach branch</li> <li>○ The cheque for £9,500 bounces</li> <li>○ Miss Merritt has said transactions were being done after she had been excluded from the system. There is no evidence of this, however, events that would have been done are the balance following audit and the remittance of the remaining cash back to the cash centre.</li> </ul> </li> </ul>



7	Conclusion and next steps	Alice	10 mins	<ul style="list-style-type: none"><li>○ What are your thoughts on the meeting? Do you have any areas of concern?</li><li>○ We are considering commissioning an independent audit as an assurance measure, but in light that there is no evidence that there is a problem, we need to determine if this is a good use of public money.</li><li>○ What are your thoughts?</li><li>○ Next steps?</li></ul>
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**3. Potential Questions**

Question	Response
1	<p>Why are crown staff and sub-post masters treated differently if found committing fraud</p> <p>Post Office staff are expected to balance in the same way as sub postmasters. If a clerk misbalances resulting in a loss of more than £30:</p> <ul style="list-style-type: none"> <li>○ Three times in a three month period (or less) they receive an informal warning</li> <li>○ Six times in a six month period (or less) they are interviewed</li> <li>○ Nine times in a nine month period (or less) they are re-interviewed an put on an improvement plan which could lead to dismissal if no improvement is forthcoming.</li> </ul> <p><b>Criminal Investigation and Prosecution Process</b></p> <p>Post Office applies consistent investigation and prosecution processes across our Sub office and our Crown estate.</p> <p>Once any branch comes to our adverse attention we would raise an active investigation and proceed in a formalised manner. Suspect offenders would be interviewed under the auspices of PACE (Police and Criminal Evidence Act) and cases passed for advice to lawyers. The lawyers would apply the “prosecutors’ guidelines” (in reality CPS checks and balances) to the matters in hand and advise prosecution, or not, accordingly dependant on evidence and not branch type.</p> <p>In terms of investigation and prosecution it is factually incorrect to state or infer that we treat the branch office staff differently.</p>



2	<p>What is our view of Computer Weekly</p>	<p>Computer Weekly is well respected within the IT industry and widely read in Government.</p> <p>Computer Weekly does not have in-house experts; it relies on using expert consultants from the industry at large.</p> <p>As we have external and internal experts available we don't believe Computer Weekly can assist us in this specific case. Although there is no evidence of problems with Horizon, as an assurance exercise we are considering an audit of our processes, data, and IT systems. If we do proceed with this audit, it is likely that we will use a professional audit organisation that are tried and tested in this area as we require organisation who have the reputation and the experience of defending audits against external scrutiny</p> <p>We will, however be engaging Computer Weekly as part of our IT Transformation communication plan, and will pick up any Horizon related matters through that forum.</p>
3	<p>If when suspected of fraud we bar sub-postmasters from the system, how can they be expected to prove their case?</p>	<p>Sub-Postmasters should be balancing their accounts at the end of every day. If there are any discrepancies they should be investigated by the sub-postmaster with assistance from the help desk and P&amp;BA. There should be no surprises at the time of an audit.</p> <p>In cases where an auditor has found evidence of fraud, the previous trial balance (which the sub-postmaster has approved) will be the baseline record. If there are found to be any discrepancies with that Trial Balance the sub-post master should have followed the standard process to resolve.</p> <p>If discrepancies are found during the audit, the sub-postmaster will have the opportunity to explain any anomalies.</p>
4	<p>Does the system allow sub-postmasters to understand why errors occurred, eg can they interrogate past transactions?</p>	<p>Yes, they can go back and look at past transactions</p> <p>The help desk and P&amp;BA can also provide assistance</p> <p>Sub-postmaster should do a cash balance every day so, so should not be necessary for them to integrate vast quantities of transactions.</p>



5	Why are we considering Deloittes to perform the audit?	<p>KPMG are excluded as they are Fujitsus' auditor</p> <p>E&amp;Y are excluded as they Post Office's auditor</p> <p>PWC are not recommended because not on Post Office's supplier short list, although this could be bypassed if required.</p> <p>Deloittes are on Post Office's supplier short list and have proven experience in this area</p>
6	The audit could cost in the region of £250-£500k, why so expensive?	<p>The audit envisioned is a thorough end-to-end review of processes, systems and data which not only could reveal potential improvements but could be used as an assurance for court future cases. The cost is a result and thoroughness of the audit and the expertise required. An alternative, reduced scope audit could also be considered.</p>



#### **4. Network Background**

The Post Office has a unique and valued place at the heart of communities across the UK.

A third of the UK population and half of all small businesses visit a Post Office each week which helps to make it one of the nation's most valued and treasured organisations.

It is seen as a vital public service but it faces a challenging commercial environment.

Over the last ten years footfall has dropped from 28 million customers a week to just under 20 million. This is largely driven by the reduction in government services and a shrinking consumer mails market in an increasingly digital world.

Following the enactment of the reforms contained within the Postal Services Act 2011, Post Office Ltd is now (as of 1 April 2012) an independent company. It has its own Chairman and full Board including non-executive directors. The Postal Services Act has made clear that the company will remain in the public sector – with the possibility of mutualisation at a later date.

The company provides services to just under 20 million customers (and to half of all small businesses in the UK) per week

We have a network of over 11500 Post Office branches. 373 of these branches are operated directly by Post Office Ltd. All the others are agency branches operated by independent business people or multiple retailers - typically as part of retail premises. There are over 10,000 agency branches.

The network carries out over 150 million transactions a month.



Post Office Ltd provides full infrastructure support to all branches with a UK-wide cash and stock distribution system, product and marketing support, a helpdesk who provide telephone support for sub-postmasters, and field support teams who provide on site support.



## 5. Horizon

### Summary:

- Horizon designed with integrity in mind from day one
- Horizon has undergone external scrutiny
- Each transaction is audited and protected to prevent change or tampering.
- Reconciliation processes automatically detects any problems

### Background

- The Horizon computer system is used in all Post Office branches to process counter transactions and process all in-branch accounting processes. Horizon enables sub postmasters to account accurately for each transaction they undertake in their branch.
- The system has been operating for over ten years. In that time around twenty thousand sub postmasters have used it in performing many millions of successful weekly and monthly financial reconciliations between the cash they have in the office and the transactions they have handled.
- The National Federation of Sub Postmasters (NFSP), which represents sub postmasters throughout the country, has expressed its full confidence in the accuracy and robustness of the Horizon system.
- In 2010 Horizon underwent an upgrade. The upgraded system was tested and has the full support of the NFSP

### External Scrutiny

- Horizon and Post Office Ltd systems environment have always been subject to external scrutiny for both assurance and accreditation purposes. Ernst & Young carry out an annual financial systems audit; an independent auditor also carries out a yearly audit to maintain the system's Payment Card Industry (PCI) accreditation.
- The system and its Data Centre are ISO 27001 accredited which requires an annual audit from an independent agency. Horizon is also accredited by HSBC Payment Services and WorldPay (Post Office's Merchant Acquirers) and must comply with the VocaLink standard for card payment transactions. In addition to these regular audits, ad hoc independent audits of the system are initiated by Royal Mail Group and supported by Post Office Ltd.



#### Designed for Security and Integrity

- Horizon was originally built to support benefit payments against requirements from Post Office Limited and the Benefits Agency. The need for security, integrity and a strong audit trail has been emphasised since day one.
- Horizon system keeps full audit records of all transactions undertaken by all log ins – so that it is always possible to track back anything that has occurred within the system – or at an individual sub post office
- The system is designed such that all data is sequentially numbered at the point of its creation and is separately stored in a secure tamper proof facility for 7 years – so that recreation of situations and track back is always feasible
- Horizon requires clerks to log on, using their own username and password before any transactions can be carried out.
- Horizon captures 'baskets' consisting of items sold and payments in or out at the counter. When the clerk settles a basket this is clearly shown on the counter screen. Software at the counter digitally 'signs' each basket.
- Each basket is written to the audit trail where it is kept for 7 years. Data in the audit trail is cryptographically protected to ensure that its integrity can be asserted.

#### Reconciliation and Validation

- Each basket is checked to balance to zero at the data centre; if it did not (eg because of a bug in the software) it would be rejected. The signature applied by the counter is checked.
- The data centre also checks that each basket is the one expected (i.e. the count has gone up by exactly one). If it is not, then, if appropriate, the clerk is notified of the need to recover.
- Transactions are reconciled with all the banks and clients, any discrepancies are investigated and resolved.



## **6. Post Office Recruitment and Training Process for Sub Postmasters**

### **Prior to appointment**

The key extracts of the contract are covered at the interview stage by the Contracts Advisor. One part of which is:-

Post Office cash & stock

- Balancing/branch trading.
- All discrepancies to be made good immediately.
- Fraud.
- Cash for PO use only.
- Robbery/burglary,
- Error, theft by assistants, cashing personal cheques.

### **Following Appointment**

A copy of the contract is sent to the agent.

An appointment pack is also issued to agents when they take over a branch and is explained by the trainer to the agent whilst on site.

The following is an extract from the document:-

***The Subpostmaster is responsible for all losses caused through his own negligence, carelessness or error, and also for losses of all kinds caused by his Assistants. Deficiencies due to such losses must be made good without delay. Section 19:***

Once the offer of appointment is accepted, training dates are then confirmed.

### **Training**

Training processes are under constant review and can be modified to accommodate a variety of circumstances. Training commences within classroom for larger branches and is delivered in advance of the site transfer, or delivered at the time of the on site transfer in smaller branches. The Ops Manual is used as reference document during training and all subpostmasters have a copy, although most of the Ops Manuals are now on-line in 'Horizon on-line Help' which is available at every branch.



Both the classroom and on-site training includes how to complete the office balance and the trainer is on site with the agent for the completion of the first office balance, which is always a Branch Trading Statement.

Follow up support is provided to assist with balancing or any other training needs. This takes the form of:

- Helpline support at NBSC. If unable to resolve the issue the agent is referred to the POLtd Branch Support team.
- The Branch Support Team is able to provide telephone support to the agent. If this support doesn't fully resolve any issues (and in the majority of cases this does) then this is escalated to the Field Support Team.
- A member (trainer/auditor) of the Field Team will also telephone the branch to assist and if necessary then visit the branch to provide face to face support.
- Remedial training would be arranged following the face to face support if the Field Support Advisor felt this was necessary.

#### **Is the training adequate?**

Customer satisfaction with training is tested through independent research questionnaires collated by an independent research company. The field team leader receives a copy of each branch feedback form and if any comments cause concern or if any Agent raises an issue regarding the quality of the training or lack of confidence this is followed up by the team leader. There is currently a 95% satisfaction from a response rate of 69%.

#### **Initial training**

All new entrants to the business receive classroom training the length of which depends on the model of the branch, plus 6 days training on site. All new Agents also have further follow-up contact to embed training, which includes:-

- At one month from appointment a follow up telephone call to check all is okay and they are confident;
- At three months from appointment a face to face visit to check all is okay and observe the branch operationally, provide a refresh and support as necessary;
- At six to nine months after appointment a face to face unannounced follow up which is unannounced and includes a procedural and compliance audit, an audit of cash and stock



## 7. South Warnborough Case

### 7.1 South Warnborough Timeline

Date	Action
24/12/2001	<ul style="list-style-type: none"> <li>Josephine Hamilton (JH) begins working at the South Warnborough SPSO.</li> </ul>
21/10/2003	<ul style="list-style-type: none"> <li>JH appointed as subpostmaster (SPM).</li> <li>SPM assisted by Mrs Partridge. Mrs Partridge denies (in her statement dated 31/07/2006) having ever assisted with balancing or completed any cash declarations.</li> </ul>
1/12/2004 to 1/4/2006	<ul style="list-style-type: none"> <li>Cash held increases from £15,000 to £35,000 (See Graph at 7.2)</li> </ul>
03/02/2004	<ul style="list-style-type: none"> <li>Unidentified loss of £3,191.00. JH requested hardship payments to be set up to clear this loss. (Payment deducted from salary over a 12 month period)</li> </ul>
24/02/2005	<ul style="list-style-type: none"> <li>Unidentified loss of £750.00. JH requested hardship payments to be set up to clear this loss.</li> </ul>
01/05/2005	<ul style="list-style-type: none"> <li>Warning letter sent to JH for rolling balance not made good (£724)</li> </ul>
01/09/2005	<ul style="list-style-type: none"> <li>Second warning letter sent to JH for rolling balance not made good (£188)</li> </ul>
05/10/2005	<ul style="list-style-type: none"> <li>PO migrated to branch trading. (Formal balancing every month instead of every week). No onsite visit provided, but would have been provided with an interactive training CD ROM, a Transition Guide, a Quick Reference Guide, a branch trading calendar and the relevant manuals. The SPM would also have been invited to attend a number of face-to-face events explaining migration.</li> <li>Records indicate that no requests were made for replacement materials or that the CD-ROM be exchanged for a video.</li> </ul>
08/02/2006	<ul style="list-style-type: none"> <li>Branch Trading Statement for trading period 10 (13/01/06 to 08/02/2006) completed.</li> <li>Statement shows a shortage of £6.74 and cash on hand stated as being £35,515.83.</li> </ul>
06/03/2006	<ul style="list-style-type: none"> <li>Rebecca Portch (Retail Cash Management Support) contacted the branch regarding high levels of cash holdings. Branch paying out approximately</li> </ul>



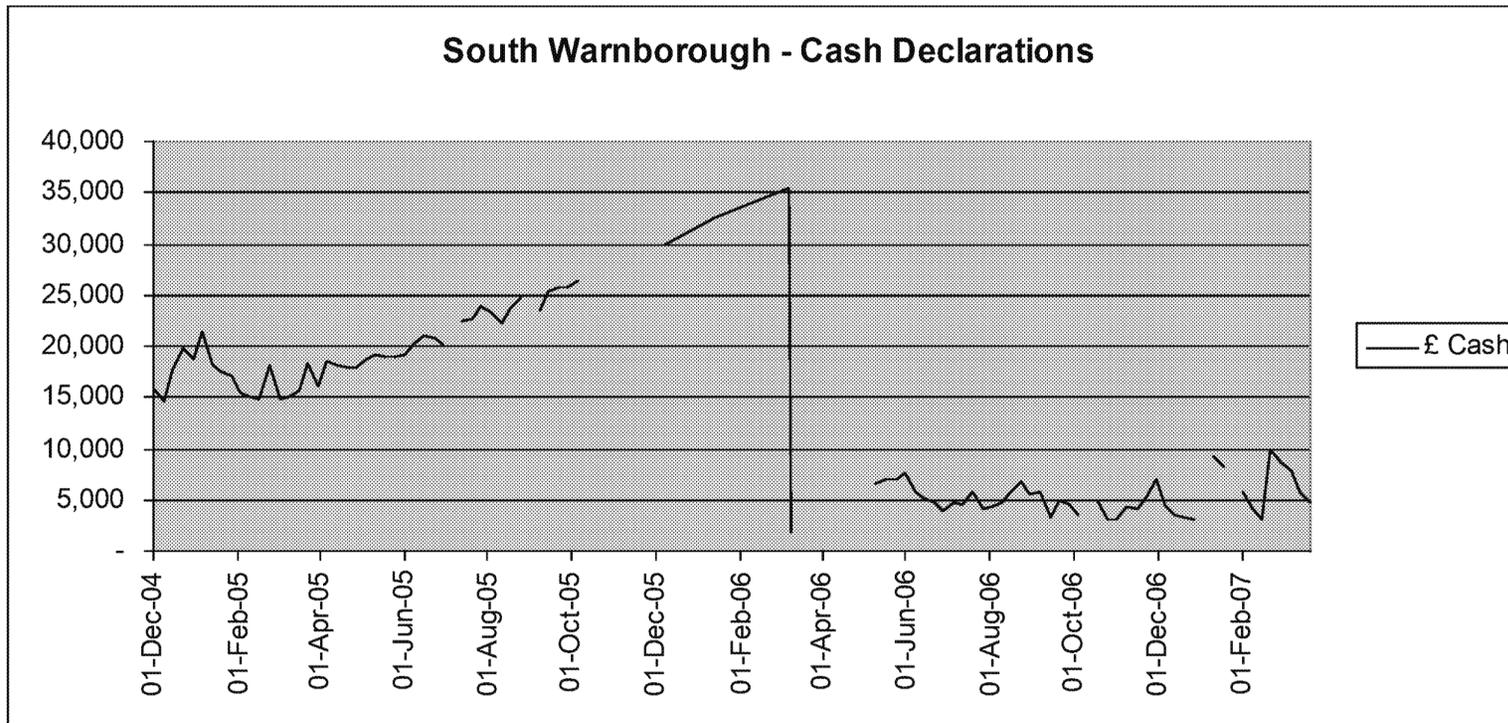
	<p>£2,500 on average per week, but declared cash holdings in excess of £20,000.</p> <ul style="list-style-type: none"> <li>• SPM requested by Ms Portch to return £25,000 by 08/03/2006.</li> <li>• SPM alleged to have advised a NFSP representative, Kam Matharu, that there were problems at this branch. The nature of the problems was not specified.</li> </ul>
07/03/2006	<ul style="list-style-type: none"> <li>• SPM signed off on sick leave.</li> </ul>
08/03/2006	<ul style="list-style-type: none"> <li>• Excess cash holding not returned by SPM as per request.</li> </ul>
09/03/2006	<ul style="list-style-type: none"> <li>• Audit undertaken. Deficiency (including cash and stock) of £36,644.89 identified by the audit team.</li> <li>• Cash figure on Horizon stated to be £37,360.06. The cash physically verified as being n hand only £1,933.48 (a difference of £35,426.58).</li> <li>• SPM precautionary suspended as a result of shortfall. SPM requested to attend an interview under caution.</li> </ul>
15/03/2006	<ul style="list-style-type: none"> <li>• Izzy Hogg, solicitor acting for the SPM, contacts POL and offers to provide a written statement. Ms Hogg informed that an interview under caution will still need to be conducted.</li> </ul>
12/04/2006	<ul style="list-style-type: none"> <li>• Second letter sent to SPM regarding interview.</li> </ul>
21/04/2006	<ul style="list-style-type: none"> <li>• Agreed interview will take place on 05/05/2006.</li> </ul>
05/05/2006	<ul style="list-style-type: none"> <li>• Interview conducted by POL under caution at offices of the SPM's solicitors.</li> <li>• POL provided disclosure of documents to be put to the SPM in the course of the interview. Includes cash declarations and branch trading statements.</li> <li>• SPM provides a pre-prepared written statement. The statement states that the SPM did not receive adequate training and that the operation manuals provided were out of date. Statement also makes reference to an error for £1,500 which is alleged to have doubled to £3,000 when attempts were made to correct it. The SPM was invited to confirm when that error is alleged to have occurred, but the SPM declined to comment. Statement also contains a denial that the SPM has ever stolen monies.</li> <li>• Taped interview commenced at 12:13pm. The prepared statement was read and the SPM then gave "no comment" responses to all the questions raised by the interviewing officers.</li> <li>• Interview concluded at 13.32pm.</li> </ul>
11/10/2006	<ul style="list-style-type: none"> <li>• Decision taken to prosecute for theft.</li> </ul>



30/10/2006	<ul style="list-style-type: none"><li>• Summons issued requiring the SPM to attend before the Aldershot Magistrates Court.</li></ul>
09/10/2007	<ul style="list-style-type: none"><li>• Defence offers pleas to false accounting by way of mitigation.</li></ul>
19/11/2007	<ul style="list-style-type: none"><li>• Hearing before Winchester Crown Court.</li><li>• SPM pleads guilty to 14 separate counts of false accounting. This is accepted by POL on the basis that the losses are repaid in full by 25/01/2008. Count of theft to remain on file until payment made in full.</li></ul>
04/02/2008	<ul style="list-style-type: none"><li>• SPM sentenced to 12 month Community and Supervision Order.</li></ul>
18/02/2008	<ul style="list-style-type: none"><li>• Cheque for £37,644.89 received from the SPM.</li></ul>



**7.2 South Warnborough Cash Holdings Graph showing cash holding for J Hamilton until March 2006 and then subsequent subpostmaster cash holding**





## **8. Yetminster Case**

### **8.1 Case Summary**

The defendant Tracey Ann Merritt (D.O.B. GRO) had been employed as a Post Mistress for over four years. Ms Merritt worked at the Yetminster Post Office, but also operated an outreach Post Office at Chetnole.

An audit was conducted at the Yetminster Post Office on the 29<sup>th</sup> September 2011 following concerns raised by a former holiday relief worker at the Yetminster branch in August 2011 over alleged cash shortages.

Mr Constant and Mr Gilding arrived at Yetminster Post Office at 8:30am and introduced themselves to Miss Lisa Porter, the daughter of Ms Merritt who was sitting behind the counter having already logged on to the Horizon system and accepted the Transaction Acknowledgements.

Mr Constant asked Miss Porter when she expected her mother to arrive, Miss Porter informed the auditors that she would be in later on as she had gone to the cash and carry. Mr Constant asked Miss Porter if she would allow him access to the secure area, which she did, and also to inform her mother that the auditors were at the Post Office. Ms Merritt allegedly told her daughter to ask the auditors to wait until she arrived at the branch before they continued, Miss Porter remained quiet until her mother arrived.

Whilst waiting for Ms Merritt to arrive, Mr Constant logged onto the Horizon system for the Yetminster branch using the Global User name and password as Miss Porter did not have Manager Access to the system. Mr Constant then created user ID BC0003 and logged on to the Horizon system, using that ID to produce audit reports.

Mr Constant also logged on the Outreach Horizon system for the Chetnole branch, using the user ID BC0001. No other action was taken until Ms Merritt was presents in the branch.



Ms Merritt arrived at 09:15am and Mr Constant advised her that they were there to perform an audit.

Before the audit commenced Ms Merritt advised Mr Constant of a cheque for £9500 and explained that she had removed cash to that value the previous evening after she had declared her cash onto the Horizon system. The cheque appeared to be with her outstanding daily documents, when questioned about this, Ms Merritt stated that she meant to put the cheque through the system the evening before but hadn't done so, and was intending to process it that morning. Ms Merritt explained that the cheque was to pay for 'something personal' that had nothing to do with the shop. She explained that she had needed the cash urgently but was unable to get to the bank(s). Ms Merritt explained that she thought she was allowed to use Post Office cash as a cheque had already been put in to cover it. She expressed that she did not intend to steal the money and that the cheque, if banked would be honoured.

Ms Merritt confirmed that this was the first time that anything like this had happened. However the audit team noted that the date on the cheque had appeared to have been altered from what appeared to be '5' (May) to a '9' (September). When asked, Ms Merritt said that it was due to a writing error. There were no details recorded on the reverse of the cheque and it had not been date stamped.

Mr Constant confirmed with Ms Merritt that he should expect to find the cash at least £9500 short when it was counted, she confirmed that was correct.

Yetminster Audit findings:

£8546.17	(-)	Difference in cash figures
£404.74	(-)	Difference in stock figures
£518.24	(+)	Difference in postage figures
£17.40	(-)	Difference in foreign currency figures

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£ 8415.27    Total Shortage

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Chetnole Outreach Branch Audit findings:

£3517.96	(-)	Difference in cash figures
£46.71	(-)	Difference in stock figures
£933.17	(+)	Difference in postage figures
£17.40	(+)	Difference in foreign currency figures

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£ 3471.55      Total Shortage

The total audit revealed a shortage of £11,886.77 at the two branches under the control of Ms Merritt. The event log balancing printout showed shortages were apparent during August 2011.

Ms Merritt was issued with a without prejudice receipt for the £9500 cheque and a further without prejudice receipt for a second Santander cheque for £2386.77 that together made up the discovered shortages on the day. Both cheques later returned not honoured.

Mr Adderley, Contracts Manager precautionary suspended Ms Merritt's contract for services on the 29<sup>th</sup> September 2011. Ms Merritt admitted to Mr Adderley on the day of the audit that she had taken the money from the Post Office on the evening of the 28<sup>th</sup> September 2011 for a personal matter, confirming what she had advised the auditors at the office that day.

On Monday 3<sup>rd</sup> October 2011 Ms Merritt was contacted by Mr Thomas to informing her that he needed to interview her and explained her legal rights and the Post Office Friend rule. Ms Merritt confirmed that she was receiving legal advice and that she would contact him once she had done this.

On the 5<sup>th</sup> October 2011 Mr Thomas requested and received a personal printout from HR for Ms Merritt.

Whilst awaiting to hear from Ms Merritt, Mr Thomas continued to progress aspects of the case such as PNC results etc. Following a further telephone conversation, Mr Thomas wrote to Ms Merritt again confirming that she still needed to conduct an interview with her under caution. Mr Thomas was eventually contacted by Mr Mike Robinson of Morton Law Solicitors in Yeovil and an interview was arranged at their offices on Wednesday 9<sup>th</sup> November 2011. Mr Thomas and Lisa Allen attended the offices at 12:30hrs where disclosure was given from Mr Robinson.



Interview

The caution was explained to Ms Merritt and the interview commenced at 13.18 hrs in accordance with PACE. During the interview Ms Merritt said the following:

1. That she denied having taken the money the night before the audit as she had previously advised the auditors, and now produced a large document regarding on-going litigation by Shoosmith Solicitors over the reliability of the Horizon system.
2. She only admitted taking the money during the audit because she was upset and would have said anything at the time, when shut in a room with two men that she did not know. She went on to say that she felt intimidated and would have done anything to get herself out of that situation. Mr Thomas confirmed that at no point was she locked in a room, but was in fact in a secure area in full view of customers who were being advised that the Post Office was closed whilst the audit was being undertaken. She was only present to monitor the audit taking place. Her daughter was also present.
3. Mr Thomas referred to an 'Event Log Balancing' printout which identifies an entry made by TME001 (Ms Merritt) on the 17<sup>th</sup> September 2011 at 12:36 hrs that identifies a substantial discrepancy that was immediately followed by a re-entry increasing the cash on hand by some £14,400 and resulting now in a surplus of £245.45. (This was not posed to Ms Merritt at the time of the interview).
4. When asked, Ms Merritt denied taking any money but blamed the Horizon system. Mr Thomas then advised her that it was her responsibility to arrange an audit following information received from the holiday relief Catherine Early which appeared to be true. Ms Merritt denied that she had asked Catherine to inflate the cash on hand by £12,000. She stated that there had been occasions where she needed to take money to Chetnole from Yetminster and had not been able to officially transfer the money as she had no barcodes to do it. Ms Merritt conceded that even if that was the case, the two branches would not balance and the amount still would have been short. Mr Thomas asked why would Catherine Early advised POL about the shortages if they were not true? And



was she, therefore suggesting that Ms Early was lying? To which Ms Merritt could not say if she was lying, but only that she had not asked her to inflate the cash declaration.

5. At the end of the interview, Ms Merritt stated she would be willing to allow searches of her home to be conducted. A search was conducted at 16:27hrs and concluded at 16:41hrs. Three items were seized that related to various bank statements, copies of which were forwarded to Dave Posnett.
6. The loss to POL was £11,886.77 and Ms Merritt gave a signed undertaking to repay £9,500 within 14 days of her interview on the 9<sup>th</sup> November 2011.

9 April 2015

**Initial Complaint Review and Mediation Scheme**

**BRIEFING REPORT - PART TWO**

**PREPARED BY**

**SECOND SIGHT**

**This Report is confidential and is not to be disclosed to any person other than a person involved in the processing of Applicants' claims through the Scheme.**

## Introduction

- 1.1. This Report has been prepared by Second Sight, which is the trading name of Second Sight Support Services Limited, the company appointed by Post Office to conduct an independent investigation into a number of matters raised by Subpostmasters, or former Subpostmasters.
- 1.2. When Second Sight was first appointed by Post Office at the request of Members of Parliament in July 2012, a number of undertakings were given by Post Office in order to satisfy MPs that Second Sight would be able to conduct a truly independent investigation into the matters of concern.
- 1.3. Those undertakings included the following:
  - Unrestricted access to documents held by Post Office (including documents subject to confidentiality and legal professional privilege); and
  - No limitation in the scope of work determined necessary by Second Sight.
- 1.4. Those undertakings were reflected in the *“Raising Concerns with Horizon”* document signed by Post Office on 17 December 2012 and sent to the Justice for Subpostmasters Alliance ('JFSA') and to Mediation Scheme Applicants. A key paragraph was:

*“In order to carry out the Inquiry, Second Sight will be entitled to request information related to a concern from Post Office Limited, and if Post Office Limited holds that information, Post Office Limited will provide it to Second Sight.”*

This statement was intended to accurately reflect the undertakings set out in 1.3. above.
- 1.5. Many Subpostmasters and Applicants to the Mediation Scheme will have relied on that paragraph, when reporting matters to Second Sight.
- 1.6. The investigative approach adopted by Second Sight, with the approval of Post Office, was to identify discrete issues raised by Subpostmasters or former Subpostmasters and conduct an in-depth investigation into those issues. These narrowly focussed investigations were referred to as 'Spot Reviews'.
- 1.7. Second Sight issued an Interim Report on 8 July 2013 incorporating the preliminary results of four Spot Reviews. Shortly afterwards Post Office announced the creation of a Mediation Scheme (the Scheme) to deal with the issues raised by a number of Subpostmasters and former Subpostmasters. At that stage the investigative work that led to the Interim Report being published was incomplete and it was intended that the further work, needed to support the Scheme, would enable the original Inquiry to be completed.
- 1.8. One of the principle findings at that stage was the need to look at the totality of the user experience of Horizon. Horizon is much more than just the software element and many of the

concerns reported to us clearly demonstrated problems with the interface between Horizon and other systems and the lack of effective investigative support from Post Office.

1.9. The Scheme received 150 applications before the deadline for applications expired on 18 November 2013 and 136 cases are now being processed in the Scheme. Second Sight issued a *Briefing Report - Part One* on 25 July 2014, which dealt with:

- a) General information about Post Office, its branches and the role of Subpostmasters;
- b) A description of the training and support functions as well as the Post Office audit and investigation processes;
- c) An overview of the Horizon system and associated equipment;
- d) An introduction to the application of double entry accounting in Horizon;
- e) A description of significant branch operating and reporting procedures and the associated processing of transactions;
- f) An outline of the treatment of losses and surpluses; and
- g) An analysis of typical errors.

1.10. As a result of analysing the 150 applications to the Scheme, we identified 19 commonly mentioned issues (often described as '*Thematic Issues*') that were raised by multiple Applicants. In the interests of efficiency we agreed with Post Office that, rather than deal with these commonly mentioned issues within individual Case Review Reports ('CRRs'), we would prepare a *Briefing Report - Part Two*, that would deal with all of them in a single document that would be sent to all Applicants.

1.11. Although the 19 commonly mentioned issues were identified as a result of analysing just 150 applications to the Scheme, the nature of the underlying issues may be applicable to a much wider group of Subpostmasters.

1.12. We issued a first version of this *Briefing Report - Part Two* on 21 August 2014. That document recognised that a number of issues were still under investigation. Post Office issued a response to the first version of that Report on 22 September 2014.

1.13. Investigations have continued since the release of the first version of our *Briefing Report - Part Two* and this updated Report presents further information relating to the commonly mentioned issues dealt with in the 21 August document and takes account of further information supplied by Post Office.

1.14. At the time of finalising this updated Report (9 April 2015) approximately 20 out of 136 cases are still being investigated by us. It is therefore possible that new information will come to

light that is relevant to the matters dealt with in this Report. If this happens, we will discuss with Post Office how best to communicate such further relevant information - possibly in the form of a supplemental report.

## **2. Limitation of Scope in Work Performed**

2.1. We have experienced significant difficulty in obtaining access to a number of documents we believe are necessary for the purposes of our investigation, notwithstanding Post Office's commitment to make requested documents available to us. The documents requested from Post Office fall into three main categories:

- a) the complete legal files relating to investigations or criminal prosecutions commenced by Post Office that relate to Applicants;
- b) the complete email records relating to a small number of Post Office employees working at the Bracknell office of Fujitsu in 2008; and
- c) detailed transactional records relating to items held in Post Office's Suspense Account(s) and to disputed transactions in a number of third party client accounts held by Post Office.

2.2. The following paragraphs describe these matters in more detail.

### **Access to the complete legal files**

2.3. A number of Applicants have raised issues concerning the investigative and prosecution processes they experienced.

2.4. Typical concerns mentioned include:

- a) An audit visit that was in reality only a cash and stock count;
- b) An investigation process that had difficulty in considering the possibility that Horizon itself might have caused any losses and often failed to establish the root cause of the unexplained losses;
- c) Criminal charges that were dropped just before trial despite the Applicant having been suspended without pay for a long period (two years or more in some cases);
- d) A charge of theft being brought when there appears to have been only limited evidence to support that charge and where that evidence was not tested by the Court, as the charge was dropped just before trial; and
- e) A prosecution process that appeared to be focussed more on debt recovery than in the interests of justice.

- 2.5. Our review of applications, where criminal charges were brought, provides some limited support for these concerns. However the issues raised by individual Applicants can only be investigated by a review of the complete legal and investigative files held by Post Office. So far, with the exception of only a few cases, Post Office has not provided us with access to the complete legal files that we have requested. It has, however, reported that:
- "Having now completed its reinvestigation of each of the cases, Post Office has found no reason to conclude that any original prosecution was unsafe".*
- 2.6. We however, consider that a complete and independent review of these criminal cases is the only proper way to identify whether there are instances of possible misconduct by prosecutors acting on behalf of Post Office and whether or not miscarriages of justice may have occurred.
- 2.7. Post Office has informed us that reviewing the individual "*investigative and prosecution processes*" that Applicants have experienced does not fall within the terms of our engagement. We find this position surprising since it is the consequences of those processes that have given rise to many of the issues that Applicants wish to mediate. Also, the position adopted by Post Office is contrary to the position taken by the Working Group which was set up to administer the Scheme, of which Post Office was a member.
- 2.8. In the light of this apparent conflict of views between the Post Office and the independent body set up to administer the Scheme ('the Working Group') chaired by Sir Anthony Hooper, a retired Court of Appeal Judge, we would normally have asked the Working Group to provide guidance on this matter. Unfortunately, it has not been possible to do this, as on 10 March 2015 Post Office announced that the Working Group had been wound up with immediate effect. This was the day before we were due to circulate a draft of this Report to all members of the Working Group. It was also the day that Post Office notified us that our contract to conduct an independent investigation into the matters raised by Applicants was being terminated. Consequently, Post Office instructed us to issue a final version of this Report no later than 10 April, irrespective of whether or not our independent investigation was complete.

#### **Access to the emails of Post Office employees working at Bracknell**

- 2.9. A significant number of Applicants have stated that they believe that transactions and balances on Horizon were altered without their consent. It has been reported to us that some changes appear to have been made outside of normal working hours and that some of those changes suggest that some form of unauthorised remote access to transaction data may have occurred.
- 2.10. We have seen a witness statement from an Applicant who claims to have seen evidence of this type of activity in August 2008, occurring in the basement of the Fujitsu office in Bracknell. Post Office has stated that it is not possible for the type of activity described to have occurred. However, we believe that, despite Post Office's reassurances and statements from its employees and those of Fujitsu, the most compelling evidence on this point will be in contemporaneous emails from the relevant period.

- 2.11. We first requested access to the relevant emails in 2013 and we were provided with some emails from 2009. We have very recently been provided with a small number of emails from August 2008, but this sample was too small to draw any meaningful conclusions about what was really going on in the basement of the Fujitsu office in Bracknell.
- 2.12. We deal with this matter in more detail in Section 14 of this Report. Our current, evidence based opinion, is that Fujitsu / Post Office did have, and may still have, the ability to directly alter branch records without the knowledge of the relevant Subpostmaster.
- 2.13. We recognise that this conclusion is contrary to Post Office's position on this matter and it is regrettable that we have not been provided with the further evidence we have requested in order to reach a properly researched conclusion on this important issue.

#### **Transaction data relating to third party client accounts**

- 2.14. Post Office operates a number of client accounts with business partners such as Royal Mail, Bank of Ireland, HMRC, DWP, DVLA and many others. Transactions from branches relating to these business partners are allocated to the appropriate client account before being reconciled with information provided directly by the business partner. Normally these transactions are matched without difficulty but occasionally errors occur or disputes arise where the transaction details shown on Horizon and the transaction details reported by the third party client differ.
- 2.15. In these circumstances an adjustment referred to as a Transaction Correction (TC) may be generated in order to correct an error previously made in a branch. Post Office has advised us that its policy is to write off unexplained debit balances on third party client accounts, but that any unexplained credit balance will be left open in case the matter is subsequently resolved. Eventually these long outstanding credit balances will be transferred to Post Office's General Suspense Account and may be taken to its Profit & Loss Account (P&L Account) if they have remained unresolved for more than three years.
- 2.16. A number of Applicants have reported that they have suffered unexplained losses or have received TCs relating to transactions with Post Office's third party clients. We informed Post Office, on 18 June 2014, of our wish to investigate the possibility that some of those unexplained losses could be represented by transactions subsequently taken to the credit of its P&L Account.
- 2.17. We have been advised that, in each of the financial years 2012, 2013 and 2014, amounts in excess of £100,000 have been taken to the credit of Post Office's P&L Account and we have asked for a detailed breakdown of those amounts, together with corresponding transactions from the individual third party client accounts. This is a complex issue and, whilst Post Office has agreed to provide us with this information where possible, this matter has not been resolved at the date of this Report.
- 2.18. In addition to the credits being taken to Post Office's General Suspense Account we have been informed very recently that at each year end substantial unreconciled balances existed on

many of the individual suspense accounts. These unreconciled balances for the 2014 financial year were approximately £96 million in respect of Bank of Ireland ATMs and approximately £66 million in respect of Santander. These unmatched balances represent transactions from individual branches that occurred in the preceding six months.

- 2.19. We have not been able to investigate these items but we remain concerned that these unreconciled balances may include transactions that ultimately should be credited back to individual branch accounts.

### **3. Our updated Briefing Report - Part Two**

- 3.1. The limitation in scope reported above has, in our opinion, significantly restricted our ability to complete our investigation into some of the issues commonly raised by Applicants to the Scheme. It is particularly regrettable that two of the issues raised: access to the complete legal files and to the Bracknell emails, appear to represent a policy decision, taken at a senior level within Post Office, which is contrary to the undertakings previously provided to Second Sight, to Applicants, to the JFSA and to MPs.

- 3.2. We are also aware that Post Office's current view is that:

*"Post Office does not accept that an analysis of the evidence in the Applicant's criminal case, whether served during the course of that case or not, is either within the scope of the mediation scheme or something which is within Second Sight's remit."*

- 3.3. We disagree with this view and previously we would have asked the Mediation Working Group to advise us on this matter. However, for the reasons described in paragraph 2.8. it has not been possible for us to do this.

- 3.4. We are also aware that Post Office considers our comments on a number of other issues as falling outside the scope of the Working Group and beyond our remit. These issues include:

- a) the Contract between Post Office and its Subpostmasters;
- b) the transfer of risk between Post Office and Subpostmasters; and
- c) the error repellency of Post Office's business systems.

- 3.5. These three issues are all, in our view, connected as described below.

#### **The Contract between Post Office and its Subpostmasters ('the Contract')**

- 3.6. Our detailed comments on the Contract are set out in Section 6 of this Report. The Contract makes it clear that Subpostmasters are responsible for losses that occur at their branch. What is not clear, is what support they are entitled to receive from Post Office.

- 3.7. As set out in paragraph 6.8. i) there is no automatic entitlement to investigative support when problems arise. There is also no automatic entitlement to be provided with data held by Post Office with the exception of the data routinely made available to the branch by Horizon.
- 3.8. The Contract places Subpostmasters in a difficult position in these circumstances. Post Office generally insists on losses being made good, but the Subpostmaster is not necessarily entitled to receive all of the information and explanations necessary to establish the cause of the loss. We regard this as unfair.

#### **The transfer of risk between Post Office and Subpostmasters**

- 3.9. The Contract transfers most of the risk of doing business to Subpostmasters. Our investigations have shown that this is not a static situation and, over time, Post Office has introduced a number of new products, and revised business processes, that may have transferred further risk to Subpostmasters.
- 3.10. Many of these changes seem to have been introduced without adequate consultation. We regard this as regrettable. Examples of business process changes that have transferred additional risk to Subpostmasters include:
- a) the phasing out of ATMs where a third-party, not the Subpostmaster, was responsible for servicing and accounting for the ATM;
  - b) the removal of paper paying-in slips that provided a detailed audit trail indentifying individual transactions;
  - c) the introduction of new products and services, such as Lottery products and Foreign Currency (Bureaux de Change) services, subject to the overriding consideration of whether it is reasonable to do so;
  - d) the removal of the facility to hold shortfalls in Branch Suspense Accounts beyond the end of a monthly Trading Period (partly compensated for by the introduction of the 'Settle Centrally and Dispute' function); and
  - e) the change from mandatory weekly to monthly balancing.

#### **The error repency of Post Office's business systems**

- 3.11. A consequence of the progressive transfer of risk from Post Office to Subpostmasters is that, in our opinion, there is little incentive for Post Office to improve the error repency of its business systems. We are aware that Post Office has implemented some process changes, such as 'Ping', in relation to Lottery Scratchcards, that have improved the error repency, but we believe that much more could, and should, have been done in this regard.
- 3.12. We regard the lack of error repency in some aspects of Post Office's business systems as regrettable. Our investigations have shown that the majority of branch losses were caused by

“errors made at the counter”. Many of these errors might have been avoided, or mitigated, had more robust, error repellent, systems been introduced.

3.13. Examples of inadequacies in Horizon's error repellency include:

- a) Hardware and technology that is old and suffers from avoidable rates of failure;
- b) Telecommunication equipment that is prone to failure or to poor signal reception in some rural locations;
- c) Limited usability testing prior to deployment of new facilities on Horizon;
- d) An icon based touch screen that does not auto-calibrate;
- e) Software that does not detect and prevent password sharing or multiple logons by the same user at a different branch;
- f) The lack of secure, token-based, user identification that would uniquely identify the actual user;
- g) Software that does not prevent or detect suspicious out of hours transactions; and
- h) Software that does not require additional process steps such as two person approval or an additional approval measure for high value or high risk transactions.

3.14. These examples should be regarded as illustrative rather than exhaustive.

3.15. One of the difficulties that both Post Office and we have faced, in dealing with the concerns that have been raised by Applicants, is that some of the alleged problems occurred more than ten years ago.

3.16. A consequence of this is that many contemporaneous documents no longer exist and memories have faded. We have repeatedly found that Post Office, in dealing with such matters, describes how the (new) system *currently* handles things. Its answers have often been expressed in terms of what was *meant to happen*, rather than what actually happened. Other answers have been expressed *in the present tense*, asserting what now happens, or what now cannot happen.

3.17. While such responses may seem to be helpful in dealing with those many instances where evidence is no longer available, they have, in our view, little or no evidential value. Knowing what Post Office's *current* policies or procedures dictate, or how the *current* system deals with a matter that has been raised, cannot be expected to inform our analysis as to how a situation really was dealt with *at the time that it happened*.

3.18. Notwithstanding these limitations and issues, we continued to investigate the matters covered in the previous version of this Report, and have produced this updated version.

#### 4. The structure and content of this Report

4.1. The Report structure follows a modular approach, with each commonly raised issue, as broadly defined by Second Sight, forming a separate section within the Report. There are some topics on which our investigative work is incomplete. Further questions have been posed by Second Sight to Post Office in respect of those topics and, where our questions have been adequately answered, and where further evidence has been made available to us, the wording used in the previously issued version of this Report has been updated to reflect that. A number of those questions remain unresolved however, and these are clearly identifiable in this Report.

4.2. A copy of the reply by Post Office (without Attachments) to the detailed questions submitted by us on 9 December 2014 is attached at *Appendix 1*.

4.3. The number of occurrences of each commonly raised issue, from the total population of 150 applications to the Scheme, is indicated throughout this Report using the following groupings and descriptions:

**Few** Fewer than 15 instances  
**Many** Between 15 and 70 instances  
**Most** More than 70 instances

4.4. In this context, the most commonly reported issue (complaints about Training and Support) has been raised by over 130 Applicants, while the least reported issues (concerns about Pensions and Allowances transactions and Motor Vehicle Licences) were each raised by fewer than 15 Applicants.

4.5. In order to put our comments in context, the issues being considered are based on concerns raised by 150 Scheme Applicants from a total population of approximately 8,000 serving Subpostmasters. In its response to the previously issued version of this Report, Post Office stated:

*"Post Office is confident that there are no systemic problems with branch accounting on Horizon and all existing evidence overwhelmingly supports this position".*

4.6. Later, in a letter dated 14 January 2015 that it sent to those MPs who had voiced concerns during the 17 December 2014 Adjournment Debate, Post Office referred to:

*"500,000 people working in the Post Office network"*

and said that:

*"78,000 people use Horizon up and down the country, performing six million transactions, and providing vital services in our communities".*

It continued:

*"against that backdrop, the 150 complaints we are addressing through the Scheme, alleging that Horizon suffers from system-wide flaws, represents a tiny fraction of the total number of people who have used, or are using, the system effectively (0.03% and 0.19% respectively)".*

- 4.7. Whilst we recognise that the number of complaints about which we have been informed indeed represents a tiny fraction of the total user population, we must point out that the impact, on most of the Applicants, of their problems with Horizon, and of their experience with Post Office generally, has had significant personal impact.
- 4.8. The identification of a commonly mentioned issue first occurred at the time that an Application Form, or its related Case Questionnaire Response (CQR), was initially considered by us. As the Scheme process continued the underlying concerns were further explored and conclusions were set out in the Post Office Investigation Report (POIR) and then in our Case Review Report (CRR). This Report describes these issues in more detail.
- 4.9. In considering the CQRs submitted to us, Post Office's seven year Data Retention Policy has, in some cases, limited the availability of evidential data. This Policy applies to both Horizon transactional data (held by Fujitsu) and also to other business records such as emails, letters, memos, interview recordings, transcripts and Audit and Investigation Reports.
- 4.10. Until recently, Post Office did not appear to operate a 'litigation hold' process whereby documents that may later be needed to support a complaint or investigation are preserved – irrespective of the seven year retention period.

## **5. Definition of 'Horizon' and its impact on the Scope of our work**

- 5.1. The definition of Horizon for the purposes of our work was considered in our Interim Report of July 2013 as follows:

*"... the name Horizon relates to the entire application. This encompasses the software, both bespoke and software packages, the computer hardware and communications equipment installed in branch and the central data centres. It includes the software used to control and monitor the systems. In addition..... testing and training systems are also referred to as Horizon".*

Whilst we have adopted this definition of Horizon, as it had been agreed with Post Office, it has been necessary, for the purpose of our investigation, to extend it so as to properly include the totality of each Applicant's experience of using Horizon. We have therefore found it necessary to also consider issues such as the Audit and Investigative processes and the Contract between Post Office and its Subpostmasters as well as the behaviour of Post Office towards the Applicants to the Scheme when problems arose.

## 6. The Contract between Post Office and its Subpostmasters

6.1. The Contract between Post Office and its Subpostmasters lies at the heart of many of the issues that Subpostmasters wish to resolve by way of mediation. This Section deals with two separate issues. First, the potential impact on Subpostmasters of some of the terms and conditions set out in the Contract and, secondly, issues relating to the notification to Subpostmasters of the terms of the Contract.

6.2. When invited to comment on a previous version of this Report Post Office stated that

*"Matters such as the Subpostmaster contract and other legal matters are not within the scope of the Scheme and are outside Second Sight's professional expertise".*

6.3. For the avoidance of doubt, we are commenting on the commercial aspects of the Subpostmaster Contract, a matter which we are confident falls within our professional expertise. We also believe that this issue legitimately falls within the scope of the Scheme.

6.4. The following extracts are taken from the 'Standard Contract' (dated September 1994) between Post Office and Subpostmasters. This is a 114-page document, that now incorporates several post-1994 amendments. A copy of the entire document is available on request. The Contract should be considered in conjunction with other documents such as manuals, booklets and operational instructions issued by Post Office from time to time.

6.5. The Standard Contract is described by Post Office as an arms-length, commercial transaction in the nature of an agency contract. Post Office has also stated that, in its experience,

*"the terms of the Contract are broadly similar to those used in franchising arrangements across the UK".*

6.6. We disagree with this view for the reasons set out below.

6.7. The contract allocates several financial and other risks to Subpostmasters who may not have understood or appreciated those risks, particularly if they failed to seek independent legal advice before taking up their posts. Our comments on the clauses most referred to by Applicants, and therefore most relevant to our review, as set out below, are made solely from a business perspective.

6.8. The Standard Contract spells out the rights and responsibilities of both Post Office and Subpostmasters. The clauses most frequently referred to by Applicants are as follows:

- a) **Section 17:** (in the November 2002 amendment) lists the *Key Products and Services* (also referred to as the core products and services).
- b) **Section 15:** (in the November 2002 amendment) refers to responsibility for the training of the Subpostmaster and, in turn, of the staff employed in a branch. Under this Section:

*“Post Office undertakes to provide the Subpostmaster with relevant training materials and processes to carry out the required training of his Assistants on the Post Office Products and Services... and the Sub-Postmaster accepts the responsibility to ensure the proper deployment within his Post Office branch of any materials and processes provided by Post Office Ltd and to ensure that his Assistants receive all the training which is necessary in order to be able to properly provide the Post Office Products and Services and to perform any other tasks required in connection with the operation of the Post Office branch.”*

Also

*“Post Office Ltd may request from time to time that where it has obligations as described above the Subpostmaster should conduct specific training (whether through written/distance learning that may require confirmation of completion or via presentations) in relation to certain Post Office Services (such as, but not limited to, money laundering). Failure by the Subpostmaster to arrange for such training to be properly applied will be deemed to be a breach of this Contract by him.”*

- c) **Section 1, paragraph 10:** requires three months notice of contract termination from the Subpostmaster to Post Office and allows Post Office to:

*“Terminate a Subpostmaster’s contract at any time in case of Breach of Condition by the Subpostmaster, or non-performance of his obligation or non-provision of Post Office Services, but otherwise may be determined by Post Office on not less than three months notice.”*

- d) **Section 12:** has a number of paragraphs, as set out below, addressing responsibility for losses and shortages. These paragraphs are at the heart of nearly all of the cases being considered in the Scheme.

- e) **Section 12, paragraph 12:**

*“The Subpostmaster is responsible for all losses caused through his own negligence, carelessness or error, and also for losses of all kinds caused by his Assistants. Deficiencies due to such losses must be made good without delay.”*

- f) **Section 12, paragraph 13:**

*“The financial responsibility of the Subpostmaster does not cease when he relinquishes his appointment and he will be required to make good any losses incurred during his term of office which may subsequently come to light.”*

- g) **Section 12, paragraph 14:**

*“Surpluses may be withdrawn provided that any subsequent charge up to the amount withdrawn is made good immediately.”*

h) **Section 12, paragraph 17:**

*"Subpostmasters may exceptionally not be required to make good the full amount of certain losses at his office. If he feels entitled to relief in making good a loss he should apply to the Retail Network Manager."*

i) **Section 19, paragraph 12:** deals with enquiries by officers of the Post Office Investigation Division and states that:

*"The main job of the Investigation Division is to investigate, or help the Police to investigate, criminal offences against the Post Office, British Telecommunications and the Department of National Savings. The Investigation Division does NOT enquire into matters where crime is not suspected."*

j) **Section 19, paragraph 19:** allows:

*"persons interviewed by Post Office's Investigators to have a friend present during the interview but that person may only attend and listen to questions and answers. He must not interrupt in any way, either by word or signal."*

6.9. Having considered the Standard Contract in some detail from a business perspective, we are of the opinion that it can, in some circumstances, operate to the detriment of the Subpostmaster, who may not have reviewed or fully understood the terms before deciding to enter into the Contract. We have not seen any evidence that Post Office either advises or requires Subpostmasters to seek independent legal advice before taking up their posts.

6.10. Although Post Office has likened the Standard Contract to a franchise agreement, we note that the British Franchise Association recommends that a franchisee should always seek independent legal advice before entering into a franchise agreement and we are surprised that Post Office does not make a similar recommendation.

6.11. The Standard Contract places a number of financial and other risks with Subpostmasters who may not have properly understood or appreciated those risks, particularly if they failed to seek independent legal advice. Consequently, there is a risk that appropriate risk mitigation measures may not have been implemented by the Subpostmaster.

6.12. We have been told by many Applicants that they were not given a copy of the 114 page Standard Contract until long after they had committed to purchase their branch, or long after they had started work as a Subpostmaster, or even at all.

6.13. Post Office denies this, stating:

*"it is also Post Office's standard operating procedure to ensure that the Subpostmasters have a copy of the Contract no later than the day that they commence their position".*

6.14. We have found that this "standard operating procedure" was not always followed. Instead, it appears to have been common practice for a new Subpostmaster to sign a one-page

'Acknowledgement of Appointment Letter' without necessarily having been provided with a copy of the Contract itself.

- 6.15. In signing that one-page letter, the Subpostmaster acknowledged receipt and acceptance of the terms and conditions of that Standard Contract, without necessarily having ever received a copy of it, and without having had the opportunity to understand and respond to those terms and conditions.
- 6.16. It is, in our view, worth noting that retaining evidence of the provision of the Standard Contract to the Subpostmaster seems never to have been part of Post Office's Standard Operating Procedures.

## 7. Automated Teller Machines (ATMs)

- 7.1. Our Briefing Report - Part One provides, in paragraphs 5.23 to 5.29, background information on the installation and operation of Automated Teller Machines (ATMs).
- 7.2. Problems with ATMs, largely comprising unexplained shortages that were charged back to Subpostmasters by Post Office, have been reported in more than 20% of applications to the Scheme and all of them relate to externally-located Bank of Ireland (BoI) ATMs.
- 7.3. Thirteen of those ATM-related shortages exceeded £20,000, six exceeded £60,000 and one exceeded £80,000. In other cases, large surpluses occurred, which caused concern to some Applicants.
- 7.4. The normal cash dispensing process on BoI ATMs involves electronic interaction between the Branch's ATM; Wincor Nixdorf (the service and maintenance provider); the LiNK platform and the customer's bank. The ATM cash balancing/reconciliation process involves electronic and also manual interaction between the Branch's ATM; the Branch's Horizon system; Post Office's Financial Service Centre (the 'FSC') and BoI. Branches need to account for the cash that they load into the ATM; for the cash that is dispensed to customers; and for exceptions such as banknotes that the ATM cannot deal with and notes that are 'retracted' (when customers fail to take the offered notes).
- 7.5. Whilst the loading of notes is a relatively straightforward task, the accounting on Horizon for branch ATMs seems not always to have been properly understood or correctly carried out and we address the most likely reasons for this below.
- 7.6. The principal problem, reported by many of the Applicants who have raised concerns about their branch's ATM, seems to relate to the manual extraction and use of the '*cash dispensed*' figures from the '*Bank Totals*' receipt that Subpostmasters are required to obtain each day from their ATM, and the daily input of '*cash declarations*' into Horizon. This has been referred to by some Applicants as having to deal with an '*air gap*' between their branch's ATM and the Horizon system.

- 7.7. This is a procedure that seems to us to be fundamentally flawed because what the Subpostmaster is doing here is inputting data into his branch's Horizon system that the ATM itself has generated and already communicated, through the LiNK system, to Bank of Ireland and that Bank of Ireland will the following day onward communicate to Post Office.
- 7.8. Those figures, that are input by the branch staff into Horizon, are then subsequently 'reconciled' by Post Office with the numbers *that came from the ATM itself*. Whilst this process will detect errors made by branch staff in transcribing the ATM's cash dispensed figures into Horizon, it is driven by the figures that the ATM itself has generated. It follows that, if those ATM-generated cash dispensed numbers have, for some reason, been under-stated, and more cash has been dispensed than the ATM reports, then the Subpostmaster will be held accountable for the resultant shortfall. In our view, although Post Office strongly disagrees with us, this introduces a vulnerability to error and fraud that simply did not exist before. We return to this matter in paragraphs 7.28 to 7.38 of this Report.
- 7.9. Any differences arising between those ATM-derived figures and the branch's declaration of the cash that remains in its ATM results in Post Office issuing a Transaction Correction (TC) which will impact the cash total that the branch needs to have in its ATM and its safe. In other words, any shortfall has to be made good by the Subpostmaster.
- 7.10. By comparison, banks and ATM operators other than Post Office, faced with any material ATM-related discrepancy, immediately send out their own investigators to establish the cause of the difference or problem, and this is sometimes found to have been caused by external theft. This triggering of an independent investigation seems not to take place in Post Office. Instead, Post Office simply issues TCs to "*resolve*" (i.e. to correct) any discrepancies, and any Subpostmaster wishing to challenge such a TC has nothing with which to support his claim, other than the 'Bank Totals Receipt' that he has retained in his branch, but that was *produced by the ATM itself*.
- 7.11. In the cases we have examined we found two instances where printed ATM-generated figures had been corrupted by the ATM itself. Whilst acknowledging that erroneous data was produced, Post Office states that it was not the vitally-important 'cash dispensed' figures that had been corrupted, in those two examples, but less important figures showing the number of rejected notes. Post Office also suggests that the data, in those two examples, became corrupted because branch staff had repeatedly filled, emptied and then re-filled cash cassettes such that the ATM became hopelessly 'muddled'.
- 7.12. Post Office denies that such corrupt data could ever cause losses in any branch. We are unable to endorse that reassurance, not least because it is self-evident that, were the more important 'cash dispensed' figures to be incorrectly reported by the ATM, then that would have far more serious consequences. We must also put this matter in perspective by stating that, in our view, the risk described in paragraphs 7.28 to 7.38 of this Report remains a far more serious concern.

- 7.13. When Post Office replaced some branches' fully serviced ATMs (where Subpostmasters did not have to fill them with cash, or account for the cash going through them) with ATMs where Subpostmasters were responsible for those tasks, that introduced, in our view, new procedural complexities with which some Subpostmasters were unable to cope.
- 7.14. In that context, we note that, in February 2008, Post Office issued a Manual Update, which it referred to as an '*Operations Manual interim*'. Post Office stated that it was issuing new instructions because:
- "a number of non-conformance issues are still affecting the processes for ATM reconciliation and settlement and to explain the correct end-to-end accounting processes relating to Bank of Ireland ATMs".*
- 7.15. The Introduction to the *Operations Manual interim* stated:
- "The Bank of Ireland, via the LiNK network, extracts a 16:30 - 16:30 'cash dispensed' figure automatically from your ATM each day. This figure forms the basis of a settlement to Post Office. This figure is the value of cash dispensed from your ATM from 16:30 the previous day until 16:30 on the current working day".*
- 7.16. It would appear that some Applicants misunderstood parts of the Manual Update, or failed to carry out every process they were meant to. Some Applicants say that they were repeatedly told by Helpline staff, when they were investigating differences that arose as a result of those misunderstandings and failures, that: "*the problem will sort itself out*" (though the problems persisted). Any differences would normally be expected to be 'resolved' by means of Transaction Corrections, but these sometimes led to further errors being made when the specific actions that then needed to be carried out, in dealing with those incoming TCs, were also misunderstood, or wrongly executed, by branch staff.
- 7.17. Many Applicants have also reported that they subsequently found that the Helpline's advice (which had sometimes allegedly *increased* their branch's apparent shortfall or surplus) was later countermanded. Comments referring to problems in understanding and/or implementing the advice given by the Helpline are found in the CQRs in nearly every instance where the Applicant experienced problems with an ATM.
- 7.18. A consequence of a user getting things wrong with the ATM's cash dispensed figures and inputting incorrect data, and hence causing an initial discrepancy, was that an 'out-of-sync' situation would develop where the branch's ATM would be expected (by Bol and by Post Office) to have an amount of cash in its cassettes that was materially different from the cash figure that the Subpostmaster had entered into Horizon.
- 7.19. Based on comments in many CQRs, the problems reported by Applicants, relating to this out-of-sync situation, became, it seems, what can be described as commonplace in some branches prior to the February 2008 release of the Manual Update.

- 7.20. The Manual Update confirms that, by following the new instructions, the process for entering data and balancing ATM cash will change and states that *"moving to the correct process is likely to result in a cash balancing difference"*.
- 7.21. Many Applicants have commented on the complexity of accounting, in Horizon, for their ATM's figures and on the general lack of clarity of the instructions issued by Post Office. This, many have said, led to them making mistakes when trying to comply with those instructions.
- 7.22. Many Applicants have stated that the only training that they received, when their branch's ATM was first installed, was provided by a Wincor Nixdorf engineer who was only able (and it seems only authorised) to teach them how to load cash into the cassettes and how to deal with the mechanical aspects of the ATM. They say that they were left to work out for themselves, primarily using User Manuals, how to carry out the ATM-related accounting on their branch's Horizon system. They also bore responsibility, under the Standard Contract, to train their own staff who, in many branches, would routinely thereafter carry out that accounting on their behalf.
- 7.23. This seems to have resulted in some Subpostmasters and their staff systematically repeating errors, not only in collecting the 'cash dispensed' and other figures from their ATMs and entering those figures into Horizon, but also in responding to the resultant stream of high-value Debit and Credit TCs that Post Office issued to correct the branch's accounts. Vitally, we believe that many of those systematically repeated errors were made because the instructions had been misunderstood, rather than because of carelessness or as a result of attempts to deliberately conceal branch shortfalls. It follows that, not realising that they were doing anything wrong, and consequently not realising that they needed to seek further training, they carried on making the same mistakes and got their branch's accounts into a complete mess.
- 7.24. Many Applicants have also commented on the apparent impact on their branch's ATM of power or telecommunication failures. Other than recording, in some cases, the dates and times of such failures, it was difficult for them to relate those failures to specific deficiencies. It is recognised that there are standard processes in place to deal with power cuts and connectivity interrupts and to ensure that no data is lost or corrupted when those events occur.
- 7.25. Nonetheless, the need, in such circumstances, for an ATM to be re-booted by the Subpostmaster, or for it to be remotely re-booted by Bol, could in our view, introduce a possible risk of data loss or corruption. Post Office has given assurances that this cannot happen, and that it never has happened, but some evidence seemingly contradicts those assurances and we have not been able to carry out tests to determine whether or not data can get lost, or be corrupted, by such interrupts.
- 7.26. Had we seen a practice of routinely, thoroughly and independently investigating ATM-related discrepancies, we would have been less concerned that power and telecommunications interrupts might have generated cash losses for Applicants.

- 7.27. We are aware of 'retract fraud', where externally introduced mechanical devices 'trap' cash that customers are trying to withdraw, but our position on this is that, for the purposes of our investigation, we remain relatively unconcerned about that type of fraud since it impacts principally on customers and their banks, rather than on Subpostmasters. We have consequently concluded that retract fraud has not caused losses to Applicants.
- 7.28. We are far more concerned about other, more sophisticated, types of ATM fraud and theft. It seems plausible to us, although this is not evidenced, that some of the large discrepancies reported by Applicants could have included losses brought about by those more sophisticated attacks. We are referring here to newer risks like 'transaction reversal fraud' and 'malware attacks' that circumvent an ATM's software controls. The risk and consequences of those types of theft, and the need to thoroughly investigate every apparent ATM cash shortfall, seems to us to have been under appreciated.
- 7.29. In referring above to "*malware attacks*", we mean attacks that are carried out by means of software that, when deployed, allows large amounts of cash to be dispensed by the ATM without leaving any record of it having been taken. In its response to our references to malware in the previously issued version of this Report, Post Office said that it:
- "is not aware of any form of fraud (including retract fraud) that creates a loss to Subpostmasters provided they follow the correct accounting procedures"*.
- 7.30. In search of greater clarity on this matter, we asked Post Office to provide full details of any instances, in the last three years, where Post Office, Bank of Ireland or Wincor Nixdorf has detected an attack against a branch ATM using either malware or hardware devices.
- 7.31. Post Office has stated:
- "Post Office is not aware of any malware attack on its BOI ATM fleet that has resulted in loss to a branch. Hypothetically, if a loss of cash from a branch as a result of a malware attack was detected, that loss would be passed to BOI and not be absorbed by the branch"*
- and
- "Neither Post Office nor BOI are aware of any form of ATM fraud that will create a shortage in a branch if a branch is following the correct ATM accounting procedure"*
- 7.32. We take little comfort from Post Office's reassurance that it is unaware of any malware attacks or of any form of ATM fraud that can create a branch shortage. Post Office has also not confirmed whether it has received similar reassurances from Wincor Nixdorf. Its response has consequently not materially diminished our concerns that some of the Applicants may have suffered as a result of such attacks where the resultant cash shortfalls have been wrongly attributed by Post Office to errors made in the Applicants' branches, or to theft carried out by their staff (or by the Subpostmasters themselves) rather than to the work of external fraudsters.

- 7.33. Post Office has pointed out that a reconciliation is carried out each day by the LiNK platform to ensure that the sum of all cash withdrawals charged to customers' accounts equals the total cash dispensed by each ATM. We accept that this reconciliation process delivers a reliable control unless the outgoing cash dispensed figures, that are transmitted to LiNK and later printed out by branch staff and input into Horizon, have been fraudulently manipulated, as would be the case if the ATM's software has been successfully over-ridden (e.g. by malware) to ensure that its cash dispensed figures were reduced and that the stolen money was not charged to any customers' accounts.
- 7.34. We also observe, in response to Post Office's denial that this sort of attack poses a risk to Subpostmasters, that Banking Industry experts have confirmed to us that external ATM cash thefts have been relatively commonly encountered across all banks' ATM networks since 2008, and that the most sophisticated of those thefts leave no traces, other than large amounts of missing cash. We are aware, for example, of one malware attack, in May 2014 (that as far as we know did not involve any Post Office branch ATMs), where £1.3 million was stolen from 51 ATMs in a seven day period (i.e. averaging more than £25,000 per ATM). We are also aware that it was only the fact that many of those ATMs were completely emptied during the attack that led to the banks realising that their ATMs had been attacked.
- 7.35. In this context, Post Office:
- "accepts that there are other forms of fraud that may be occurring, however it is not aware of any form of fraud (including retract fraud) that creates a loss to Subpostmasters, provided they follow the correct accounting procedures".*
- 7.36. Post Office responded to our question, as to what sort of *routine* investigations are carried out (by POL/Bol/Wincor) when ATM cash shortages are reported by its Subpostmasters, by saying:
- "Any unresolved cash discrepancies can be escalated by the branch for further investigation by BOI, POL or Wincor as appropriate".*
- 7.37. We have seen no instances of any investigations that actually were carried out in response to any Applicant's complaint about an ATM shortage for which he or she was later held accountable.
- 7.38. In any event, we find it implausible that no such external theft-related cash disappearances have occurred across all of Post Office's 'fleet' of ATMs. We therefore remain concerned that Post Office accepts as correct whatever Bol reports as having been dispensed by each branch's ATM, without immediately and thoroughly investigating every material shortfall reported by its Subpostmasters.

## **8. Motor Vehicle Licences**

- 8.1. Not all branches are authorised to issue Motor Vehicle Licences (MVL) and only a small number of Applicants have reported problems with MVL processing. We have, however, seen a small number of instances of a particular problem. This relates to V11C forms that were misprinted

by DVLA with an incorrect bar code. This seems to have resulted in Horizon recording the sale of a tax disc, at the wrong price.

- 8.2. Post Office has stated that whilst this situation is undesirable, it would not give rise to a loss at the branch.

## 9. Foreign Currency Transactions

- 9.1. Whilst only 24 Applicants have referred to problems encountered in processing foreign currency transactions, our investigations of those cases, and particularly those ten cases where deficiencies arose prior to 2004, have identified some matters of serious concern. Indeed, one of those cases generated the largest loss of any of the 150 cases that we have examined. In that particular case, the loss that Post Office discovered during an audit, and that it then claimed back from the Applicant, was over £645,000.
- 9.2. Our investigative work led to us focussing on the interaction, in each of the branches that had used the Forde Moneychanger ('FM') machine, between that machine and the branch's Horizon system. The FM machine was a multi-currency 'electronic till' that was used in over 1,000 branches until its use was discontinued early in 2004.
- 9.3. That investigative work resulted in us forming the preliminary conclusion that the accounting for foreign exchange transactions was, prior to 2004, fundamentally flawed. Post Office has rejected our conclusion. The problems that we have observed, in relation to the interaction between the FM system and Horizon, have only been referred to by a small number of Applicants.
- 9.4. The FM machine, which Post Office has described as "*a component part of Horizon*", was a stand-alone device that converted sterling into currencies that were sold to customers, and also, less frequently, converted back into sterling those foreign currency notes that were bought back from customers. In effect, it was used to transact, and to support the accounting for, each branch's foreign currency transactions.
- 9.5. Each day's foreign currency transactions were entered individually onto the FM machine, which provided customers with receipts, and branch staff with a paper record of every transaction. None of those individual transactional details could be recorded on Horizon.
- 9.6. Horizon was, and still is, a *single-currency* system and is only therefore able to account for transactions in pounds sterling. It cannot hold records of individual foreign currency holdings. Each week's figures, for each branch, were consequently entered into Horizon by the branch as 'bulk totals' in pounds sterling.
- 9.7. The in-branch accounting process involved staff recording in Horizon, once a week, *the net sterling impact* of all of that week's foreign currency transactions and this was shown as one '*revaluation*' figure representing the branch's profit or loss on its foreign currency dealings. This meant that Post Office was unable to 'see' any of the individual transactions. Because of this,

all anti money laundering compliance responsibility necessarily devolved onto the branch but, more importantly in our view, it meant that Post Office was unable to detect transactional errors made in its branches.

- 9.8. This meant that, where any branch transacted at rates that were materially different from the 'approved' rates, Post Office had no visibility of those transactions. We are aware of highly material losses, that were booked to Post Office's Profit & Loss Account in 2003, about which Post Office had no knowledge, until alerted by an external party.
- 9.9. Post Office seemingly remained unaware of the significant losses that it was taking to its P&L Account because, as far as we can tell, those losses were all being subsumed in a mass of revaluation figures from the 1,000 branches that were then offering foreign exchange services. Post Office's accounting policy was to immediately book losses of around 5% of the cost of all the currency it purchased in the Money Markets. It then transferred the currency to its branches at a '*revalued*' cost figure that was 5% lower than it had really paid.
- 9.10. This meant that, even if a branch showed a positive revaluation '*profit*' each week, the reality was that, unless the profit achieved by that branch exceeded the 5% figure (which, at the approved sales rates, it would do) that '*profit*' would not be enough to offset the large (5%) loss that Post Office had already debited to its P&L Account. However, individual branches were able to over-ride the authorised exchange rates and report a '*local*' profit of far less than 5%, without any response from Post Office, even though that meant that it had then suffered an overall loss.
- 9.11. Had a sound multi-currency accounting system been deployed (as it is in any bank that conducts foreign currency transactions), the huge losses that were being made by that particular branch would have been immediately visible and doubtless quickly traced back to the transactions being carried out by one customer.
- 9.12. We have been unable, as yet, to determine whether the systemic inadequacies, that allowed the above-described losses to accumulate in that one case, might also have given rise to unexplained shortages in other branches and/or to more losses in Post Office's own books.

## **10. National Lottery**

- 10.1. Not all branches sell Lottery tickets or Lottery Scratchcards. Where these items are sold, they are usually sold from the co-located shop's retail counter, but they have to be accounted for using the Horizon terminal at the Post Office counter.
- 10.2. There is often a significant difference in the opening hours of the counter in the retail shop and the shop's Post Office counter. The retail counter will therefore be selling Lottery tickets/Scratchcards outside the hours when the Horizon system is operating at the Post Office counter. Since branches are not allowed to sell National Lottery products other than through the Post Office, each day's ticket sales have to be recorded, the following morning, in Horizon.

Also, before any Lottery Scratchcards can be sold, they must first be '*Activated*' on the Camelot terminal and then '*Remmed in*' to Horizon.

- 10.3. We have received many reports where Applicants have stated that their branch's Horizon system would get 'out-of-sync' with the quite separate Camelot system, thereby generating material surpluses or deficiencies that were eventually corrected by Post Office issuing Transaction Corrections (TCs) through the Horizon system. The average Lottery-related TC was approximately £650 and many of these TCs were for amounts that were exactly divisible by £160, that being the value of a full pack of Scratchcards.
- 10.4. Prior to 2012 most discrepancies on Scratch Card activations were caused by Subpostmasters failing to 'rem in' to the branch's Horizon system packs of Scratchcards (that they had activated on their Camelot terminal). In February 2012 Post Office introduced a system change (referred to as "*Ping*") that finally eliminated the possibility of synchronisation errors between the Horizon and Camelot systems.
- 10.5. Under the new process, activating packs of Scratchcards initiates a process whereby 'Transaction Acknowledgements' (TAs) are generated and sent electronically every morning to each branch's Horizon system. Now, before any routine transaction processing can be carried out, those TAs have to be 'accepted' by the Subpostmaster or by one of the branch's staff and, once that has been done, all the necessary entries on the branch's Horizon system, including updating the branch's stock of activated cards, are processed automatically.
- 10.6. This represents a considerable improvement on the prior process which, in our view, has materially reduced the opportunity for error. It has also reduced the opportunity for undetected theft of activated Scratchcards.
- 10.7. It follows that these Lottery-related problems appear to have been most serious and frequent prior to February 2010, at which point Post Office made that significant change to its Standard Operating Procedures. Although some problems still occurred during the next two years, the February 2012 system change eliminated the possibility that a branch could have packs of inactive Scratchcards recorded in Horizon or have activated packs that were not recorded in Horizon.
- 10.8. We have also been told by Applicants that, before those important procedural improvements, and that system change, were implemented, inconsistent and sometimes conflicting advice was provided by visiting Post Office trainers and by the Helpline, which further exacerbated their problems.
- 10.9. Occurrences of the out-of-sync problem appear to have been particularly prevalent in branches where an associated retail shop sold Lottery tickets and Scratchcards late into the evening, well after the Post Office counter had closed. A further complication often occurred on the final Wednesday evening of the monthly Trading Period when Subpostmasters were required to reconcile the Horizon and Camelot figures as a priority task on the Thursday

morning, rather than at 17:30 on the Wednesday, but this requirement was not always advised by the Helpline.

- 10.10. It is not clear whether the training and support that Applicants received always covered this important point and, where it was not covered, or where it was not adequately covered, then it seems Applicants and their staff sometimes made errors, and then systematically repeated them. To make matters worse, not realising that they were making those errors, they failed to seek from Post Office the further training that they needed.
- 10.11. When that happened, relatively high-value Debit and Credit TCs, that when viewed over an extended period would almost completely offset each other, would routinely be issued to the branch.
- 10.12. The receipt of such a repetitive stream of TCs generated two serious problems in affected branches: first, the branch's books would routinely be out-of-balance and those Subpostmasters who became conditioned to this state of affairs had to decide how to deal with sometimes substantial, transient surpluses and shortfalls. Secondly, the routinely out-of-balance situation would hide real discrepancies from view, such that they remained uninvestigated and uncorrected, thereby turning potentially recoverable errors into real losses.
- 10.13. Post Office's position on this is that:
- "if the correct procedures are followed, no loss will be suffered by the branch".*
- 10.14. In our view this is a simplistic and dismissive response that fails to acknowledge the real difficulties being faced by branches prior to those February 2010 process changes and the February 2012 introduction of TAs.
- 10.15. Post Office's response seems to ignore the fact that, as with the streams of high-value TCs issued to some branches in respect of ATM discrepancies (see paragraph 7.23 above), the frequent receipt of substantial, frequently offsetting, Debit and Credit Lottery-related TCs created a '*pendulum effect*' where mistakes that had been previously made in the branch were hidden because of its almost permanently out-of-balance situation, such that, as mentioned in paragraph 10.12, above, potentially correctable mistakes became real losses that had to be made good by the Subpostmaster.

## **11. Training, Support and Supervision**

- 11.1. The nature and extent of training provided by Post Office has developed over the years as described in our Briefing Report - Part One. In our opinion, the training was probably adequate for people who had reasonable levels of IT skills, numeracy and accuracy, though further product-specific training, rather than the use of Operating Manuals, was perhaps required for some Subpostmasters, especially those whose branches delivered a wide range of products and services.

- 11.2. We have been told by most Applicants that whilst their basic training was probably adequate in regard to general '*Business as Usual*' transaction processing, it was predominately sales focused and weak in regard to End of Day, End of Week and in particular, End of Trading Period, balancing. We have been advised by most Applicants that there was little or no coverage of how to deal with discrepancies (both surpluses and shortfalls); how to identify the root causes of recurring problems; or how to deal with Transaction Corrections.
- 11.3. Many Applicants have commented that, in the years prior to the installation of the Horizon computer system in 1999, they typically had only minor monthly surpluses (less than £30 seemed to be the norm) and that they first experienced large discrepancies shortly after Horizon was installed. Some have asserted that their problems became worse after Horizon Online ('HOL') was introduced (for most branches this was in 2010).
- 11.4. The fact that many Applicants have reported that they or their staff only started making serious mistakes after Horizon was launched, or after the branch migrated to HOL, could indicate a lack of understanding of how the system was then meant to operate and be used. That, in turn, could indicate that they had either been insufficiently trained; that they had been unable to properly train their staff; or that the new screen-based counter processes had introduced new ways of making mistakes that neither they, nor perhaps Post Office, was aware of.
- 11.5. We note that the duration of basic training has varied widely over the years and is now far more extensive than it was in 1998 - 2010 (the pertinent period for many of the Applicants). Post Office refers to the current routine provision of two weeks' training for Subpostmasters. Many Applicants have reported in their CQRs that they received fewer than two days' training and were simply handed Operating Manuals for self-study and to train their counter staff.
- 11.6. Post Office's trainers, and in some cases Applicants' line managers, do not seem to have been well regarded by many Applicants and appear to have been considered particularly weak when dealing with ATMs; Lottery processing; Motor Vehicle Licences; Foreign Currency and other specialist products.
- 11.7. Subpostmasters are responsible for training and supervising their own staff since Post Office has no contractual responsibility to train branch staff, other than in its Crown Offices. Post Office provides Subpostmasters with what it has judged to be relevant training materials for themselves and their staff, but it does not operate an effective quality control function in order to ensure that this further training is properly delivered. We have also found that further training for Subpostmasters was predominantly delivered in response to user demand, rather than being determined by Training Needs Analysis.
- 11.8. The problem with demand-driven training is that it only works when the users *recognise* that they need further training. It seems to us that, where mistakes are being systematically repeated, then the individuals who are making those mistakes will not be aware of that (or they would stop making them), so they are unlikely to realise that they need further training. Absent the necessary further training, mistakes become habitual and, where the Subpostmaster is the

one making those mistakes, then it follows that his staff will never be taught how to do things properly.

- 11.9. We recognise the complexity of the current product range and question whether a counter process involving over 170 products, operated by more than 78,000 people, of vastly differing levels of intellect, experience, numeracy and attention to detail, can ever be expected to work well without a fully effective and comprehensive training and support regime that covers everyone.

## 12. The Helpline

- 12.1. Many Applicants' CQRs have included examples where the Post Office's Helpline has, in their view, failed to provide worthwhile support when contacted. The relevant call log (when available) often does not provide sufficient detail, about exactly what advice was provided, in order for us to form an evidence based conclusion. Specific criticisms include:

- a) difficulty in contacting the helpline due to its limited availability;
- b) unhelpful, script-based, responses; and
- c) instructions received during one call that are said to have later, sometimes months later, been countermanded by another.

- 12.2. As previously stated, a frequently recurring response by the Helpline, relating to shortfalls, is said to have been:

*"don't worry about it, it will sort itself out".*

- 12.3. Many Applicants have reported that problems did not sort themselves out, nor was any indication given by the Helpline as to how long they should wait before realizing that a problem that had not sorted itself out would probably then not do so, nor how they were supposed to balance the books during the intervening period.

- 12.4. Many of the shortfalls suffered by Applicants to the Scheme have, on the balance of probabilities, been attributed to *"errors made at the counter"* but that does not, in our view, always mean that more extensive initial training would have eliminated all of those errors, although it would obviously have helped.

- 12.5. What we have observed is that, in many instances, the biggest shortages seem to have arisen as a result of *'errors made while trying to correct earlier errors'*. We attribute this less to inadequate *initial training* than to inadequate subsequent *support* when branch staff, when they were attempting to correct errors that they had previously made, just made matters worse.

- 12.6. Specifically, it has become clear to us that some Applicants and their staff became hopelessly muddled when they tried to follow the verbally-communicated advice of Helpline

staff. There have been numerous references to shortages doubling, trebling or even quadrupling as branch staff tried to correct, under instruction from the Helpline, errors that they had previously made.

- 12.7. Post Office's reliance on telephonically-conveyed advice was, in our view, misplaced. We hold the view that, had *written* instructions been issued to branches after their contact with the Helpline, fewer mistakes would subsequently have been made and fewer errors would have been made when attempting to correct those initial mistakes. Such written instructions should, in our view, have informed the branch staff exactly what sort of mistake they had made; exactly what instructions needed to be re-read in order to avoid making such a mistake again; and exactly what had to be done to correct it. We appreciate that this is not how the Helpline function is structured but we believe that it would have improved error repellency and the overall user experience.
- 12.8. That sort of (generally emailed) feedback has been standard practice among other companies for many years, yet Post Office has continued to rely only on those telephoned conversations. Even the records of those telephone calls, that Post Office has referred to as "*transcripts*" are not transcripts at all: they comprise only those notes that the Helpline operator typed out during the call. As such, they have, in most instances, provided us with only a limited understanding of the advice that was actually given. Also, copies of those notes are not sent to the person who called the Helpline. In that context, it has proved impossible for any of the Applicants, or for us, to challenge Post Office's assertion, made in its response to the previously issued version of this Report, that it has:

*"found no evidence to support the allegations that Helpline would often merely comment that matters would resolve themselves or be dismissive of any enquiry".*

- 12.9. It is clear to us that some Applicants expected the Helpline, visiting Post Office managers, or Post Office auditors to be able to tell them exactly how their branch's discrepancies had arisen. It is, however, equally clear to us that Post Office's Chesterfield-based Helpline staff cannot be expected to determine from afar how every discrepancy has arisen in every branch, so we regard those expectations as unreasonable.

### **13. Limitations in the Transactional 'Audit Trail'**

- 13.1. Many Applicants have claimed that, whilst acknowledging that some errors were probably caused by their own mistakes, they were often unable to determine the root causes of discrepancies (both shortfalls and surpluses) reported by Horizon, because the underlying transaction data was not available to them.
- 13.2. Post Office controls the Horizon infrastructure including back-office accounting and reporting functions. A consequence of this is that Post Office may hold Subpostmasters accountable for shortages that they are unable to fully investigate due to a lack of access to data. A Subpostmaster has very limited options in these circumstances and often has to make good losses even where the underlying root cause has not been established or properly understood.

13.3. The concerns fall broadly into three areas:

- a) data that isn't available even on the day of the transaction;
- b) data that was at first available, but after 42 days (later extended to 60 days when HOL was introduced) is no longer available; and
- c) data that isn't available after suspension.

**Data that isn't available even on the day of the transaction**

13.4. Applicants' concerns principally relate to transaction types where Horizon produces, at the end of day, only an *aggregate amount* and *volume* for that day's transactions. These transaction types are those where customers have paid for goods or services by debit or credit card.

13.5. In the event of an end-of-day discrepancy for one of these transaction types, and without the benefit of a disaggregation of a total amount into its constituent transactional components, Applicants found it difficult, if not impossible, to identify the individual transaction(s) that had brought about the discrepancy.

13.6. Typically, a Subpostmaster would need to find items:

- a) that should have been, but were not, included in the aggregate total; or
- b) amounts that had been incorrectly entered, such as £50.00 entered as £500.00, £39.00 entered as £93.00, a withdrawal processed as a deposit; or
- c) amounts that formed part of the aggregate total, but should not have been included in that total at all.

13.7. Only by finding those errors and omissions could Subpostmasters begin the process of correction and loss mitigation. This may sometimes have involved attempting to contact the relevant customer, but in order to do that they needed not only to identify the incorrect or missing transaction, but also to know the name, and perhaps also the address and telephone number, of the relevant customer.

13.8. Many Applicants have told us that, prior to the introduction of Horizon, it was easy to do this since the paper dockets, retained to evidence each transaction, provided this information. It is regrettable that the Horizon system does not appear to provide the same functionality as the previous manual system.

**Data that was at first available, but after 42 days (later extended to 60 days) is no longer available**

- 13.9. The main concern expressed about data availability is the need to refer to a previous period in the event that a Transaction Correction (TC) was issued by Post Office some while after the transaction (to which the TC relates) was erroneously input into, or omitted from, Horizon. TCs are issued for different reasons and different products may be treated in different ways. If the delay in issuing the TC exceeds 42 days (now 60 days), the Subpostmaster may no longer have data readily available with which to respond to the TC and may have no practical alternative other than to accept it. We have been told by Applicants that, if further data was requested from Post Office, such requests were often rejected on cost grounds.
- 13.10. We are also aware that the difficulty in printing and examining Horizon's 8cm wide 'till rolls' was a significant issue in locating the transaction(s) that had created discrepancies. Post Office asserts that branch staff are responsible for keeping records, typically for two years, and that those records, supplemented by information supplied with TCs, ought to be sufficient.
- 13.11. Late-delivered, high-value, TCs can pose serious difficulties for some branches. If the incoming TC is a Debit (i.e. a TC Invoice), that means that the branch ought to have been maintaining a surplus from the time that the error occurred until the time that the TC is accepted. In that Subpostmasters are contractually entitled to withdraw and retain surpluses, this can mean that they might do that, only to later find that they should not have done so.
- 13.12. More seriously, if the branch has not shown an overall surplus, that is likely to be because an offsetting shortfall was in existence as a result of an unseen, and consequently undetected and un-corrected, error.
- 13.13. Conversely, if the incoming TC is a Credit, that means that the branch ought to have been carrying a shortfall from the time that the error (that the TC is intended to correct) occurred until the time that the incoming TC is accepted.
- 13.14. This means that the Subpostmaster may have had to 'fund' that shortfall with his own money during the intervening period (even though that shortfall was in due course going to be corrected by the incoming TC Credit). In instances where Subpostmasters have been unable to make good such transient (though sometimes very large) shortfalls, it is possible that there will have been a temptation to falsify the branch's accounts while awaiting for the situation to "*sort itself out*".

**Data that isn't available after suspension**

- 13.15. Applicants have reported that their ability to investigate transactional discrepancies, or to defend themselves against allegations made by Post Office, were often thwarted because, following their suspension (usually on the day of an Audit) they were, as a matter of Post Office policy, denied access to their Branch. In many instances we have been advised that Post Office Investigators also removed records, often including personal documents such as diaries in which Applicants had noted problems that had occurred; to whom they had reported those

problems; what advice and instructions they had received; and what had resulted from following that advice or instructions.

- 13.16. Applicants have also reported that, despite their requests, they never regained access to any of the records they needed to establish the cause of shortfalls; to gather evidence of theft by branch staff; or, indeed, to prove their own innocence.

#### **14. Transactions not entered by the Subpostmaster or their staff**

- 14.1. Many Applicants have reported that Horizon transactions appeared to have been entered, or cash or stock balances changed, when the branch was closed and no one had access to any of the Horizon terminals.
- 14.2. Post Office has stated that it is not, and never has been, possible for anyone to access Branch data and amend live transactional, cash or stock data without the knowledge of Subpostmasters or their staff. However, we are aware that certain error recovery and correction processes can result in transaction reversals that carry the System Identity (ID) of the user who entered the originating transaction that the system itself is reversing, or the ID of the user restarting the system (see Section 15 '**Transaction Reversals**').
- 14.3. We note that this fails to easily differentiate between entries made by a user and those that are system generated.
- 14.4. One Applicant to the Scheme has given evidence relating to a facility in the Bracknell office of Fujitsu where he alleged that it was demonstrated to him that it was possible to alter Horizon transaction details without the knowledge of individual Subpostmasters. We have requested that the relevant email files from the period in question be provided to us in order to investigate this matter, but so far Post Office has only provided us with a small number of the files requested.
- 14.5. Our review of those files has been inconclusive, possibly due to just one month of data being provided, rather than the 12 months requested. We believe that it is essential to examine contemporaneous documents from the relevant time, in order to form a reliable, evidence based, conclusion on this important issue.
- 14.6. Several Applicants have stated that they believe (or suspect) that their branch terminals have been, or can be, accessed remotely or that their branch data can be amended without their knowledge or approval. Post Office has denied that it is possible to:
- "amend branch data remotely".*
- 14.7. It says that it does have access to branch data, but in a '*read only*' format. It has also stated that, if errors are spotted in the transaction data, the only way to amend the data is to issue a TC or a TA to the branch and that only when the branch 'accepts' that TC or TA is the branch's data amended.

- 14.8. We note, however, that Post Office has disclosed an October 2008 internal memorandum that included the remark:

*"Fujitsu have the ability to impact branch records via the message store but have extremely rigorous procedures in place to prevent adjustments being made without prior authorisation - within POL and Fujitsu".*

- 14.9. At the time of our writing this Report, Post Office has not explained whether or not that quoted statement was true at the time or whether, if it was true at the time, no such facility *currently* exists, as it seems to be asserting.

- 14.10. In our Interim Report we referred to a software bug in Horizon that had impacted a small number of branches. We have recently discovered two further documents that describe in more detail how Post Office handled this issue. In both of these documents a process is described that involves directly altering branch data. The fix for the error reported in the document named *"Correcting Accounts for "lost" Discrepancies"*, created by a senior engineer at Fujitsu in September 2010, stated:

***"7. Fixing the Data for each Affected Branch***

*The data can be corrected by adjusting the appropriate Opening Figures and BTS Data that relates to the current TP. This will result in the Discrepancy needing to be processed when rolling over into the next TP.*

*I propose that if we are to do this then we take a copy of the data for one branch and check out the proposed changes on a test system and then rollover the branch on the test system to ensure that the discrepancy is handled correctly before we attempt to correct Live data.*

*Having done one example in this way, we then need to agree a timetable with Post Office Ltd to correct the other branches and ensure that this is communicated with the Branches to ensure that everyone involved is happy. Note that if it is decided not to correct the data in the branches (i.e. POL would prefer to write off the "lost" discrepancy), then adjustments will be required to the Discrepancy account in POLSAP to align this with the actual level of discrepancy seen at the Branches."*

- 14.11. This document refers to correcting live data - a procedure that Post Office denied was possible. Of potential significance is the fact that this was not just an internal document made available to a small number of Fujitsu employees, as the copy we were provided with was printed out by the head of Post Office's Legal Prosecution team in October 2010.
- 14.12. A further document titled *"Receipts / Payments Mismatch issue notes"* appears to be a Minute of a joint Post Office / Fujitsu meeting probably held in August 2010. The document refers to the impact of the bug in Horizon as being:

***“Impact***

- *The branch has appeared to have balanced, whereas in fact they could have a loss or a gain*
- *Our accounting systems will be out of sync with what is recorded at the branch*
- *If widely known could cause a loss of confidence in the Horizon System by branches*
- *Potential impact upon ongoing legal cases where branches are disputing the integrity of Horizon Data*
- *It could provide branches ammunition to blame Horizon for future discrepancies”.*

14.13. The Minute reported three possible solutions.

***“Proposal for affected Branches***

*There are three potential solutions to apply to the impacted branches, the groups recommendation is that solution two should be progressed.*

*SOLUTION ONE- Alter the Horizon Branch figure at the counter to show the discrepancy. Fujitsu would have to manually write an entry value to the local branch account.*

*IMPACT - When the branch comes to complete next Trading Period they would have a discrepancy, which they would have to bring to account.*

*RISK- This has significant data integrity concerns and could lead to questions of "tampering" with the branch system and could generate questions around how the discrepancy was caused. This solution could have moral implications of Post Office' changing branch data without informing the branch.*

*SOLUTION TWO - P&BA will journal values from the discrepancy account into the Customer Account and recover/refund via normal processes. This will need to be supported by an approved POL communication. Unlike the branch "POLSAP" remains in balance albeit with an account (discrepancies) that should be cleared.*

*IMPACT - Post Office will be required to explain the reason for a debt recovery/refund even though there is no discrepancy at the branch.*

*RISK - Could potentially highlight to branches that Horizon can lose data.*

*SOLUTION THREE - It is decided not to correct the data in the branches (i.e. Post Office would prefer to write off the "lost"*

*IMPACT - Post office must absorb circa £20K loss*

*RISK - Huge moral implications to the integrity of the business, as there are agents that were potentially due a cash gain on their system”*

14.14. Although it would appear that “SOLUTION TWO” was the adopted solution, it is clear from “SOLUTION ONE” that Fujitsu have the ability to:

*“manually write an entry value to the local branch account”.*

The risk of adopting this possible solution was described as:

*"RISK- This has significant data integrity concerns and could lead to questions of "tampering" with the branch system and could generate questions around how the discrepancy was caused. This solution could have moral implications of Post Office' changing branch data without informing the branch."*

14.15. This ability to directly amend branch records is something that Post Office has consistently denied was possible. This recently discovered evidence appears to confirm, that in 2010 at least, it was possible for Fujitsu / Post Office to directly amend branch data without the knowledge of the relevant Subpostmaster.

14.16. In commenting on a draft of this report Post of Office told us that the references to "amend" and "correct" in the documents mentioned above, are not strictly correct as neither Post Office nor Fujitsu have the ability to directly change or delete existing records. All that can be done is that additional records can be added by Post Office / Fujitsu without the consent (and possibly the knowledge) of the relevant Subpostmaster. This will, however, have the effect of altering balances at the branch, as both debit and credit entries can be made.

14.17. Post Office also told us:

*"All of the above processes for correcting / updating a branch's accounts have similar features. All of them involve inputting a new transaction into the branch's records (not editing or removing any previous transactions) and all are shown transparently in the branch transaction records available to Subpostmasters (as well as in the master ARQ data).*

*The language used in the documents produced by Post Office / Fujitsu and to which you refer is unfortunate colloquial shorthand used by those working on the Horizon system. I can see how it could be read to suggest that Post Office was "altering" branch data but the above explains why this is not the case."*

14.18. This is not something that we have been able to test or validate.

14.19. Clearly, the fact that such an ability exists, is not necessarily evidence that such 'amendments' were actually made. This is not something that we have been able to investigate.

## **15. Transaction Reversals**

15.1. As mentioned above, a number of Applicants have reported transactions that appear to have been input when the branch was shut and no one had access to the Horizon terminals.

15.2. A few Applicants have reported that they had entered an original transaction, but had not entered the reversal of that transaction, stating that the Horizon system appeared to have generated a transaction reversal, without their knowledge or their intervention.

- 15.3. This matter was also highlighted in a report by Helen Rose, Post Office Security - Fraud Analyst - dated 12 June, 2013:

*"... it is just that I don't think that some of the system based correction and adjustment transactions are clear to us on either credence or ARQ logs."*

*"However, my concerns are that we cannot clearly see what has happened on the data available to us and this in itself may be misinterpreted when giving evidence and using the same data for prosecutions"*

- 15.4. N.B. 'Credence' is a Post Office Management Information Reporting System and 'ARQ logs' is a reference to a request for Horizon information archived through the 'Audit Retrieval Query' process.

- 15.5. Post Office has stated that:

*"when this situation occurs it will not generate losses at the branch".*

- 15.6. We believe that, where the system itself has initiated the reversal of a transaction (such as it does when a terminal has not been properly logged off at the end of a day even though a transaction, or a transaction 'basket', sometimes referred to as a 'stack', that had earlier been entered on that terminal, has not been completed), Horizon should assign to that reversal some indication of that fact, rather than leaving the records showing that the user who input the now reversed transaction was the one who reversed it.
- 15.7. We also believe that Horizon should ensure that the person who originally input that (now reversed) transaction is properly notified of the reversal in order to give him an opportunity to mitigate any loss that might ensue were he to remain unaware of the reversal.

## **16. Cash and Stock Remittances (Rems) in and out of the branch**

- 16.1. A number of Applicants have raised issues concerning 'Rems'.
- 16.2. 'Rems' are inward and outward remittances of stock or cash (including foreign currency). Large amounts of cash and stock are routinely sent to and from branches using this process. Robust procedures are in place to ensure that the process normally operates reliably and that errors, or theft, are rapidly detected.
- 16.3. Occasionally however, branches will report that a Rem 'pouch' was not received or that it contained fewer items, or lower value, than the sender claimed. Similarly, Post Office will sometimes find that a Rem pouch sent by a branch is missing or its content has been overstated by the branch. Post Office deals with these discrepancies by issuing TCs that show the details of the shortfall or overage. Because such discrepancies relate to physical items, it is necessary to rely on witness statements and other documentary evidence as to the exact content of Rem pouches.

16.4. Some Applicants have described instances of foreign currency shipments being accidentally sent to the wrong branch. We are aware that some of these errors have occurred due to Post Office's Business Partner for Foreign Currency, First Rate Travel Services (FRTS) using an incorrect delivery address. Clearly, this introduces the possibility that an Applicant might have been held accountable for a shipment that was never received by his branch.

16.5. Post Office has told us that:

*"if this situation occurs it will be corrected using TCs once that Rem is scanned into Horizon" and that "if the Rem is not received there will be no loss to the branch".*

16.6. It remains unclear to us whether those reassurances totally eliminate the possibility of losses to Subpostmasters. Where, for example, an incoming Rem is never received by the branch that ought to have received it then the shipment may well have found its way into the wrong hands and a loss will sometimes ensue. We take it, from Post Office's reassurance, that such losses are borne by Post Office and/or by FRTS, rather than by any Subpostmaster.

## 17. Missing Cheques

17.1. As with other outward Remittances (see **Cash and Stock Remittances (Rems) in and out of the branch** above), branches 'Rem' to Post Office's main processing centre (in Chesterfield) all cheques that the branch has taken in each day. These are put together into 'Stripey' envelopes and collected by the Royal Mail after each day's cut-off time.

17.2. For almost all of the cheques that Post Office handles each day, everything normally goes smoothly, but some cheques do get lost or are accidentally spoiled either within the branch or at Chesterfield, while some envelopes do get lost in transit.

17.3. We have also been informed that it is possible for cheques to get damaged in Post Office's cheque processing equipment and therefore not be processed. In such cases, if the cheque is so badly mutilated as to be unreadable, the possibility arises that a branch might be charged, through the TC process, for a missing payment even though the cheque was sent to Chesterfield. Also, where a customer's cheque 'bounces', it will be charged back to the branch if the branch staff failed to follow Standard Operating Procedures. Post Office has stated that it will attempt, where possible, to obtain a replacement cheque from the customer.

17.4. Assertions have been made by some Applicants that customers' cheques (received in exchange for goods or services rendered at the counter) never cleared and they were held accountable for the value of those missing cheques. Post Office has told us that:

*"providing the correct procedures are followed there will be no loss to the branch".*

17.5. The problem, as we see it, with this reassurance is that certain practices seem to have evolved, as Subpostmasters have tried to provide the services that their customers need, which are not in accordance with what Post Office describes as "*correct procedures*".

- 17.6. Examples of this include repeated acceptance of cheques as the Method of Payment ('MOP') when selling Foreign Currency notes (this practice seemingly having remained un-noticed by Post Office for extended periods) and also cheques accepted as the MOP for bulk postage. The latter occurs where, for example, home-based internet traders routinely leave large quantities of outgoing parcels to be processed as time permits, these being settled to cash (even though no cash has been received) and where the customer returns to the branch, usually later in the week, to pay by cheque, at which point those earlier settlements to cash are reversed.
- 17.7. The point here is that, in our view, if branch practices have evolved, in respect of certain products, such that branches are routinely accepting cheques where the "*correct procedures*" say that they should not be accepted, then it becomes questionable whether those perhaps outdated procedures can justifiably be enforced such that Subpostmasters carry all of the risk.
- 17.8. Some Applicants have also complained that the TC process was sometimes so slow (in regard to cheques) that, by the time they had been advised that a cheque had been lost, mutilated or returned by the paying bank, all chances of mitigating their loss were gone.
- 17.9. Post Office has confirmed that Subpostmasters will not be held liable for cheques lost in transit and that, "*if all required procedures have been correctly followed*", they will not be held liable for cheque-related losses.

## **18. Pensions and Allowances**

- 18.1. A few Applicants have reported problems with Pensions and Allowances where Post Office's Investigators made allegations that they, or their branch employees, had stolen money by fraudulently manipulating Pension and/or Allowance payments. The allegations were that amounts had been recorded as having been paid out when they were not ('overclaims') or where Green GIRO cheques or Pension & Allowance dockets had been used more than once ('reintroductions').
- 18.2. Post Office's response described the way that overclaim and reintroduction fraud can be perpetrated and how the relatively easy to manipulate dockets have since been replaced by the more secure 'Post Office Card Account' (POCA) which uses 'Chip and PIN' technology. However, Green GIRO cheques are still in use by customers who have (or assert that they have) lost their POCA cards and by those on temporary benefits.
- 18.3. It is clear that, while overclaims can arise as a result of errors innocently made in a branch (e.g. by forgetting to remit a voucher), reintroductions involve a positive decision to re-process a benefit pay-out even though the genuine transaction with the customer has already occurred. Post Office concedes that reintroductions can happen by accident, but the Subpostmaster would still be liable for such errors and it regards multiple reintroductions as being indicative of fraud.

18.4. Post Office has stated that:

*"providing the correct procedures are followed no loss will be borne by the branch and any fraud will be readily detected".*

18.5. We were concerned that some Applicants, who had been accused by Post Office of fraud but not ultimately convicted of it, but who had in some instances been required to repay the allegedly stolen funds, might have themselves been the innocent victims of a far larger 'pattern' of fraud.

18.6. Post Office has informed us that no 'pattern' of fraud has been detected.

## 19. Surpluses

19.1. As stated in Section 6 above dealing with **The Contract between Post Office and its Subpostmasters:**

*"surpluses may be withdrawn provided that any subsequent charge up to the amount withdrawn is made good immediately".*

19.2. Post Office defines discrepancies as including both surpluses and deficits (i.e. shortfalls). We believe that the cause of all material discrepancies should be investigated and corrected. This should include consideration that discrepancies might have been caused by the system itself, or by errors occurring outside of the branch. It is only by doing this that the underlying root cause of the discrepancy can be established.

19.3. Feedback from Applicants has demonstrated to us that the preliminary investigative assumption adopted by Post Office appears to be that discrepancies will have been caused by "errors or problems at the counter or by theft". Post Office's confidence in the Horizon system remains very high and as such, the system itself will normally be discounted as a source of error.

19.4. In inputting data into Horizon it is possible that errors are made that generate a surplus, unbeknown to the customer or to a third party. For example, a surplus can result where a customer is underpaid at the counter, although this is likely to be detected straight away by that customer. Errors that are less likely to be detected by customers include deposits that are under-credited or not credited at all.

19.5. We understand that, although surpluses are expected to be retained by the Subpostmaster, it is possible to hold them in suspense by 'settling centrally' so that future shortages and Transaction Corrections can be offset against them. Many Applicants appear not to have been aware of this facility.

19.6. The failure to always investigate and correct material discrepancies is perhaps unique to Post Office's Business Model. Unlike commercial entities that do not operate on an agency basis, Post Office has, in our opinion, little commercial incentive to establish the root causes of

discrepancies because the burden of cost (and risk) is being carried in most instances either by its Subpostmasters, in the case of shortfalls, or by its customers or its clients, in the case of surpluses.

## **20. Cash withdrawals accidentally processed as deposits and other counter-errors that benefit customers at the expense of the Subpostmaster**

### **Cash withdrawals accidentally processed as deposits**

- 20.1. Mistakes can occur if the counter clerk accidentally touches the 'DEPOSIT' icon on the screen instead of the adjacent 'WITHDRAWAL' one, thus generating a deficit of twice the size of the customer's withdrawal. Such errors by branch staff can be difficult to isolate from the system-produced totals of 'swipe-card' transactions (see Section 13, **Limitations in the Transactional 'Audit Trail'**) unless the customer notices his windfall and then tells the branch about it. Absent such customer honesty and diligence, shortages brought about by such mistakes are very difficult to detect and mitigate.

### **Other counter errors that benefit customers at the expense of the Subpostmaster**

- 20.2. We have been made aware of cases where Applicants have been held accountable for shortages that have arisen through what Post Office refers to as "*errors made at the counter*", where customers have profited at the expense of the Subpostmaster.
- 20.3. Where a customer has received cash or goods and later discovered that his bank account has not been debited, or his credit card or POCA account has not been charged, it is quite possible that he will keep quiet about it, leaving the Subpostmaster to be held accountable for the resultant shortfall.
- 20.4. In mid-2008 the method of processing receipts into Girobank accounts was changed. Previously, customers completed a two-part paying-in slip. One copy of the paying-in slip was retained by the customer, another was retained in the branch and cross-referenced to the entry made on Horizon. Note: Alliance & Leicester acquired Girobank in 1990 and Santander took over Alliance & Leicester in October 2008 but, for ease of reference, all three organisations are referred to as 'Girobank' in this Report.
- 20.5. Prior to that mid-2008 processing change, the Subpostmaster would have been able to identify the amount of cash that had been recorded in the system by cross-checking with the paying-in slip. Hence, a correction could have been actioned and the branch's books brought back into balance. In such a case, the apparent cash shortage would have been eliminated because the audit trail enabled the specific cause of the shortage to be identified and corrected.
- 20.6. However, after that processing change, paying monies into Girobank accounts was normally actioned via swipe cards (Chip and PIN cards) with no supporting documentation being retained in branch.

- 20.7. After that processing change, the counter clerk would swipe the customer's card to access the account details and then key in the cash deposit. After inputting the deposit, the system printed out just one copy of a receipt (which specifically states on it "*NOT TO BE RETAINED*") and this was then passed back to the customer along with his swipe card. No documentation is retained in branch and nothing is sent to Girobank.
- 20.8. It follows that, if the counter clerk did not immediately spot an error, any later branch balance would show a difference between the cash holdings on Horizon and the actual cash holdings. However, after the processing change, there would be no supporting documentation available either to the Subpostmaster, or to Post Office centrally. Therefore neither the Subpostmaster nor Post Office's central processing unit would be able to check whether or not the cash deposit entries on the system reflected the actual amount of cash that had been deposited.
- 20.9. Post Office has stated that, although this type of error may occur, it would be an example of an "*error made at the counter*" for which the Subpostmaster would be liable in the normal way if a loss occurs. It also states that, under the new process, "*the audit trail is retained*" and that:
- "Horizon has a number of tools to assist Subpostmasters in identifying or tracing transactions, including transaction logs, event logs and balance snapshots".*
- 20.10. We cannot agree with those reassurances. Under the old (paper) process, the paying-in slips would be sent to the Finance Service Centre (FSC) which compared them with the Horizon transactional records and issued TCs if necessary. Under the new process, this after-the-event control no longer takes place.
- 20.11. Instead, a control process is now carried out *by the customer* who confirms, using the PINpad, that the amount shown on the screen is correct.
- 20.12. Our observation on this is that this new process introduces a risk, to Subpostmasters, that a customer, whose account will be credited with an amount greater than he has deposited, or whose account will be debited with an amount less than he has withdrawn, may either fail to notice the error or, if he does notice it, may intentionally disregard it and choose to keep the windfall.
- 20.13. It is clear to us that the process lost some important functionality when the change was made to phase out two-part paying-in slips. We find that the reliance on branch staff to accurately input data, and on customers to verify that the correct amount has been input into the system, is far from fool-proof, given that not all customers will appreciate that they have such an important role to play in checking that the transaction has been properly recorded and also that the customer may be the beneficiary of any error.
- 20.14. Further, once an error has been made, it can be very difficult to match any erroneous transaction with the customer who made it, and thereby recover missing funds. Relying on the branch staff being able to remember, and being able to contact, a customer who carried out a transaction, could, in our view, result in unrecoverable losses. As Subpostmasters are

contractually responsible to make good any losses arising from those "errors made at the counter", it is, in our view, vital that they are able to easily locate and correct such errors and to recover missing funds.

20.15. Post Office asserts that:

*"paying in slips were phased out by Girobank so this change was outside of our control"* and that:

*"the automation of the process" was necessary to reduce the rate of errors made at the counter".*

20.16. While the new process has reduced the risk that errors made at the counter would remain undetected at the counter, it will not have reduced the overall undetected error rate. The only procedural difference being that the customer now communicates the intended transaction verbally and then checks that it has been correctly keyed in but the Subpostmaster no longer has the safety net of staff at the FSC later checking that all customer deposits have been correctly processed.

20.17. Post Office does not seem to have considered the possibility that its perceived reduction in the number of errors made at the counter (since the phasing out of two-part paying-in slips) could be due to the possibility that some of those errors, that were previously detected by the FSC, are no longer being found.

20.18. In regard to our perception that the new process increases the risk of collusive fraud, Post Office has responded by asserting that:

*"the process changes did not introduce a greater degree of fraud risk to Subpostmasters".*

and

*"the potential for collusive fraud was just as likely with the old process as it is now with the new one".*

20.19. In stating that, Post Office has, in our view, failed to recognise that, following the process change, the control designed to detect mis-keying at the counter is now carried out *only by the customer*, whereas before, in the event that a surplus or shortfall was noticed later on in the day, that check-back could be carried out in the branch (by reference to the paper paying-in slips that would still be in the branch) and, if no discrepancy was noticed before those slips were sent off, then the mistake would later be detected by the FSC.

20.20. Also, under the old process, collusion between a customer and a counter clerk would involve the customer leaving a falsified paying-in slip in the branch, whereas, under the new process, the customer would not need to incriminate himself in that manner.

## 21. Error and fraud repellency and Horizon's 'fitness for purpose'

- 21.1. Normally, when a business detects errors or fraud occurring repeatedly, investigative and analytical work will be carried out to determine whether changes to its Standard Operating Procedures, to its hardware or software, or to its employee training and support procedures, should be made so as to reduce the likelihood and/or seriousness of future recurrence.
- 21.2. This process of investigation and analysis generates, over time, a '*Virtuous Circle*' of detection, loss mitigation and process correction/improvement, which contributes to the entire system's robustness and efficiency.
- 21.3. In not fully investigating "*errors made at the counter*", even where it is obvious that some of those errors have been systematically repeated in a branch, or even across the network, Post Office seems not to taken 'ownership' of finding ways to reduce (or manage) those errors.
- 21.4. This has led to a situation where Subpostmasters have been bearing the cost of losses caused by errors and fraud that could, in our view, have been designed out of the system, or where improved operational procedures and training could have reduced the incidence and severity of errors made, both "*at the counter*" and also in branch back offices.
- 21.5. In this context, Post Office states that transactions cannot be lost as a result of being interrupted by power cuts "*as long as the correct recovery procedures are followed*". After a power cut has occurred, the system must be rebooted. Once the reboot has taken place, Horizon should provide on-screen instructions on how to recover any transactions that could have been interrupted by the loss of power.
- 21.6. Post Office's position is that shortfalls cannot occur if the recovery procedures are correctly followed. It also states, in its response to the previously issued version of this Report, that it:
- "remains confident that branch accounts will not be corrupted due to power and telecommunications failures"*.
- 21.7. It incorrectly states, however, in that same document:
- "This recovery process was reviewed in detail by Second Sight in their Interim Report and found to work"*.
- 21.8. The reality is, as we stated in our Interim Report, that we have established, from our investigative work, that the system may not have always performed as it was meant to after a reboot, particularly if a power failure occurred at the same time. We have been told that, in some cases after a power failure, the main processor will automatically restart and commence the recovery process, but that the branch's screens will not automatically turn on. This means that any messages that are displayed as part of the recovery process, will of course not be visible to the user.

- 21.9. Post Office seems to make the assumption that all of the important messages that Horizon sends to the branch screens during the recovery process are visible on those screens and also that they are visible in time to be effective in ensuring that transactions are neither lost nor duplicated. This would appear to be an assumption that may not be correct in some circumstances, such as when a power failure has been the cause of the reboot.
- 21.10. Whereas the detailed instructions contained in the 'Horizon Transaction Recovery Guidelines' show Subpostmasters what they are meant to do if, when they are processing transactions, the system loses power or connectivity, it is clear to us that mistakes are likely to be made at this sometimes challenging time, particularly when the Horizon-produced '*Disconnected Session Receipts*' may have been misunderstood by branch staff or when the recovery process fails.
- 21.11. This process can therefore, in our view, be prone to generating losses, particularly in those instances where the customer has left the branch, sometimes without paying, after it may have appeared, both to him and to the counter clerk, that his intended transaction had been rejected.
- 21.12. Such a situation could result in the customer not paying for, or not receiving payment in respect of, his intended transaction. This will either result in a loss to the Subpostmaster or to the customer. The stress involved in such situations can, in our view, be materially heightened when irritated customers add to the situational pressure or where further power or telecommunications interrupts occur during the recovery process.
- 21.13. For the avoidance of doubt, we regard examples of this having happened as evidencing Horizon's failure to record transactions accurately.
- 21.14. We have formed the view that, as messages sent by Horizon to the branch terminals might not always be visible on the branch's screens, it can sometimes be difficult, or even impossible, for a Subpostmaster to correctly follow those recovery procedures. Another consequence of this is that transactions that appear not to have been processed (but have been) may then be re-entered and if, for example, such an accidentally duplicated transaction results in an extraneous credit to a customer's bank account, then it is possible for that customer to benefit at the expense of the Subpostmaster and to be the only person who can detect and report that error.
- 21.15. We have consequently concluded that it is possible for losses to occur in a branch as a result of power and telecommunication interrupts where it has not been possible for the Subpostmaster to "*correctly follow the recovery procedures*".
- 21.16. Applicants have referred to this issue in respect of Giro transactions that were being processed when power or telecommunications interrupts occurred and the branch's terminals and screens 'froze' or powered off completely. When this happens, Horizon invokes its 'Recovery Mode' and the system goes through a complete reboot, then, when it has finally

rebooted, a message appears (or is meant to appear) on screen (as long as the screen has been turned on again) asking "*do you need to recover any Giro transactions?*".

- 21.17. A few Applicants have reported that, when faced with that question, they usually did not know whether or not the system needed to recover any Giro transactions. They say that, if they responded in the affirmative, the system then asked for the details of the Giro transactions that needed to be recovered. As the user did not have the relevant details to hand (and could not access the data as Horizon was still completing its reboot process), they say they were forced into responding in the negative and hoping that this was the correct response.
- 21.18. This often resulted in the 'wrong' answer being entered and transactional errors being generated where transactions that should have been re-entered were not, or transactions that the system had already accepted were erroneously re-processed. Obviously, if such erroneously duplicated transactions included any where a customer had paid in a cash deposit, it was likely that the customer's account would be credited twice even though only one inward payment had been received from that customer.
- 21.19. This would result in a shortfall that the Subpostmaster would, under the contract, be obliged to make good unless that customer noticed the error from which he had benefitted, and then chose to repay the duplicated amount to the branch.
- 21.20. The following key question, that arises from the above observations, is:
- "Is Horizon fit for purpose?"*
- 21.21. In trying to answer this question, we recognise that, in the vast majority of cases, Post Office's Subpostmasters operate their branches year after year with minimal reported problems. For them, the Horizon system appears (subject to our observation in paragraph 4.6 above) to be "*fit for purpose*".
- 21.22. References here to '*the Horizon system*' are mainly focused on '*Horizon On Line*' (HOL), which evolved from the original Horizon application and was deployed in 2010. Our comments encompass not only the system itself but also supporting processes and procedures. However, some comments received relate to earlier versions of the system, a number of enhancements having been made following user experience and feedback.
- 21.23. For the Horizon system to be considered fully '*fit for purpose*' for all users, it would, in our opinion, need to accurately record and process, with a high degree of error repellency, the full range of products and services offered by Post Office, whilst providing a clear transactional audit trail allowing easy investigation of any problems and errors that arise. The cases that we have reviewed demonstrate that this design objective has not always been achieved.
- 21.24. A fully effective system would also need to be able to cope with a diverse collection of end users and operate in areas where power and telecommunications reliability could not be taken for granted. The cases that we have reviewed show us that errors are more likely to occur when unusual sets of circumstances and behaviour are present. We have little doubt that

branches with unreliable hardware, or poor telecommunications and power services and supplies, appear to have suffered a disproportionate incidence of problems.

21.25. We have also come to the conclusion that some of the people appointed by Post Office as Subpostmasters may have been unsuited, from the outset, to the ever-increasing complexity of running a computerised branch. These include those who:

- a) were relatively (or even in some cases totally) new to using a computer;
- b) had insufficient time and knowledge to be able to investigate and resolve shortages without substantial support and assistance;
- c) relied upon staff whom they may have 'inherited' from the prior Subpostmaster and who were either careless, inadequately trained or even dishonest; and
- d) lacked the financial robustness to be able to 'fund' every shortfall as it arose.

21.26. In any event, Post Office's recruitment and selection process, which on paper appears to be thorough and effective, seems to have sometimes failed to reject candidates who, when interviewed, showed signs of inadequacy and later proved themselves to be wholly unsuitable to hold the post of Subpostmaster.

21.27. Where such a person, who was either unsuitable, inexperienced or inadequately trained, was faced with problems, perhaps associated with hardware or telecommunications failures and the system's resultant restart and recovery procedures, it was at that moment that an otherwise repairable situation often turned into a catastrophe. For them, and in those specific and limited circumstances, Horizon could not be described as "*fit for purpose*".

21.28. In this context Post Office does not accept that it bears any responsibility for "*errors made at the counter*" even though it has frequently asserted, in its POIRs, that these were probably the root cause of a branch's losses. A simple example of this issue involves the common mistake of settling a transaction to cash instead of selecting 'Debit Card' or 'Credit Card' as the MOP.

21.29. When that mistake is made, the customer will, in effect, receive goods or services free of charge and the Subpostmaster will later have to make good the resultant loss. Post Office accepts that this is "*a common error*".

21.30. Whilst we recognise that no system can achieve a zero error rate, we hold the view that Post Office should acknowledge that it bears responsibility for detecting and acknowledging those system or procedural flaws that have allowed errors to repeatedly occur and also for then designing and implementing improvements to reduce the frequency and seriousness of such errors.

21.31. We have seen little evidence that convinces us that Post Office has done everything that it could have to discover the root cause of branch losses and to improve its processes and software so as to '*design errors out of the system*'.

21.32. In that the contractual arrangement that underpins the Post Office to Subpostmaster relationship places responsibility for branch errors squarely on the shoulders of the latter, it is to us unsurprising that driving down branch error rates has seemingly not received the attention that we would normally expect to see devoted to such a vital mission.

## 22. One-sided transactions

22.1. Many Applicants have raised concerns regarding transactions involving debit or credit cards where Horizon has processed a transaction but the corresponding charge to the customer's bank account appears not to have been processed. In other cases the opposite situation occurred, where Horizon rejected (or appeared to have rejected) a transaction, but the corresponding charge to the customer's bank account apparently was processed.

22.2. One possible cause for this might be that telecommunications failures have occasionally prevented one side of a transaction being processed whereas the other side of it has been processed properly.

22.3. These transaction processing failures would be less troublesome if they were always detected, at the counter ideally, or later by additional control and reconciliation processes carried out by the Subpostmaster or by Post Office itself.

22.4. It is however not yet clear whether Post Office's in-house (after-the-event) reconciliation processes can be relied upon to always detect any one-sided transaction that the Subpostmaster fails to detect.

22.5. Where a customer has been charged for something that he has not received, there is a very high likelihood that he will detect this (for example if he receives a Final Demand for a bill that he believes he has paid) and will then complain.

22.6. On the other hand, where the opposite has happened, and a customer has received cash, or goods, and his bank account has not been debited or his card account has not been charged, it is perfectly likely that he will be unaware of his windfall or will simply keep quiet about it, leaving the Subpostmaster to be held accountable for the resultant shortfall.

22.7. It is important to understand that, where that sort of error occurs, no evidence of it is visible to the Subpostmaster *unless the customer discloses it*.

22.8. Post Office says, in referring to 'one sided transactions' in its response to the previously issued version of this Report:

*"this is an inevitable risk of transacting business across the internet and affects all retailers and banks".*

- 22.9. Post Office acknowledges that, in certain circumstances, one-sided transactions can occur, but asserts that it has robust procedures in place to detect and correct any such errors. Once again, it says that:

*"if these procedures operate correctly, no loss to the branch will occur".*

- 22.10. Our observation, in regard to those assurances, is to point out that the risk of such transactional aberrations is, in our view, markedly higher where two electronic systems have to operate in a synchronised way (as is the case with Horizon and the LiNK system), rather than where a single system is used, as is the case with other retailers and banks. We must also point out that few retailers, and no banks, hold their staff accountable for the losses that arise from such risks.
- 22.11. We note that Post Office's control and reconciliation procedures rely on correct information being supplied by third party clients. It follows that, if incorrect information is provided by any client company, this can give rise to a loss being charged to a branch. We also note that, for most of the past five years, substantial credits have been made to Post Office's Profit and Loss Account as a result of unreconciled balances held by Post Office in its Suspense Account.
- 22.12. It is, in our view, probable that some of those entries should have been re-credited to branches to offset losses previously charged.

### **23. Hardware issues**

- 23.1. An examination of the hardware in use in a typical branch reveals that much of the equipment appears to be quite old. In some cases it was first installed more than ten years ago.
- 23.2. There also seems to be little routine hardware maintenance. Instead, faulty equipment is replaced as and when needed. This process, referred to as "*kit swap outs*", principally involves the replacement of broken units with reconditioned ones. Reports of several reconditioned components or units being tried, and failing, before a working one was found, are not unusual. This is because much of the bespoke equipment used by Horizon is no longer manufactured.
- 23.3. The most commonly raised issues involved counter and back office printers, PINpads, touch screens, telecommunications equipment and base units.
- 23.4. Many Applicants believe that faulty equipment could be responsible for otherwise unidentified shortages. We have been unable to come to a reliable, evidence based view on this matter, but recognise this as a possibility. Post Office's position on this is that it cannot happen.

## 24. Post Office Audit Procedures

- 24.1. In many cases Applicants have told us that they were not given copies of the Audit Reports relating to their branches and that their enquiries to Post Office, in respect of those Audits, were never answered.
- 24.2. It is clear that Post Office's current practice is that each Subpostmaster is provided with a copy of the Audit Report for his branch. We do not know when this current practice was adopted or whether a similar policy was consistently applied in prior years.
- 24.3. A few Applicants have referred to having misunderstood Post Office's use of the term 'audit', saying that most of the 'audits' that they experienced were merely cash and stock counts that offered them no comfort in regard to how their branch (and sometimes the existing branch staff that they had been required to employ when they were appointed as Subpostmaster) was really operating.
- 24.4. Some Applicants have also questioned the competence of the auditors sent out to their branches, saying that some of them did not appear to have any professional qualifications in auditing or accounting and that many of them seemed to have scant knowledge of how the Horizon system was meant to operate.
- 24.5. For those Subpostmasters, particularly those who had prior experience of working in large companies, they felt themselves to have been denied the reassurance that a "*proper audit*" would normally have given them. We note that, once again, the Standard Contract places no obligation on Post Office to provide such a service to its Subpostmasters.

## 25. Post Office Investigations

- 25.1. As a result of our investigations we have established that Post Office's investigators have, in many cases, failed to identify the underlying root cause of shortfalls prior to the initiation of civil recovery action or criminal proceedings. This includes cases where Applicants brought to the Auditors' or Investigators' attention their own suspicions as to the underlying root causes of their branch's losses.
- 25.2. Many Applicants, and almost all the Professional Advisors, assert that there was inadequate investigation prior to suspension (in all cases without pay); termination; and civil/criminal action.
- 25.3. Based on the cases examined so far, Post Office's investigators seem, in our opinion, to have defaulted to seeking evidence that would support a charge of false accounting, rather than carrying out an investigation into the root cause of any suspected problems. Evidence to support a charge of false accounting is often easily obtained since, when confronted during interview with evidence of obviously over-stated cash figures, the accused person will often readily admit to falsifying the end of Trading Period Accounts.

- 25.4. With the exception of any interview conducted in accordance with the Police and Criminal Evidence Act (1984) we note that the interviewee is not allowed to be legally represented, although Post Office says that they may be accompanied by a 'friend'.
- 25.5. Post Office's true position in respect of such 'friends' and what they are allowed to say and do during, for example, interviews where contract termination is under discussion is, however, far from clear.
- 25.6. In that context, Post Office reassured Ministers, in its 17 December 2014 'Response to the Westminster Hall Adjournment Debate', that:
- "another person can attend with the Subpostmaster. This can be a friend, or another Subpostmaster or assistant or a representative of the National Federation of Subpostmasters. They can make a statement in support and working practice is that they can speak on behalf of the postmaster, if the postmaster agrees to this".*
- 25.7. Two months later however, in a letter dated 15 February 2015 to a Subpostmaster, in which he refused that Subpostmaster's request to have his solicitor attend a 'Branch Incident Appeal' a Post Office Agents Contract Manager said:
- "We allow Subpostmasters to be accompanied at interviews or at appeal by a 'friend'; however it does not allow the friend the opportunity to represent the Subpostmaster"*
- and
- "A friend may only attend and listen to questions and answers. He must not interrupt in any way, either by word or signal: if he does interrupt he will be required to leave at once and the interview will progress without him".*
- 25.8. We cannot accept, in the light of that 15 February letter, that the assurance that Post Office has given to MPs really is its "working practice".
- 25.9. Interviews are usually recorded and, if an admission of false accounting has been made, this will virtually always trigger a 'Guilty' plea by the defendant and often an associated repayment proposal. As a result, Post Office's investigators seem to have found that obtaining admissions of false accounting was the key to achieving relatively rapid, and (to Post Office) inexpensive, asset recovery.
- 25.10. As a consequence of this, Post Office's investigators seem to have de-emphasized the importance of unearthing the true root causes of the "mysterious shortfalls" that some Applicants claimed to have suffered. When faced with requests from Subpostmasters for investigative help, this has often been refused.
- 25.11. It is clear, from comments made by Applicants, that those refusals were contrary to their expectations and it seems to have come as a surprise to many of them when they learned that Post Office's Investigation Division has no mandate to provide general investigative support to

Subpostmasters. The following quote, from one Applicant, was echoed by others who said that they really believed that they were entitled to receive investigative support from Post Office:

*"I believe that POL never embarked upon a genuine and meaningful investigation of what was the root cause of the discrepancies"*

and, referring to section 12 of the Standard Contract, he says:

*"In light of this I believe that there was simply a culture at POL to hide behind this clause without having to discharge their duty to properly investigate".*

25.12. It seems that few Applicants were aware that Post Office's refusals to provide on-site investigative support were in line with Section 19, Paragraph 12 of the Standard Contract, which states that:

*"The Investigation Division does NOT enquire into matters where crime is not suspected".*

25.13. We note that this 'double-negative' wording (and Post Office's established practice) does not mean that the Investigation Division can be expected to carry out investigative work *where crime is suspected*. This has led to situations where some Applicants have found that, even where one or more of their employees was suspected - both by themselves and by Post Office - of having stolen branch funds, no investigative work was carried out.

25.14. This then left them with a contractual responsibility to repay the resultant losses, but with no help from Post Office in recovering any of the stolen money from those who had taken it. In some instances Applicants faced with this situation received no meaningful help from the police either, the police having adopted the position that the investigation ought to be carried out by Post Office's investigators.

25.15. We asked Post Office to provide details of its Policy and Standard Operating Procedures in regard to helping Subpostmasters recover shortfalls that they have made good as a result of proven theft by branch employees and it has answered as follows:

*"Recovery of losses caused by theft by branch assistants is a matter for Subpostmasters as the assistants are their employees. Post Office may help, as a matter of goodwill, but there is no policy in this regard".*

25.16. It has been pointed out to us that Post Office's instructions to (and its training of) its investigators seems to have disregarded the possibility that the Horizon system could ever be in any way relevant to their investigations. A consequence of this flawed approach to investigations is that many opportunities to develop process improvements have been missed.

25.17. This issue becomes even more important when criminal charges are brought against a Subpostmaster. Post Office's policy is to bring a private criminal prosecution against the Subpostmaster rather than to report the matter to the Police and then allow the Crown Prosecution Service to prosecute.

- 25.18. By bringing private prosecutions (which it is entitled to do) Post Office itself becomes responsible for ensuring that its lawyers adhere to the Code for Crown Prosecutors which includes ensuring that any cases that it brings to the Courts pass the tests that the CPS itself would apply.
- 25.19. These include determining whether it has sufficient evidence to provide a realistic prospect of conviction against each suspect on each charge and whether a prosecution is required in the public interest.
- 25.20. By carrying out those tests itself, Post Office runs the risk of being accused of circumventing those checks and balances that a separate and *independent* body would otherwise have carried out.
- 25.21. We are aware of cases where criminal charges have been brought which appear to have been motivated primarily by Post Office's desire to recover losses. In some cases, those criminal charges do not seem to have been supported by the necessary degree of evidence and have been dropped prior to trial, often as part of an agreement to accept a guilty plea to a charge of false accounting, so long as the defendant agreed to repay all of the missing funds.
- 25.22. We have also been told of agreements whereby no mention was to be made in Court, by the defendant, of any criticism of the Horizon system.
- 25.23. We remain concerned that some of these decisions to prosecute may have been contrary to the Code for Crown Prosecutors with which Post Office, as a private prosecutor, is required to comply. In order to investigate this matter we had requested access to the complete legal files held by Post Office in a number of cases.
- 25.24. Post Office has stated that this subject is outside the scope of our investigation. We strongly disagree with this view.

## 26. Conclusions

- 26.1. When we started our work on these important matters in July 2012, we believed there was a shared commitment with Post Office to "*seek the truth*" irrespective of the consequences. This was reflected in us being provided with unrestricted access to highly confidential and sensitive documents, including legal advice relating to individual cases. This position was recognised and well received by other stakeholders, including the Rt. Hon. James Arbuthnot MP and the JFSA.
- 26.2. However, as time progressed, and particularly in the last 18 months, it has been increasingly difficult to progress our investigations due to various legal challenges by Post Office. There have been considerable delays in receiving responses to requests for information and legal issues have been raised, such as Data Protection and Legal Privilege, as being the reason various documents could no longer be provided to us.

- 26.3. We found that types of document previously provided to us without restriction, were no longer being provided. Some of these documents were also not being provided to Post Office's in-house team of investigators.
- 26.4. We can only conclude that this represented a policy decision by Post Office at a senior level, possibly based on legal advice. We consider this regrettable, particularly in the light of assurances previously provided to ourselves, MPs and the JFSA.
- 26.5. In expressing our disappointment in finding ourselves unable to complete our independent investigation in the way that we considered necessary, we wish to place on record our appreciation for the hard work and professionalism of Post Office's in-house team of investigators, working for Angela Van Den Bogerd, Post Office's Head of Partnerships.
- 26.6. Our work would have been much harder and taken much longer without the high quality work carried out by this team. We have also received excellent support from the administrative team set up by Post Office to support the Working Group.
- 26.7. We also valued the guidance provided by the Mediation Working Group, chaired by Sir Anthony Hooper, until its abrupt dissolution on 10 March 2015.
- 26.8. We have described in this report the results of our investigations (some of which are incomplete) into the issues and concerns raised by multiple Applicants. As we have previously stated, when looking at the totality of the '*Horizon experience*' we remain concerned that in some circumstances Horizon can be systemically flawed from a user's perspective and Post Office has not necessarily provided an appropriate level of support.
- 26.9. We believe that Post Office should be much more alert to possible problems with Horizon and encourage its staff to develop a much greater degree of '*professional scepticism*' in this regard.
- 26.10. We hope that this report, although incomplete in a number of important respects, will shed some light on the important issues raised by the 136 Applicants accepted into the Mediation Scheme.

**GRO**

Ian R Henderson CCE, CISA, FCA

9 April 2015

**GRO**

Ron Warmington CFE, FCA

Second Sight Support Services Ltd.

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## **Appendix 1**

### **Complaint Review and Mediation Scheme**

A paper prepared by Post Office to assist Second Sight with the finalisation of their Briefing Report – Part Two

Version three

This paper and accompanying documents are confidential and are not to be disclosed to any person other than a person involved in the processing of Applicants' claims through the Scheme

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## **Introduction**

As part of the Initial Complaint Review and Mediation Scheme (the Scheme), Second Sight is engaged as a firm of forensic accountants to provide a logical and fully evidenced opinion on the merits of each Applicant's case.

On 21 August 2014, Second Sight's Briefing Report – Part Two (the Report) was sent as a confidential document to a number of Applicants and their advisors, as well as to Post Office. The purpose of the Report was to describe and expand on common issues identified by Second Sight as being raised by multiple Applicants (a thematic issue). The aim being to provide general information that could then be applied in specific cases.

Post Office has been unable to endorse the Report. It wrote to recipients of the Report immediately after its release setting out its reasons for this, and prepared a Reply which was released on 22 September 2014, detailing its position on the issues raised within the Report.

Further, within Second Sight's Briefing Report – Part Two, several issues were said to require further investigation. With a view to moving the Briefing Report – Part Two to finalisation, the Secretariat offered to assist Second Sight in resolving these matters.

The following paper is written to aid this process, detailing the additional questions posed by Second Sight and the answers provided by Post Office.

Post Office was provided with the questions on 9 December 2014 and committed to provide answers to the questions posed before a meeting with Second Sight on 9 January 2015. In line with the short timetable, Post Office's approach was to identify a subject matter expert within its organisation to, where possible and proportionate, answer each question. Post Office was not therefore able to comprehensively search for information nor canvass views on each question from all parts of its business. The answers provided in version one represented the best information possible given the limited time available but should not have been considered exhaustive.

## **Note on version three**

Version one of these answers was provided to Second Sight on 7 January 2015 and subsequently discussed at a meeting between Post Office and Second Sight on 9 January 2015.

At this meeting and the face to face Working Group meeting on 14 January 2015, Second Sight clarified its position on a number of the questions. This has enabled Post Office to provide further information (to those included in version one) through the provision of version two (provided to Second Sight on 27 January 2015) and version three (provided to Second Sight on 19 February 2015).

## 1. Transaction anomalies associated with CASH or STOCK Remittances (including counterfeit notes)

Post Office is aware that there is an issue of counterfeit notes being circulated within the UK economy in general. This is an issue that affects all businesses and Post Office has in place various policies and procedures in order to detect counterfeit notes and prevent them being circulated within the Post Office's network of branches.

- The large majority of costs / losses associated with counterfeit notes are claimed from other parties (e.g. clients, cash suppliers, etc.) with Post Office branches being held liable for a very small number;
- Where responsibility for allowing counterfeit notes to enter the Post Office network cannot be established, Post Office absorbs the loss itself.

The process used in Post Office can be summarised as follows:

- Once a counterfeit note is identified by Post Office, it is verified by a second person.
- Post Office then determines responsibility for allowing the counterfeit note into the network based on the information included on the Plastic Bank Note Envelope (PBNE), an envelope used to seal the cash as it is moved around the network;
- If a branch is found to have not followed correct procedures, it may be held liable for the loss created by taking a counterfeit note.

1.1. Please provide full details of the following:

- a) All procedures and controls in place to detect and prevent damaged or counterfeit notes being issued to branches as REMs;

The Post Office's Cash Centre is responsible for issuing remittances of cash to branches.

There are four key elements within the Cash Centre that ensure the integrity of notes it sends out to branches:

- Use of High speed note counting machines. Each note is checked for all possible characteristics and any notes that fail to meet the required standard are rejected, either because they fail to meet the Bank of England's note quality standard or because they are counterfeit.
- Daily calibration. Each note counter (there are 7 in use nationwide) are calibrated daily using a standard pack (a test bundle of mixed quality notes) by specialist onsite engineers. This check ensures that the counters will identify counterfeits and non-standard Bank of England notes and that they are removed from circulation. The calibration check exceeds the standard set out by the Bank of England and is subject to regular audit by the Bank.
- The Note Circulation Scheme (NCS). Under the NCS, the Bank of England does not distribute banknotes and instead, wholesale cash operators, including

Post Office, sort and distribute notes. Under the NCS, all notes Post Office put into circulation must be integrity checked.

- b) All procedures and controls in place to detect damaged or counterfeit notes in outward REMs sent from a branch to a cash centre;

There are comprehensive guidelines included within the Methods of Payments section on Horizon Online Help. Please refer to Annex 1 for further information.

- c) All procedures and controls in place that prevent notes included in an outward REM from a branch being sent to another branch as an inward REM without being counted or checked for damaged or counterfeit notes;

All inward remittances from Post Office branches are opened in the Cash Centre before being sent out through the cash cycle again i.e. the notes are checked before being remitted out to branches as per above. There is no process for cash to be sent from branch to branch.

- d) All procedures and controls used to ensure that notes issued as REMS for use in ATMs meet the relevant quality standards;

All cash that leaves the Cash Centre for ATM use is checked to ensure it is counterfeit free and is fit for ATM dispense in line with the Bank of England's note standards. Please refer to the answer provided in 1.1a for further information.

- e) All procedures and controls used in branch to detect counterfeit notes;

There are comprehensive guidelines included within the Methods of Payments section on Horizon Online Help. Please refer to Annex 1 for further information.

- f) The procedures to be followed in branch when a Subpostmaster detects counterfeit notes; and

There are comprehensive guidelines included within the Methods of Payments section on Horizon Online Help, with seven different scenarios covered. Please refer to Annex 1 for further information.

The seven scenarios covered are as follows:

- Identifying counterfeit banknotes;
- Treatment of counterfeit banknotes;
- Remitting counterfeit banknotes;
- Counterfeit notes found loose in official cash;
- Counterfeit notes returned by a customer;
- Counterfeit notes impounded when presented by customers for a transaction;

- Counterfeit notes found in a deposit prepared by an Alliance & Leicester (now Santander) business depositor.

g) Who bears the loss associated with accepting counterfeit notes?

There are detailed procedures documented on Horizon Help to assist the branch in dealing appropriately with counterfeit notes. If the branch follows the correct procedures as detailed on Horizon Help then the branch is not held liable for any associated loss. Please refer to Annex 1 for further information.

## 2. Transaction anomalies associated with Pensions and Allowances

One of the issues raised by a small number of Applicants to the Mediation Scheme relates to alleged transaction anomalies which, it has been claimed, are connected to Pensions and Allowances (P&A).

Typically, this has revolved around allegations of re-introduction fraud. This fraud involves P&A vouchers being entered into Horizon twice (known as a "reintroduction"). The fraud occurs where a customer visits a branch to receive a pension payment. First, the customer provides the staff member at the branch with a P&A voucher and receives their pension as cash in return. The staff member then enters the voucher into Horizon in order to account for the cash that has been paid out to the customer. The P&A vouchers are sent on a weekly basis to the Department of Work and Pensions (DWP). The act of entering the same P&A vouchers into Horizon twice is called reintroduction. Where this is done in error, it creates a surplus of cash in the branch. Where reintroductions are frequent and there is no surplus, these are strong indicators that reintroduction fraud is taking place at the branch.

Post Office has previously provided Second Sight with a paper on P&As. Annex 2 supplements the responses provided in this section.

### 2.1. Please provide full details of the following:

- a) Data mining or similar techniques used to identify branches which have processed unusual volumes of P&A vouchers or have processed previously used P&A vouchers i.e. 'Reintroduction' fraud;

P&A vouchers are no longer used by Post Office – DWP replaced them with the Post Office Card Account. The information below is therefore a historic process about which only limited information is available.

Typically the process may have involved some or all of the following:

- DWP staff in Lisahally used to conduct rota checks of all P&A submissions.
- If they identified a discrepancy in a pouch they would check the previous month to see if this identified a pattern. The Date Stamp indicator would often be used as a method of identifying potential suspects and the method, e.g. over-stamping a voucher with a second date.
- If further discrepancies were found they would then go back as far as possible which was normally no more than 12 months.
- At each stage their check would be corroborated and recorded stating who had carried out the checks and what had been found.
- As this was happening, Post Office (FSC) was advised by the DWP of the discrepancy and, if it was deemed necessary, an investigation may be begun by Post Office.
- Post Office Security would arrange for the branch P&A submissions to be intercepted by Royal Mail.
- These would be manually checked, recorded and retained by the allocated Security Manager.
- Any discrepancies would be scheduled and recorded along with any DWP findings in preparation for attending the branch.
- An audit may be arranged at the branch and the P&A foils on hand would be checked and recorded as live evidence.

- Fujitsu logs may be requested if required to confirm who had made the Horizon entry for the fraudulent transaction.

b) All procedures and controls used to detect 'Reintroduction' fraud;

See answer 2.1a and Annex 2.

c) Any cases in the last 3 years where outgoing P&A vouchers have been stolen or lost in transit;

As detailed within Annex 2, P&A vouchers are no longer used. They were replaced by the Post Office Card Account in circa 2005.

d) Who bears the loss associated with lost or stolen P&A vouchers?

See Annex 2.

e) Any cases in the last 3 years where P&A vouchers have been re-presented at a branch by a person unconnected with that branch;

As detailed within Annex 2, P&A vouchers are no longer used. They were replaced by the Post Office Card Account in circa 2005.

f) Any cases in the last 3 years where forged P&A vouchers have been presented at a branch;

As detailed within Annex 2, P&A vouchers are no longer used. They were replaced by the Post Office Card Account in circa 2005.

g) All procedures and controls used to detect forged P&A vouchers;

Please refer to answer 2.1a.

h) Who bears the loss associated with accepting forged P&A vouchers?

A Post Office branch would only be held liable for a loss associated with P&A vouchers if they had been negligent, had not followed correct acceptance and processing procedures or acted fraudulently.

2.2. Are branches required to ensure that the value of the cheques and vouchers being remitted each week matches the value of benefit pay-outs recorded on Horizon?

At the time of P&A vouchers being used for transactions within Post Office branches, those branches would have been required to validate that the amount they were claiming as being paid out to customers (as shown on Horizon) matched the value of the P&A vouchers on hand.

### 3. Transaction anomalies following telecommunication or power failures

Another issue raised by a number of Applicants to the Mediation Scheme was that of alleged transaction anomalies flowing from telecommunication or power failures. Power and telecommunications failures are a risk to any business as branches and Post Office are reliant on third party suppliers for these services. Recognising this risk, Horizon was designed with "recovery" processes in place to correct any issues caused by a power or telecommunications failure. Post Office notes that as yet no evidence has been adduced to show that either of these events will cause losses in branches where the recovery process has been correctly followed by branch staff.

3.1. Please provide full details of the following:

- a) Any tests carried out that ensure that Horizon's screen-based recovery instructions are visible to the person looking at the branch terminal when a power failure or telecommunications failure (or both at the same time) has occurred or is occurring;

The recovery process is shown on the Horizon terminal screen and will therefore, always be visible to branch staff.

- b) The information that needs to be entered by the user to complete the screen-based recovery process;

When the recovery process is carried out, a recovery receipt will always be printed as part of the next log on after the failure and a recovery event will be recorded in the Horizon Event Logs.

Depending upon the stage an individual transaction had reached at the time of the failure, Horizon may ask questions of the Subpostmaster to help decide whether or not that transaction was complete. Annex 3 – 'Transaction Recovery – Horizon Online Reference Guide' – details the questions asked for the different scenarios.

- c) Any tests carried out that ensure that the backup mobile telecommunications facility works effectively in all locations and in all circumstances including busy, multi-position branches;

Branch back up availability is tested once a week on a rolling basis (one seventh of the estate is tested every night).

- d) Any tests carried out when a branch is upgraded to Horizon Online that confirm that a reliable signal is available for the backup mobile telecommunications facility.

Please refer to the answer 3.1c.

#### 4. Transaction anomalies associated with ATMs

A number of Applicants to the Scheme have raised complaints in relation to alleged transaction anomalies connected with ATMs.

Post Office has previously provided Second Sight with papers in response to their questions involving ATMs. Annexes 4 and 5 supplement the responses provided in this section.

- 4.1. Please provide full details of any instances in the last 3 years where Post Office, Bank of Ireland or Wincor Nixdorf detected an attack against a branch ATM using either malware or hardware devices. Please describe the technical measures in place to prevent or detect this type of attack.

Post Office is not aware of any malware attack on its BOI ATM fleet that has resulted in loss to a branch. Hypothetically, if a loss of cash from a branch as a result of a malware attack was detected, that loss would be passed to BOI and not be absorbed by the branch

Details of the technical measures in place to prevent malware attacks have already been provided to Second Sight in Post Office's note on ATMs – see Annex 4.

It is not clear which types of "hardware devices" are being considered by Second Sight. If this relates to cash trapping devices, Post Office has already explained that this type of attack will not cause loss to a branch – see paragraph 7.4 of Annex 4.

- 4.2. Given the evidence that the Rejected Notes totals, in several 'Print Totals' output reports by ATMs, have on occasions become corrupted, on what grounds does Post Office assert that the Dispensed Notes totals could not also be corrupted, thereby showing that the ATM had dispensed fewer or more notes than it really had?

The Print Totals receipt is only used for managing the ATM cash levels and to allow the Subpostmaster to identify when the ATM needs to be reloaded with cash. As per all transactions/inputs that take place on an ATM, Print Total details are recorded on the ATM's Electronic Journal. However, the information on these receipts is for the local management of the ATM only, is not used as part of daily/weekly ATM accounting and the data is not used outside of the local management of the ATM. This is demonstrated by the fact that the Subpostmaster must zero the totals on the Print Totals receipt when they reload cash into the ATM, which can be done as often as required.

Where some corruption of the rejected notes total occurred there is evidence of erratic and unusual behaviour by the postmaster in the management of hardware (cassettes) and software (Print Totals; balancing activities). For example, many activities were repeated multiple times in a very short space of time. Cassettes were loaded, unloaded, reloaded. Print Total instructions were performed multiple times, sometimes with different cassettes in or out of the ATM, in the space of minutes, and then repeated. In these circumstances it is not surprising that the ATM's logical functions may have been affected. However following the stated operating procedure would allow these totals to be reset without there being any impact on the cash dispense/balancing of the ATM as it is the Bank Totals and the ATM Totals receipts that are required to complete the daily and weekly ATM accounting procedures.

It is the Bank Totals receipt that specifically details the value of cash dispensed by the ATM on a daily basis. The value of cash dispensed is taken from this receipt and recorded through Horizon. This value is tied back to the value of cash that has been dispensed through ATMs for each particular day. In summary, all ATM transactions are confirmed between Bank of Ireland and the Card Schemes, the vast majority of which are processed via LINK, as having

successfully taken place. Any discrepancies between LINK and Bank of Ireland's data would be investigated before Post Office would be involved. The total value of ATM cash dispensed is then settled on the next working day between Bank of Ireland and Post Office. This total value is checked by Post Office and matched against the individual ATM dispense records. Therefore any discrepancy in the cash dispense figures would therefore be identified as part of the settlement process.

It should be noted that in 2011 a full investigation of ATM cash dispensed figures in relation to M040 was undertaken by Bank of Ireland and Post Office Security. For the month of April 2009 the daily cash dispense figures were compared back to the actual settlement to ensure these were aligned. No discrepancies were found.

In 2012 POL Security also undertook an investigation in relation to M042 that looked into the number of Rejected notes that were reported on the ATM during April 2011. Bank of Ireland provided electronic journal data for the dates in question. While no discrepancies were identified with the daily cash dispense figures reported by the ATM the exceptional high rejected notes figure appears to have resulted from the sequence of actions that took place at the ATM. It was determined that resetting the Print Totals resolved the local issue without any impact on the cash dispense records for the ATM.

- 4.3. Is it a Post Office requirement that when an ATM is installed that the branch immediately creates a separate stock unit for the ATM? How is this policy monitored and enforced?

Yes. It is stated in the Post Office Accounting Instructions for Bank of Ireland ATMs that a separate ATM stock unit must be created when the ATM is first installed. The ATM accounting instructions then refer to this separate stock unit throughout, as required.

The use of an ATM stock unit is not monitored separately as it is just one of the mandatory steps to be followed to properly account for the ATM. Post Office monitors the completion of daily cash declarations and weekly balances. Where these processes are not being conducted, this is followed up with the individual branches.

- 4.4. In circumstances where the Bank of Ireland generates incorrect ATM cash dispensed figures for both the branch's ATM and in the figures supplied directly to Post Office, please describe the controls and procedures in place to detect and investigate this type of error.

This question has already been addressed through correspondence with Second Sight around Suspense Accounts. Please see Annex 6.

- 4.5. Please explain why it is necessary for Subpostmasters to manually print and enter onto Horizon, the contents of the daily '16:30 - 16:30 ATM Reports' when the same information is sent electronically to the Bank of Ireland and then to Post Office.

It is necessary for Subpostmasters to key the data in because the ATM is not connected to Horizon and branches need to know the amount of cash dispensed from the ATM in order to prepare the daily cash declaration.

- 4.6. Please provide full details of the following:

- a) Any investigation in the last 3 years in which a technical fault was discovered with the ATM which produced a shortage when balancing the ATM or a loss on the Horizon ATM stock unit. How was the associated loss dealt with by Horizon?

Post Office does not collate statistics on the numbers of "technical faults" in the ATMs across its entire network. It manages issues with ATMs on a case by case basis.

ATM related enquiries can be raised by branches through a number of routes depending on the circumstances (Contract Managers, Field Support teams, NBSC, FSC, BOI / Wincor, etc.). Only a fraction of those enquiries would relate to "technical faults" – although it is not entirely clear what is meant by this phrase. It should be noted that even where there is a "technical fault" this does not mean that cash has been lost or a branch's accounts have been impacted. For example, there could be a mechanical failure that causes the ATM to not vend cash.

If an issue raised by one branch may have an impact in other branches, this will be escalated through the appropriate channels. The escalation route depends on the nature of the issue but this could be through FSC, Post Office's network support teams, Post Office IT or Bank of Ireland.

As a general proposition, a "technical error" in an ATM cannot directly cause an error in the Horizon ATM stock unit as the ATM is not directly connected to Horizon. Should however a "technical fault" occur in an ATM that were to cause a loss to a branch, the branch would not be held liable for that loss unless the branch had failed to follow the correct ATM accounting procedures.

- b) Any escalated investigation in the last 3 years relating to unresolved cash discrepancies involving a branch ATM;

See answer to question 4.6a above.

- c) Any instance in the last 3 years in which Post Office, Bank of Ireland or Wincor discovered that any of their authorised engineers or representatives had stolen cash from any branch ATM;

There is no record of an authorised engineer or representative (excluding Subpostmasters) of Post Office, Bank of Ireland or Wincor stealing cash from an ATM.

The only incident that Post Office is aware of relates to a Wincor employee in 2013, though at this juncture it remains only an allegation. No branch in the Scheme was affected by these alleged incidents.

- d) Any instance in the last 3 years in which Post Office initially determined that a cash loss was attributed to a Subpostmaster but where it was subsequently found that the Subpostmaster was not responsible for the loss;

As explained to Second Sight previously, Subpostmasters can challenge any cash loss or Transaction Correction in their branch in relation to ATMs. In many circumstances the information needed to determine the cause of a discrepancy is only held by a Subpostmaster.

It is therefore likely that there have been occasions when a Transaction Correction against a Subpostmaster has been challenged and reversed – in accordance with standard operating practice.

- e) The guidance issued to Subpostmasters relating to the '16:30 - 16:30 Print Totals Reports' in circumstances where the rear door of the ATM is located in a retail shop or other non-secure area. Is the Subpostmaster required to close the retail shop when obtaining the '16:30 - 16:30 Print Totals Reports' in these circumstances? How does Post Office monitor and enforce this policy?

The Print Totals Report is not required for balancing the ATM and does not have to be printed out on a daily basis as it is only required when additional cash needs to be loaded into the ATM.

As detailed in the Bank of Ireland ATM Operator Manual, this receipt is used to ensure cash is correctly loaded into the ATM (i.e. to ensure the correct number of banknotes is placed into the ATM).

As the ATM safe/cassettes would need to be accessed at this point, and in accordance with the guidance included in the ATM Operator, Accounting Instructions and Post Office Security Manuals, the premises must be closed to the public at this time.

It should be noted that the Bank Totals receipt (24 hour cash dispensed figures for 16.30 to 16.30) needs to be printed on a daily basis to allow the cash dispensed figures to be entered into Horizon. As only the rear cabinet door to the ATM has to be opened, and not the ATM safe, this receipt can be printed while the branch is open to the public.

Security procedures at branches are part of the compliance audits undertaken at branches. Subpostmasters are asked about the branches security procedures at the compliance audit so Post Office can verify that the correct processes are being followed.

- f) Any instance in the last 3 years in which Post Office, Bank of Ireland or Wincor became aware of a customer receiving more cash than they were entitled to from an ATM. Please also provide full details of how the resultant cash shortfall was dealt with in the branch's ATM/Horizon balancing process and whether any Subpostmaster was held accountable for losses that were later found to be attributable mechanical problems with an ATM;

This question has already been addressed in Post Office's paper to Second Sight on ATMs which explains the processes used to detect, and protect branches from third party fraud.

In relation to the statistical information sought, see the answer to question 4.6a above.

- g) How Post Office detects and deals with incorrect items reported in the ATM '16:30 - 16:30 Print Totals Reports' in circumstances when the incorrect figures have also been reported electronically to Bank of Ireland. Please also describe the accounting treatment of any loss that occurs in these circumstances;

Post Office does not consider that ATM reports are unreliable. However, if there were an issue with the 1630 report, it would be the same data feeding through to Bank of Ireland. Therefore, if the Subpostmaster accurately keyed in the 1630 data (accurately from the report which, it is being claimed, could be wrong) then the data in Horizon and the data at the Bank would both be the same (and wrong). In that event, Post Office FSC would not identify any issue as the two figures agree with each other.

It would be the Subpostmaster that would be in the position to detect the anomaly. This is because the Subpostmaster is required to do a weekly physical balance of their ATM at intervals, during which (if the 1630 report were wrong) they would find a difference between the physical cash in the machine and the cash that the 1630 data indicates should be in it.

The Subpostmaster would then be able to make a call to the helpline as with any other balancing issue.

There is no unique accounting treatment that would arise in such a situation. Post Office finance systems would include the 1630 data and any enquiries/disputes about that data would be handled in the same way as any other balancing queries.

- h) Any instance in the last 3 years in which Post Office, Bank of Ireland or Wincor has become aware of any theft relating to an ATM, that was carried out (or suspected of having been carried out) by any person other than a Subpostmaster or a branch employee. Please also describe the accounting treatment of any associated loss.

Please refer to the answer provided to 4.6 c.

## 5. Transaction anomalies associated with Lottery Terminal or Scratchcards

A number of Applicants to the Mediation Scheme have complained of alleged transaction anomalies relating to the lottery terminal in their branch or the accounting process for Scratchcards. Post Office has addressed these issues in detail in its investigation reports and in its response to Second Sight's Part 2 Report.

- 5.1. Please provide full details of any instance in the last 3 years in which any Post Office or Camelot employee or representative has been found to have stolen Scratchcards or any other Lottery products/prizes.

There have been no such incidents that Post Office is aware of.

- 5.2. Has Post Office ever issued an instruction that unused Scratchcards must not be collected by Camelot representatives? Please provide full details of the circumstances that gave rise to any such instruction being issued.

Post Office procedures for the return of activated and Unactivated Scratchcards is detailed on Horizon Online Help. The relevant extract is appended at Annex 7.

Further, there are regular Branch Focus updates reminding branches not to give packs to Camelot Representatives. An example of which is appended at Annex 8.

- 5.3. Is it possible for a Camelot representative to activate packs of un-activated cards without the knowledge or approval of the Subpostmaster? How would this unauthorised activation be dealt with on Horizon?

Anyone with access to and knowledge of the Lottery Terminal in a branch (which is often located in the retail side of the premises) would be able to activate cards. Unactivated packs should, however, be held securely by the Subpostmaster and the Lottery Terminal would be expected to be subject to a form of security in branch as it is sited with cash and retail stock. Ultimately, preventing unauthorised access to the Lottery terminal is a Subpostmaster's responsibility.

If an unauthorised activation were made, it would currently lead to a Transaction Acknowledgement (TA) being sent to the branch to "rem" the pack in. Prior to the deployment of TA's, it would have led to a Transaction Correction (TC) being sent to the branch, with the same effect of remming the pack in.

Both of these events (TA or TC) would lead to a message being presented on Horizon to branch staff requiring formal acceptance by the branch. They could in turn be challenged and more evidence asked for by the Branch. The TA or TC could be validated against records from the Lottery Terminal.

- 5.4. Is it true that whenever a claim for a prize is made, in respect of at that point an un-activated Scratchcard; the entire pack from which that card was taken is automatically activated? Please describe the accounting treatment of any Scratchcards that are activated in this manner.

Yes. The subsequent accounting would be the same as noted above in the response to 5.3

- 5.5. Prior to the changes made to Standard operating Procedures in February 2010, and the subsequent implementation of 'Ping' in February 2012, did Post Office find that many branches were making similar mistakes in regard to processing Scratchcards? Please provide full details of the types of mistakes that were routinely being made. Please also provide a schedule showing for each month, how many TCs were issued and of what aggregate value (separating TC Invoices from TC Credits) during the years 2005 - 2011 in respect of Lottery matters?

There are number of reasons that a TC can be generated in relation to Scratchcards and each is handled on an individual basis. However, in Post Office's experience some of the more likely reasons for TCs are:

- Branch rems in stock on Horizon but does not activate it on the Lottery terminal – This would mean that stock in Horizon is "inflated". A comparison would be made between the records of stock activated on the day and the volume of stock entered into the Horizon system. This scenario would require a debit TC to remove the stock from the Horizon system. The TC would not affect the cash balance in branch.
- Branch activates stock on the Lottery terminal but do not rem it in on Horizon – This would mean that stock in Horizon would be lower than physical stock in branch. Any sales made would potentially push the branch into negative stock. A comparison would be made between the records of stock activated on the day and the volume of stock entered into the Horizon system. This scenario would require a credit TC to introduce the stock into the Horizon system. The TC would not affect the cash balance in branch.
- Stock adjustments – Branches have been known to use the stock adjustment function to introduce stock into the branch. Lottery Scratchcards are "value stock" meaning that they feature on the balance sheet and form part of the branch's overall stock value. By adjusting stock into the branch rather than introducing stock via a remittance the volume of the stock adjusted into Horizon reduces the cash holdings in Horizon by the equivalent value. When the branch next declares their cash, there will be a cash gain. This scenario would require a debit TC to introduce the stock into the Horizon system. The TC would not affect the cash balance in branch.

It is noted that all of the above causes of TCs are a result of errors by branch staff however none of them cause an actual loss to a branch. The TCs simply correct errors in the accounts.

On the following page is data on the volume of TCs issued for Scratchcard transactions. Post Office does not have readily available data to separate this into credit and debit TCs, break this down by month or on their value.

Year	Volume of TCs
2005	77
2006	273
2007	2286
2008	4529
2009	12242
2010	9156
2011	9061
2012	2219
2013	123
2014	3368

Post Office considers that these figures are influenced by multiplied business as usual changes in process and procedure (both in the accounting for Lottery products and the issuing of TCs). These can cause the number of TCs to fluctuate.

## 6. Transaction anomalies associated with Foreign Currency

Post Office is not aware that alleged anomalies connected to foreign currency transactions have been raised by a material number of Applicants to the Mediation Scheme. Second Sight's questions on this subject are answered below however this issue may be better addressed on a case by case basis.

- 6.1. Please provide full details of how the Forde Moneychanger ('FM') system operates. Please explain in detail how FX deals were accounted for and the instructions that were provided to Subpostmasters.

The Forde Moneychanger was used to manage foreign currency transactions and stock in branches before these functions were carried out on Horizon. Each morning, the branch would receive a fax with the daily exchange rates on it and a member of staff would enter each rate into the machine manually. The machines also sent rates to the rate board (which displayed the rates to customers) and, once this was done, a member of staff checked the rate board to verify that the rates were displayed correctly.

All foreign currency transactions were entered individually onto the Forde Moneychanger throughout the week and the machine used a carbonated till roll to provide the customer with a receipt and branches with a copy of all transactions and balances.

Each night a stock report could be run to check the daily totals. Each Wednesday the machine was balanced and the totals were then transferred by a member of staff onto Horizon where the foreign exchange stock would be 'balanced' again. The figures were entered onto Horizon as bulk totals; individual transactions were not entered onto Horizon.

- 6.2. Also, how does the FM system, and Horizon, account for the difference between a transaction carried out at a Special FX rate and the expected Normal FX rate? As an example, if a customer was given €150,000 in exchange for £100,000, whereas the Normal FX rate would have only given him €145,000, how did the FM and Horizon systems account for the €5,000 difference? What flexibility was or is available to Subpostmasters when agreeing to non-standard FX rates?

The Forde Moneychanger machine was a stand-alone piece of equipment used to convert sterling into currencies bought and sold to customers. Print-outs from the machine detailed the value of currencies on hand that the user would validate by way of a physical check. The sterling equivalent of these currencies was then entered into the Horizon system. A revaluation amount was also detailed on the print out and entered into the Horizon system. Providing the amount of foreign currency on hand matched what the system stated should be there, the branch accounts (specifically the foreign currency stock unit) would balance as the revaluation figure accounted for the difference in exchange rates from one accounting period to the next. The actual exchange rate at which currency was sold was irrelevant as this was accommodated in the revaluation figure. So, by the Applicant selling currency at a more favourable rate to the customer and processing this through the Forde Moneychanger machine (i.e. manually altering the rate on the machine) the stock unit accounts would still balance.

A special rate for foreign currency transactions over £2,000.00 could be obtained by contacting First Rate Travel Services by telephone at the time of the transaction. The transaction would then be processed via the FM machine at the special rate.

- 6.3. Allegations have been made about unauthorised access to transaction data by staff located at the Fujitsu office in Bracknell. As previously requested and agreed, please provide the email archives in PST or NSF format for Post Office staff working in Bracknell during 2008.

In light of the discussions had with Second Sight and clarifications given, Post Office is working with Second Sight to provide an appropriate response to this request. Further to your conversations with Belinda Crowe on 20 January, you agreed to provide the specific questions to which you were seeking answers and the key words you would use to undertake a word search on any further data that it may be possible to provide. We are still waiting to hear from you on that and will pick up with you separately.

## 7. Transaction anomalies associated with Bank / GIRO / Cheques

- 7.1. We are aware that every night, a data file is sent to every bank into which its customers' have deposited funds, and from which its customers have withdrawn funds. It is then those banks that bear the responsibility to reconcile Post Office's record of what has taken place with their own records of the entries that have been processed each day into their customers' accounts.

This is a statement with no question to answer

- 7.2. It follows that each of those banks is expected by Post Office to take action where (for example due to telecommunications interrupts between a customer's bank and a branch's Horizon system) a customer's account has not been debited or credited by the bank when Post Office's records show that it should have been, or where a customer's account has been debited or credited by the bank when Post Office's records show that it should not have been. The bank would then usually use this data to correct its errors and remove the additional deposits from the customer's bank.

This is a statement with no question to answer

- 7.3. Please provide us with a schedule listing all TC's issued to branches in the last 12 months relating to this type of adjustment.

Post Office does not understand the premise of this question nor the nature of data sought. As Second Sight notes, in relation to certain (but not all) banking transactions, through a reconciliation process banks make corrections to their records to bring them into line with the actual transaction that occurred in branch (as recorded on Horizon). In the usual course of events, this would not typically generate any return of monies back to POL – rather this is a process for correcting an accounting error in the bank's internal records.

Post Office believes it may be useful for Second Sight to meet with individuals from Post Office to discuss this matter in more detail.

- 7.4. Please provide us with a schedule listing all amounts received back from any bank, in response to that reconciliation process in the last 12 months, clearly describing the accounting treatment of those amounts.

Post Office believes it may be useful for Second Sight to meet with individuals from Post Office to discuss this matter in more detail.

- 7.5. We are aware that in some circumstances a customer may benefit from a duplicated transaction. Please provide full details for any such instances that have been occurred in the last 3 years and state whether any Subpostmaster was held accountable (during any period beyond the end of a Trading Period) and required to make good the resultant shortfall.

As described in Post Office's more detailed paper at Annex 11, this scenario does not give rise to any loss to a branch.

- 7.6. We are aware that the November 2008 phasing out of two-part paying-in slips increased the possibility of error or fraud impacting Subpostmasters. Please state what compensating controls were implemented as a result of this process change and describe the consultative process that was used prior to implementation. Please provide details of the anticipated cost savings associated with this process change together with the estimates of increased financial risk i.e. the cost benefit analysis carried out by Post Office.

Issues regarding Girobank deposits that are in scope have already been addressed in the paper at Annex 9, as previously supplied to Second Sight. As described in that paper, the change from paying-in slips to "chip and pin" was driven by the client bank and was beyond Post Office's control. Any cost-benefit analysis would therefore have been undertaken by the client bank and not Post Office.

- 7.7. Please provide us with a schedule showing the monthly volumes (and the aggregate values) of EN/TC Invoices compared to Credits that were issued to branches, in regard to Giro payments and Girobank Deposits and Withdrawals, in the years 1999 – 2013.

Post Office does not have ready access to data for the whole of the period specified nor data broken down by month. However, it does have the data below from September 2007 to March 2014. Please note that in this data "deposits" includes "payments".

Post Office does not know which particular issue raised by Applicants this data is seeking to address. If Second Sight requires data to a more granular level of detail, we should be grateful for a discussion of the purposes behind this enquiry so we may determine what data may be available.

	Deposits				Withdrawals			
	INV Vol	INV Val	CR VOL	CR VAL	INV Vol	INV Val	CR VOL	CR VAL
12/09/2007 – 29/02/2008	394	£506,933.38	405	£383,657.28	68	£67,470.60	4	£2,552.53
01/03/2008 – 20/07/2008	512	£775,872.53	1313	£712,001.37	115	£81,228.49	16	£10,298.19
21/07/2008 – 30/11/2008	536	£713,095.51	1089	£943,522.55	114	£101,184.30	41	£24,772.69
01/12/2008 – 29/03/2009	344	£598,717.76	857	£709,507.76	121	£67,745.68	47	£42,509.91
30/03/2009 – 31/07/2009	809	£637,728.32	1310	£622,835.14	200	£110,373.64	301	£164,959.51
01/08/2009 – 20/12/2009	953	£711,573.85	1855	£826,017.44	363	£146,115.00	211	£108,235.80
21/12/2009 – 28/03/2010	725	£374,822.88	994	£339,616.36	357	£164,125.79	127	£44,357.28
29/03/2010 – 22/08/2010	922	£466,555.30	1550	£668,247.50	468	£312,902.88	193	£80,220.78
23/08/2010 – 16/01/2011	1066	£574,025.36	1471	£606,932.02	336	£109,771.19	129	£43,713.69
17/01/2011 – 10/06/2011	918	£368,104.06	2801	£1,298,855.06	243	£51,066.72	89	£48,359.15
11/06/2011 – 29/11/2011	1079	£445,894.49	2228	£904,488.57	246	£61,975.31	88	£21,932.00
30/11/2011 – 08/05/2012	1144	£478,580.60	1891	£908,126.80	188	£50,975.24	74	£16,776.02
09/05/2012 – 31/03/2014	3846	£1,536,867.77	8625	£3,738,560.29	957	£426,747.32	233	£80,811.08
		<b>£8,188,771.81</b>		<b>£12,662,368.14</b>		<b>£1,751,682.16</b>		<b>£689,498.63</b>

- 7.8. We note that cheques not covered by a Cheque Guarantee Card were not an acceptable Method of Payment for certain transactions e.g. the sale of Foreign Currency. Please confirm whether or not Horizon is programmed to reject unacceptable Methods of Payment in these circumstances. Also, if a branch has systematically been accepting cheques in amounts that exceed approved limits, is there a process whereby those repeated errors are detected and corrected?

Horizon can advise on the method of payment, but a clerk can in practice choose to take a cheque instead of cash, for example, but still record the transaction as cash on Horizon. Horizon is programmed to indicate the appropriate methods of payment for products. If card payment is not acceptable then it would not be offered and the card would not be recognised. If cheque is not acceptable then the cheque payment icon would not appear but Post Office cannot control whether a branch chooses to ignore that fact and still take a cheque and process at the point of settling the transaction as a cash payment

Whether or not a cheque was covered by a Cheque Guarantee Card was not the reason behind whether a method of payment was acceptable regardless of whether a guarantee card was presented. Acceptable payment methods were dictated by what range of payment methods Post Office's corporate clients wanted Post Office to offer.

As regards the Cheque Guarantee Card, these no longer exist as they were phased out by banks.

- 7.9. We are aware that in some circumstances Horizon does not record transactions accurately. Specific examples include:

Post Office is not aware of the "circumstances" alleged by Second Sight in this question.

- a) Where, during Horizon's recovery mode processing, some transactions, that were not processed, or were only partially processed, may not be properly corrected when the system invites the counter clerk to correct the errors or omissions and, if the screen instructions to the counter assistant are interrupted (as would be likely to happen where there are telecommunications or power interrupts) then discrepancies may ensue;

The transaction may not be recorded accurately but that is due to how the clerk applies and follows the "recovery instructions" which have been issued to branches (please refer to Annex 10). Whilst it may have been the system that had a connectivity issue, the error in accounting would be due to the user's failure to follow the recovery instructions, not a failure by Horizon to record it accurately. Accounting process is covered by the recovery instructions at Annex 10. The quick reference guide has been provided in response to question 3.1b.

- b) Where misalignment of screen icons results in the inadvertent execution of the wrong type or value of transaction;

There is a screen calibration application which can be invoked at any time by the Subpostmaster from the Engineering menu of Horizon. If the screen is out of calibration then that would affect the whole screen and not individual icons so it would be obvious to the user that the screen had gone out of alignment. If this issue is noticed and a call made to the helpdesk then the subpostmaster or staff member would be asked by the agent to re-calibrate their screen to fix the issue.

- c) Where Foreign Currency transactions have been incorrectly accounted for through interaction between the Forde Moneychanger System and Horizon (Note: we regard the FM system as a component part of 'Horizon'); and

As described in Section 6, such errors would be the result of user error.

- d) Where system-to-system interface problems result in incomplete transaction processing e.g. where a PINpad, PayStation or other piece of equipment fails to complete its part of a transaction.

If the above scenarios took place, the transaction would simply decline or the customer would be asked for an alternative method of payment. As the transaction would be declined and the branch's accounts thereby left in balance, there is no need for any follow-up accounting process.

- 7.10. Please provide full details of the controls and procedures that will detect these types of error and describe the accounting procedures that apply in these circumstances.

The accounting procedures for these are conducted in branch and, wherever a particular process is necessary, it has been described above.

- 7.11. We are aware that if the root cause of a lost cheque is unknown or attributed to some other cause outside the branch, Post Office will absorb this loss and not pass it on to the Subpostmaster. Please provide monthly totals showing the aggregate of all such losses in the years 1999 - 2013, describing how much of that loss was absorbed by Post Office and how much was passed on to Subpostmasters.

Post Office has previously explained (via Spot Review 12) to Second Sight that lost cheques cannot be the cause of loss to a branch unless it can be shown that the branch is at fault.

Further enquiries have been made into possible contextual data on this topic. Post Office does not have data readily available regarding what, if any, "missing cheque" losses would have been passed to Subpostmasters. As noted previously, compiling the data sought by Second Sight would be a disproportionate exercise given that Second Sight accepts that in principle this issue could not create a loss to a branch.

nevertheless, Post Office has conducted further analysis to specifically review the last 4 months of cheques submitted by branches. In that period, branches have taken 1,850,204. 452 cases arose of missing cheques (0.02% of the total processed). Further investigations and action by FSC resulted in 35 Transaction Corrections being issued to branches (0.0002%).

- 7.12. We are aware that some Subpostmasters routinely accept high-value cheques from customers that are in excess of the monetary limits set by Post Office. Please describe the procedures that were followed prior to determining these limits and state the accounting treatment of losses that occur in these circumstances.

Products may have limits (e.g. savings may only be up to certain values); it is not the cheque that is limited. There is no high value cheque limit set by Post Office.

- 7.13. We are aware that processing or technical failures can occasionally give rise to 'one-sided' transactions. We are also aware that Post Office has stated that 'in any event a branch will never be liable for an error caused by a 'one-sided' transaction'.

This is a statement with no question to answer. But the statement that a branch will never be liable for what Second Sight describes as a 'one-sided transaction' is correct.

- 7.14. Please describe the controls and processes that detect one-sided transactions in circumstances such as when a customer withdraws funds from an account at the branch counter but, although he has received the cash, the account never gets debited.

This question has already been addressed by a paper appended at Annex 11 which has already been supplied to Second Sight.

Nevertheless, "One sided transaction" implies incomplete double entry. We would be grateful if Second Sight would cease the inappropriate use of the phrase "One sided transactions".

What the question actually asks about is completeness of record keeping.

If the transaction interruption occurs during the Horizon accounting process, it would be subject to recovery processes, referred to earlier and previously shared with Second Sight.

If the interruption is beyond the branch, the branch accounts are not affected. How banks would then detect their own failure to debit their customer's accounts is a matter of their internal process. From a Post Office point of view, the withdrawals recorded in branch would lead to debits in a central vendor account which Post Office would in turn clear down by payments received from the bank. If the bank had not debited their customer's account then that would likely manifest itself in them not paying Post Office centrally and Post Office would challenge them with evidence of the original transactional record. This is not a situation that would lead to a discrepancy for a Subpostmaster.

**8. Transaction anomalies associated with Stamps, Postage Labels, Phone Cards or Premium Bonds**

- 8.1. We are aware that occasionally postage labels are purchased by customers, but the printer fails to print correctly. Please describe the procedure whereby the Subpostmaster can recover the cost of the missing label in circumstances where the missing label has not been processed as a 'reject'.

After printing, Horizon explicitly asks the clerk "has this label printed correctly Y/N".

If the label has not printed correctly then the clerk confirms "no" and another label is printed.

Post Office is aware of situations of damage in the printing process and there is a process to "spoil" them so that the branch is not disadvantaged. There is a clear process in Horizon and the branch is required to retain the spoiled label. This is appended at Annex 12.

To be able to claim a label as spoiled, the branch is required to produce to Post Office the spoiled label as evidence.

**9. Hardware issues e.g. printer problems, PIN pads, touch screens and PayStation**

- 9.1. We are aware that occasionally branch Touchscreens get "out of alignment" and that in these circumstances touching one icon generates a system response associated with another icon. Please provide full details of the controls and procedures in place that detect or prevent this type of problem.

Please refer to the answer provided to 7.9b

**10. Failure to follow correct procedures or mis-advice by POL's Helpline**

- 10.1. A number of applicants have reported that Helpline staff have said "don't worry, the problem will sort itself out".

This is a statement with no question to answer.

- 10.2. Please provide full details of the actions taken to investigate these allegations and confirm whether or not Helpline staff have been instructed to never say "don't worry, the problem will sort itself out", or similar words.

Where such allegations have been made by Applicants to the Complaint and Mediation Scheme Post Office has fully investigated the NBSC calls logs as part of its thorough investigation and reported its findings in the Post Office Investigation Report.

In relation to certain transactions, Post Office has in place processes and controls to detect particular errors by branch staff. Where an error is detected, a transaction correction may be sent to a branch to correct a mistake. In these circumstances, it may well be correct for NBSC to advise a branch to await receipt of a transaction correction amongst other steps. Post Office understands that it is this scenario that is being referred to by Second Sight and considers that this advice may be appropriate in the right circumstances.

- 10.3. Please provide details of Post Office's Policy and Standard Operating Procedures in regard to those situations where customers leave parcels and come back some days later to settle their accounts. Specifically, what is Post Office's position in regard to the credit risk that Subpostmasters take, and the potentially 'false accounting' issues that those Subpostmasters risk, when they routinely allow customers (such as eBay Sellers) to drop off large quantities of parcels that are then dispatched by settling the labels to 'Fast Cash' (even though no cash has at that point been received from the customer) and then reversing all those Fast Cash payments to cheque when the customer later pays by cheque?

Post Office does not have a policy of providing credit to customers. Where Subpostmasters have done so, they have contravened Post Office operating instructions which state that at the point the transaction is completed the appropriate method of payment should be taken from the customer.

Therefore, the risk would be the Subpostmaster's in respect of an unsettled payment from the customer.

## 11. Training and Support issues including Helpline and Audit

Another issue running through the applications to the Mediation Scheme was the alleged poor quality of training and support provided by Post Office to Subpostmasters.

Second Sight's questions on this topic are dealt with below however Post Office considers that issue relating to training and support are likely to be case specific and does not see how this can be a thematic issue suitable for Second Sight's Part 2 Report.

11.1. Please provide us with full details as to how the following issues are dealt with during the handover to a new Subpostmaster:

- a) Ensuring that the new Subpostmaster has manager/supervisor-level access rights to the branch's Horizon system;

The Field Support (FSA) team involved in the branch opening process would create the User ID for the incoming Postmaster at the correct (maximum) level of manager. The audit team would:

- Delete any obsolete users from the system and ensure that the incoming Postmaster and any new staff members are added to Horizon in the correct format.
- Check the Horizon User ID's against the list of Registered Assistants.
- Any staff working in the branch that are not registered with HR should be reported via the Anomalies Report that the FSA completes to notify HR so that they can follow up with the Postmaster.
- Inform the Postmaster of the correct process for registering assistants with HR.
- Set new alarm codes once the transfer is completed under FSA supervision.
- Add new user(s) to Horizon ensuring that all staff are also listed on the reporting form to HR.

- b) That every employee has a unique User ID and password;

Please refer to answer provided to 11.1a.

- c) Ensuring that every till or employee and ATM is associated with a separate stock unit; and

Some branches operate with just one "shared" stock unit as they don't feel the need to have individual units (this depends on the branch's preference).

ATM's are required to have a dedicated stock unit. This is checked on branch audit. If the branch does not have a separate ATM stock, one is created (instructions on how to do this can be found in the Additional Horizon Procedures on EASE) which stands for 'Engaging and Supporting Effectively' and is the library of tools, official forms and processes from which the Field Team take all of their instructions in the deployment of all types of Field Support Activity.

- d) Ensuring that all branch employees are approved by Post Office;

Please refer to answer provided to 11.1a.

11.2. We are aware that, when attempting to correct errors made at the counter, and to deal with incoming TCs, some Subpostmasters make matters worse by making further mistakes at that point. Please describe the controls and procedures in place to detect and prevent or correct these types of commonly made error.

“Correcting errors” and “dealing with incoming TCs” are different things. A branch may be seeking to correct an error it has spotted itself well before a TC becomes necessary.

When correcting errors, some Subpostmasters do indeed sometimes make further errors. The controls and process are:

- Through their own vigilance in concluding a transaction they should spot issues;
- Through daily cash declarations and other routine supervision of their branch they should spot errors;
- Having spotted an issue they can use local transaction logs to review and reflect on transactions; and
- If they cannot determine the root cause themselves then they can call the Helpline who in turn may involve FSC. However, for many errors made at the counter by branch staff, there may be limits on what investigative support Post Office is able to provide because it is not aware of what is physically happening in each branch – only a Subpostmaster knows this.

11.3. Please provide full details of the following:

- a) Any surveys or other quality control procedures in order to measure user satisfaction with regard to the NBSC and HSD Helplines;

NBSC performance is measured on the time advisors take to answer the phone, referred to as a “Grade of Service”. The target is to answer 70% of calls within 30 seconds and to have no more than 5% of abandoned calls (i.e. where the caller hangs up before reaching an advisor). For complaints, NBSC’s target is to resolve 95% of complaints within 10 working days.

Further, the Subpostmaster engagement survey also measures satisfaction levels of users of the NBSC – the most recent of which showed that 83% of respondents felt that the support from NBSC was effective.

- b) The extent to which that advice provided by the NBSC and HSD Helplines is monitored and quality checked;

All advisors are coached through a robust quality process called ‘rewarding skills’. This involves the team leader listening into a selection of calls and providing feedback on call handling, customer service and quality of the response.

- c) The extent to which the written reports (call logs) of the NBSC and HSD Helplines are routinely compared to the actual calls and quality checked;

As part of the quality monitoring as outlined in 11.3b, the actual call log is checked to ensure that it has been categorised correctly and relevant details of the call are logged. There are no written reports as all calls are logged onto a robust call logging system.

- d) Any surveys or quality control techniques used to assess the adequacy of training provided to Subpostmasters; and

Post Office uses the independent external organisation Kendata to collect feedback from all customers of Field Team Activity, including Training, Audit and Intervention activities.

Following these support activities which are supplied by the Field Support Advisors (FSA), across all branch segments in the Network, the FSA will ask the Subpostmaster, Operator in Charge, and all training delegates, if they will complete and return a double sided form to describe their experience in terms of the FSA's performance and the effectiveness of the activity itself.

A form is handed out at every activity as described below:

- At all Audits including Branch Closure Audits;
- Classroom and on-site training (BAU & NT);
- Post Transfer Visits;
- Interventions visits - including Non-Conformance Visits (NCV's) e.g. Mail Segregation / Dangerous Goods / other Non – Compliance/ standards activities.

Exceptions include:

- An audit resulting in Suspension;
- Special Request audits – where fraud is suspected.

#### Performance Management

All feedback is submitted directly to Kendata, then summarised and sent to the line managers of the Field Team and the individual FSA. The reports are tailored to the different levels of line management on terms of detail ranging from full detail including comments at the FSA and FTL level, up to an overview of performance by teams and activity at Senior Manager level.

Each Field Team Leader (FTL), the first line managers of the FSA's, will discuss the performance of the FSA's at their appraisals unless there are any concerns raised, in which case this is dealt with as soon as the reports are received. If further information is needed to hold an effective discussion, the FTL will call and speak to the person providing the feedback, wherever possible, to further understand the issues.

The FSA performance, and the FTL's team performance is discussed monthly as part of their appraisal with the Regional Manager.

The feedback received on the activity itself is used alongside other information

gathered by the Lead Team to drive and inform change and improvements to the Field Team support offer.

Examples of the forms used are appended at Annexes 13, 14 and 15.

- e) Any surveys or quality control techniques used to assess the adequacy of training provided to branch staff other than Subpostmasters.

This is a duplicate of question 11.3d.

11.4. Process issues at the end of each Trading Period

This question is not understood.

11.5. Please provide full details as to how and when Post Office notifies Subpostmasters that they may extend a Trading Period into what should be the next Trading Period.

Branch trading dates are communicated to branches annually through Branch Focus (the branch newsletter) and are also updated on Horizon online help. If a revision was needed during the year the same process would be followed.

If a branch wished to request permission to extend their trading period they should contact NBSC. This would only be permitted in highly exceptional circumstances. NBSC would contact the FSC Relationship Manager who may consult with the Network Contract Manager. The formal response could come from any of the three parties, depending on the circumstances.

11.6. Please provide full details as to the options available to any Subpostmaster who, at the end of a Trading Period, discovered a shortfall that was:

- a) Larger than they could 'centrally settle'; or

The upper limit on being able to 'centrally settle' is £999,999.99. Should such an incident occur, Post Office would manage by exception.

- b) Only discovered after the Helpline had closed for the evening.

They could delay closing the Trading Period until the next morning – they could then contact NBSC before opening the following day. However, well run branches would be unlikely to have last minute surprises like that, because it would have become evident during other daily cash declaration processes and checks during the preceding weeks. Last minute surprises usually reflect poor planning / management by a Subpostmaster.

11.7. Bearing in mind that some TCs would be issued many months after the original shortfall, what options are available to Subpostmasters to 'fund' shortfalls that exceed their 'central settlement' limit?

Please refer to the answer provided to Q 11.6a.

- 11.8. Please provide full details as to the consequences of introducing 'Monthly Trading' periods. For example, did Post Office notice an increase in the number of branches suffering discrepancies that led to contract termination?

Having made further enquiries on this question, Post Office confirms that it does not hold this data.

- 11.9. We understand that when Post Office moved to Monthly Trading, Branch Suspense Accounts thereafter had to be closed out to zero at the end of each Trading Period. Please provide full details of options available to a Subpostmaster dealing with the investigation of a loss just before the end of a Trading Period.

This is answered in Section 9 of Second Sight's Part 1 Briefing.

## 12. The contract between the Post Office and Subpostmasters

Some Applicants have made complaints in relation to the contract between them and Post Office. Second Sight's questions arising out of these complaints are answered below.

12.1. Please provide full details of the following:

- a) Any insurance coverage Post Office has ever offered to arrange for its Subpostmasters;

Though this question is out of scope, it is a function performed by the National Federation of Subpostmasters. Discounted insurance rates have been offered to Subpostmasters by the National Federation of Subpostmasters and it is their decision whether or not they opt in.

- b) The measures Post Office takes in order to reduce the risk that incoming Subpostmasters, who take over an existing branch and its staff, may be inheriting employees who have been found to be, or are suspected of having been, incompetent or dishonest. In this context, was there, or is there now, any competency and integrity verification, performance appraisal, or formal disciplinary/warning process whereby outgoing Subpostmasters and Post Office's own Line Managers could warn incoming Subpostmasters where questions had been raised?

Staff members/Subpostmasters' assistants are employees of the Subpostmaster and not Post Office Ltd. It is the Subpostmaster who performance manages the staff members including any disciplinary action as appropriate. It is also a Subpostmaster who needs to assure themselves that any assistants are suitable for the role by conducting interviews, seeking references, etc.

When a Subpostmaster recruits a new member of staff there are a number of checks that have to be undertaken (e.g. right to work in the UK, proof of identity and proof of address along with their five year work history).

In addition, the individual must be registered with Post Office Ltd so the security checks can be undertaken (e.g. criminal record check). There is an annual check of all assistants to ensure they have been cleared through the pre-employment checking system. A recruitment file has to be established and maintained holding the basic paperwork for each assistant (please see section 15 of the Subpostmaster contract for services, paragraph 4, for further information).

Under their contract for services with Post Office, every Subpostmaster must establish, maintain and adhere to a formal disciplinary policy in respect of any assistants who fail to comply with the Subpostmaster obligations as detailed in the contract. The disciplinary policy must include the content as defined in the contract and records must be retained (please see Section 15, paragraph 9, of the Subpostmaster contract for services paragraph 9 for further information).

- c) The measures Post Office takes in order to satisfy itself that potential Subpostmasters have the necessary skills to meet the challenging requirement of being a Subpostmaster?

This is undertaken through:

- a) The provision of a business plan to support an individual's application; and
- b) A competency based interview of the individual which is undertaken by trained assessors.

At interview, applicants are assessed on their ability to explain their business proposition, answer any questions raised and provide examples to demonstrate their understanding of what is required across a number of competency areas. The business plan is also assessed financially by the Finance team.

- d) How Post Office ensures that Subpostmasters have a copy of the Contract no later than the day that they commence their position.

The contract document is issued with the offer of appointment when an individual is advised they have been successful at interview. This has been the process since 2001.

12.2. We understand that many Subpostmasters have only signed the one-page 'Acknowledgement of Appointment' Letter and not necessarily been provided with a copy of the Contract. Please describe the basis upon which Post Office considers the Contract enforceable in these circumstances?

Post Office has stated on a number of occasions that matters relating to the Subpostmaster contract are out of scope and that, as this is a legal question, it is outside of Second Sight's area of expertise.

However, in the interests of providing Second Sight with as much information as possible, Post Office's position is that this question concerns the formation and enforceability of contracts, the response to which will be informed by the particular circumstances of each individual contract and their application to the relevant legal principles. Though it is not therefore capable of giving rise to a general response it is worth noting that the "Acknowledgment of Appointment" document, whilst not the main contract itself, states that the Subpostmaster has been given and has accepted the terms of the standard Subpostmaster's contract.

12.3. We understand that Post Office considers the terms of the Contract to be broadly similar to those used in franchising arrangements across the UK. Please provide full details evidencing this proposition?

A franchise agreement is a private contract between two (or more) parties recording the basis on which they agree to do business in their particular circumstances. The SPMR Contract is similar in that it records the basis on which Post Office and Subpostmasters do business.

Enclosed at Annex 17 is an extract from the Encyclopaedia of Forms and Precedents. This is a leading legal text providing precedent agreements for various situations. The extract is Form 18 from Vol 16(4) and is a precedent for a "Non-Exclusive franchise agreement for a retail business".

As can be seen from the Precedent, the terms of a standardised franchising arrangement are broadly similar to the terms of the standard Subpostmaster Contract. There are obviously some differences between the two as the Subpostmaster Contract is tailored to Post Office's business whereas the Precedent is generic however the core principles are largely the same - for example (number references are to clauses in the Precedent):

- **Premises** (4 and 9): Both Franchisee and SPMR are both responsible for leasing the premises and ensuring that it is appropriate to operate the business.
- **Setup costs** (10.1.2): The Franchisee must pay for the initial fit out and equipment costs if provided by the Franchisor. Post Office also requires this payment in some, but more limited, circumstances.
- **Training:** Franchisor / Post Office to provide initial training to the franchisee / SPMR (5.1.1) and the Franchisee/ SPMR is required to train their own staff (9.2.11)
- **Employees** (9.3.5): The Franchisee / Subpostmaster is responsible for employing suitable staff.
- **Equipment / Software:** The Franchisee / Subpostmaster is required to record all sales and other financial information using the equipment and software provided by the Franchisor (9.2.23 and 10.9).

- **Telephone lines** (9.2.22): The Franchisee / Subpostmaster must provide the communications line for the EPOS systems and credit card machines.
- **Advice** (6.2): At the Franchisor's discretion, it may provide advice to a Franchisee on how to operate the Franchisee's business – this reflects Post Office's approach to providing advice through its helplines.
- **Problem support** (6.3): Any support provided by the Franchisor to the Franchisee to help resolve problems will be at the Franchisee's cost. There is a slight difference here in that although Post Office's additional support is voluntary, it is provided at nil cost to Subpostmasters.
- **Changes in business** (9.2.2): Both Franchisor and Post Office can change its business model and products for sale.
- **Information / Accounts** (9.3.8 and 10.9) – the Franchisee is responsible for the accuracy of all reports, information and accounts.
- **Audit** (9.2.13 / 13): Both Franchisor and Post Office have a right, but not a requirement, to audit the Franchisee / Subpostmaster. Audit is described in the Precedent (13.1) as an inspection of the business and books – not a full accountancy audit. This is in line with Post Office's use of the word "audit".
- **Responsibility for accounting errors** (13.2) – Franchisee must "*promptly rectify*" any accounting error – again this is very similar to the wording the SPMR Contract.
- **Liability**: The Franchisee is required to indemnify the Franchisor for any loss resulting (i) a failure to follow the business operating practices (9.3.7.3) or (ii) "*any deliberate or negligent act, error or omissions by you or your employees*" (9.3.7.4) - this is almost identical to the SPMR Contract wording.

In any event, the terms of the Subpostmaster Contract are the terms on which Applicants agreed to do business with Post Office. It is the relationship described in those terms that must be applied when assessing Post Office's and a Subpostmaster's actions. It is not open to anyone to look to retrospectively impose new duties on Post Office that did not previously exist. For this reason, Post Office maintains that challenges to the Subpostmaster Contract are outside the scope of the Scheme, which was to focus on Horizon and associated issues. Such an evaluation is also beyond Second Sight's expertise as they are accountants and not lawyers.

12.4. We understand that Post Office does not recommend that its would-be Subpostmasters take legal advice (in regard to the Standard Contract) prior to entering into that contract. This appears to be contrary to best practice procedures. For example, the British Franchise Association recommends that independent legal advice should always be taken prior to signing a franchise agreement. Please provide full details as to why Post Office does not comply with this best practice recommendation?

It is open to all Subpostmasters to seek legal advice at any time and Post Office does not block this in any way.

The reference to the BFA standards is not applicable here. The BFA recommendation is directed to franchisees (in a similar position to Subpostmasters). The BFA does not make a recommendation franchisors (in a similar position to Post Office) to require on legal advice being taken by franchisees.

12.5. Several Applicants have reported their concerns that Post Office employees acted inappropriately in connection with the closure of transfer of their branches. The inference of the majority of the remarks made is that certain Post Office employees acted unprofessionally, either by leaking confidential information (that was damaging to the Applicants) to potential buyers and/or by thwarting their efforts to sell a viable branch until it was no longer viable (and consequently of lower value).

These are very serious, but wholly unsubstantiated allegations that Post Office denies and has not seen evidence or been provided with evidence to support these allegations. Further, it was as agreed at the Working Group meeting on 15 January that this request for information is too wide.

12.6. The further inference is that certain Post Office employees seemed to be in some way motivated or incentivised to find reasons to close branches, that were already destined to close under the various closure and re-invention programmes, without cost to Post Office.

See answer provided to 12.5.

12.7. Please provide full details of the work performed to refute these 'bad faith' allegations.

See answer provided to 12.5.

12.8. Please provide full details of Post Office's policy and procedures in respect of writing off amounts due from Subpostmasters. Please also provide similar information relating to Crown Offices. Please also describe the write off authorisation limits applicable to different grades of staff.

Subpostmaster write off levels are documented. Please see a copy of the write-off process for agency branches appended at Annex 16.

Losses from Crown Offices form part of the individual Crown Office's P&L and ultimately Post Office's P&L.

Though reports have been issued to Crown RSMs on levels of losses, it is not a case of authority levels. Tolerance is set at individual level. As a general rule an 'escalation' investigation is initiated after three losses of in excess of £30, although there are variations to this depending on local and individual circumstances. Branch Managers also implement a series of surprise checks on stock units and separately carry out supervisory misbalance checks when a stock unit is showing £30 or more loss on two consecutive daily cash declarations.

Discrepancies can also be identified at the end of each trading period where the Branch Manager undertakes a full cash and stock reconciliation. An 'escalation' investigation can be initiated as a result of errors found as part of that process.

Crown Offices discrepancies are rectified using the same Transaction Correction (TC) process as is used in Subpostoffices. TCs are sent to the Branch Manager who is responsible for accepting or querying the TCs based on the evidence in branch. This process could also identify discrepancies which could result in initiation of an 'escalation' investigation.

Depending on the circumstances, actions against an individual member of staff in cases of persistent negligence or wrongdoing can include disciplinary action, dismissal and prosecution.

- 12.9. Please provide details of Post Office's Policy and Standard Operating Procedures in regard to helping Subpostmasters recover shortfalls that they have made good as a result of proven theft by branch employees.

Recovery of losses caused by theft by branch assistants is a matter for Subpostmasters as the assistants are their employees. Post Office may help, as a matter of goodwill, but there is no policy in this regard.

### 13. Post Office Investigations Function

- 13.1. Please provide full details of any criticism of Post Office's (or Royal Mail's) investigative actions or of its employees in any Court judgement or ruling.

This question is very broad in scope - it could be interpreted to apply to the whole of Post Office's business and not just those issues under review in the Scheme. Through further discussions with Second Sight, Post Office now understands that Second Sight is looking for criticisms of Post Office's security investigation team and not criticisms of other parts of Post Office's business nor its legal / prosecutions practices.

Although this greater clarity is welcomed, the question still remains premised on an assumption that there is an issue with Post Office's investigation function that would give rise to criticism. To date, no such issue has been identified by Second Sight. This enquiry also needs to be placed in context. Post Office, like all large organisations, is regularly involved in legal processes. It also only separated from the Royal Mail Group in April 2012, prior to which investigation functions were shared across both businesses. There is therefore no single source for the information that Second Sight is seeking.

Against this background, those individuals currently responsible for the security team and legal proceedings at Post Office have confirmed that they are not personally aware of any criticism in a written Court judgment or ruling of the nature described above. For the sake of clarity, no review of historic judgments involving Post Office has been undertaken in reaching these views – such judgments are in any event a matter of public record and could therefore be reviewed by Second Sight.

- 13.2. Please provide a schedule showing the number of requests from Subpostmasters for assistance in investigating discrepancies their branch's accounts for each of the years 1999 – 2013. Please also show for each year the number of requests when assistance was provided.

Post Office does not hold this information. To undertake this exercise would require POL to review 14 years of calls to NBSC and HSD from a network of almost 12,000 branches. This request is clearly disproportionate.

- 13.3. Please provide a schedule showing the number of investigations into branch surpluses or shortfalls for each of the years 1999 – 2013 clearly setting out the number of investigations in each category.

Post Office does not hold this information. To undertake this exercise would require POL to review 14 years of data from a network of almost 12,000 branches. This request is clearly disproportionate.

- 13.4. In relation to requests for assistance, we understand that, where several instances of the same problem occurs, a 'problem record' is created and the root cause of the issue is identified and fixed (i.e. to avoid further instances). Please provide a schedule of all significant 'problem records' and all process and software modifications (excluding "minor amendments to processes") that have been implemented, in the years 1999 - 2013, that were designed to reduce the frequency and impact of "errors made at the counter".

This is a disproportionately wide request for general information, without identification of a specific issue raised by Applicants. If Second Sight is able to identify, with supporting materials, specific cases where Applicants to the Scheme have been affected by these issues, Post Office will of course reconsider this request.

- 13.5. Please provide full details and results of any user satisfaction surveys Post Office has conducted into the Horizon system.

Post Office constantly receives feedback on Horizon from its tens of thousands of users through a variety of sources.

The primary sources are the NBSC, Horizon Service Desk, Branch User Forum and NFSP. Feedback is also delivered through a variety of BAU processes, for example, from contact with the Finance Service Centre, and through discussion in the field with Contract Advisors and Field Support Agents.

That feedback is then implemented through regular system reviews and upgrades implemented by both POL and Fujitsu, and in product development (e.g. to streamline the processes for transacting a new product).

13.6. We understand that many of the unexplained branch losses are attributed to "errors made at the counter". Please provide a schedule showing the number and value of unexplained branch losses or "errors made at the counter" for each month for the period 2008 to 2013. Please also provide similar information relating to Crown Branches including the amounts written off each month.

Post Office does not hold this information

13.7. Please provide a schedule showing the number and value of ENs and TCs issued to branches for each of the years 1999 to 2013 (we need to see separate volumes and values for Credits and Invoices).

Post Office has readily available data for 2012/13 and 2013/14 – see below. Compiling information for previous years would require considerable data analysis.

Post Office does not know which particular issue raised by Applicants this data is seeking to address. If Second Sight requires more data to consider individual applicant's cases, we should be grateful for a discussion of the purposes behind this enquiry so we may determine what data may be available.

Year	Debit TC Volume	Credit TC Volume	Debit TC Value	Credit TC Value
2012 / 13 (approx.)	74,748	47,939	£31.4m	£33.7m
2013 / 14	59,149	44,509	£27.6m	£28.0m

13.8. Please provide full details of changes to the Horizon system and/or to its Standard Operating Procedures that were designed to reduce the risk, incidence and severity of errors and fraud, as a direct result of investigations carried out into unexplained branch shortfalls, or in response to problems, vulnerabilities and susceptibility to errors or fraud, for the years 1999 – 2013.

Second Sight has clarified that it is not seeking an exhaustive list of all the changes described above; rather it is seeking a summary of the key changes over this period and brief description of each change. This information is provided below.

- **MoneyGram Automation** – Quotes and financials are now provided directly

into Horizon rather than the clerk telephoning and transcribing the rate / amounts.

- **Broadband Sign Up** – Addressing the issue of “slamming” (an illegal telecommunications practice, in which a subscriber’s telephone service is changed without their knowledge or consent) accusations by onscreen “Read to customer...” messages, and key terms being printed on the signed receipt.
- **Bureau Pre-Order** – Order lifecycle is now managed through Horizon to ensure payment is taken at the point of order, and issuance is to the correct customer.
- **Care Quality Commission / Disclosure and Barring Service (DBS) Identity Checking** – There is now automated customer identity verification to ensure key data attribute checks are performed and the correct fee taken.
- **Motor Vehicle Licenses (MVL)** – Stock lifecycle is now automated to track all MVL stock from the point it leaves the warehouse to issuance or destruction.
- **Post Office Card Account (POCA) Card Issuance** – Automation is now in place in terms of the issuance of new and replacement card stock to customers.
- **Regulatory Compliance Training** – The model has been simplified to allow tests to be rolled out at reduced cost with full auditability based on Horizon user log on.
- **Rod Fishing Licence** – The licence issuance process is now automated for both short term and annual licences; removing the paper licence from branch.
- **Camelot Cheques** – The cheque issuance process is now automated for large prizes.
- **Stock Ordering** – The creation of an online ordering process through Horizon has removed the need to fax / post order cards; product codes and allowable order volumes are now automated to ensure branches received the correct stock.
- **Travel Insurance** – Price look up for policies is now automated, these were previously keyed manually from the brochure look up tables.
- **Horizon Recovery** – Online transactions with 3rd parties (e.g. MoneyGram) are recovered in the event of, for example, a temporary loss of power or telecommunications to ensure synchronisation of branch, PO datacentre, and 3rd party systems. The situation before the change was that the branch had to remember what transaction they were in when the power/comms went down, and then contact the service provider directly to find out if the transaction had completed.
- **Bureau 2nd receipt** – The production of a duplicate session receipt (necessary for Bank security checks) is now automated, previously the clerk had to remember to print it manually.
- **Lottery TA (PING)** – Lottery sales figures are now incorporated into the

Transaction Acknowledgement (PING) process. The branch confirms the system reported figure for the previous days sales when logging in the next morning.

- **Spoilt Postage Labels** – There is a revised process for spoilt postage labels to ensure labels are correctly accounted for and VAT automatically reversed correctly, where applicable.
- **Display of long addresses in postcode lookup** – Screen display has been revised to allow long postal addresses to be displayed on two lines. This has resolved an issue of postcodes not appearing.
- **(pending) Cheque Rem out** – There are plans in place to implement a revised process to bring all elements of the cheque Rem out and despatch onto a single screen, with automation of cheque totals entry, and printing of despatch slip. (expected May 2015)

#### 14. Surpluses

- 14.1. Please provide full details as to how Post Office tracks surpluses and shortfalls at the end of Trading Periods at both branch level and in aggregate.

This data is not collated by Post Office but at an individual branch level it can usually be reconstructed from the branch's Horizon logs so long as the branch has accurately conducted its end of branch trading processes.

- 14.2. Is it possible that an error which has generated a surplus in one branch can result in a shortfall in another branch? Please provide full details as to how this may occur.

No (except for in connected Core and Outreach branches where remittances of cash between the branches are not correctly recorded by branch staff).

## 15. Suspense Accounts

Post Office has already addressed Second Sight's questions on its Suspense Accounts in its Suspense Accounts paper. This paper demonstrated that so long as a branch follows Post Office's standard operating practices, it cannot suffer a loss due to the operation of a Suspense Account.

15.1. Please provide full details of all Suspense Accounts held by Post Office. Please also provide a schedule, for each year end between 2008 and 2013, showing the amounts transferred to Post Office's Profit and Loss Account (both debits and credits) for each Suspense Account held.

15.2. Please also provide a schedule, for each year end between 2008 and 2013, showing the balance held on each Suspense Account (both credits and debits).

15.3. Please provide an electronic report in CSV format or similar showing for the last 3 years the following information for every item posted to any Suspense Account:

- a) Full transaction details;
- b) Originator's reference;
- c) Any comments or notes associated with the transaction; and
- d) Full account details of the account the transaction relates to or is being transferred to.

Post Office provided a paper (included at Annex 18) prior to a meeting between Second Sight and Post Office's CFO. The CFO has subsequently written again with more information and a further meeting is due to be arranged in the near future.

15.4. Please describe the controls used to detect errors in Post Office client reports that if not corrected could give rise to an incorrect TA or TC being issued.

Where Post Office receives client reports, these are part of matching accounts, where Horizon data is matched to the client data. Therefore, if the client report was wrong, it should lead to a difference compared to the Branch data. Post Office would then investigate that difference. If a wrong approach were made to a branch, the branch themselves could, in turn, challenge it.

Agenda – Operations Board – 23 May 2018

Purpose: To review and improve operational performance, enabling stakeholders to hold each other to account and drive a SLA culture

**Redacted**

5	11.30-12.30	Network Operations	Review operational performance: sites and access criteria; opening hours; compliance; losses; robberies; cash decs; agent support	Mark Ellis
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**Redacted**

## ACTIONS – OPS BOARD – MAY 2018

	Action	Owner	Due	Status	Update
1	Deep dive, root cause and solution for 2,338 calls on balancing etc – plan to resolve	Mark E / Gayle	March	Ongoing	Balancing laminates signed off and will be in branch by the end of March. Success of laminates to be tracked during April. Laminates are currently being dispatched from Swindon. Last ones due to be received 24 <sup>th</sup> May. Call volumes to be tracked during June. 19/03/18 – Case management will provide insight when it is in place. 5000 Knowledge Base articles have been re-categorised and streamlined to 3000 to provide greater granularity on what would previously have been logged as Branch Balancing and the solution advised. This is now part of the work Neill Boulton and Rachel Conway are doing as part of Contact Centre Strategy so suggest we close this and include further down.

# Redacted

**Redacted**

21	The recent communications have demonstrated that our agents understanding of cash instructions is low. Needs to be built into new training modules and we should revisit our language to improve understanding in direct comms (Doug) and via field teams (Pam)	Russell / Mark	March	Ongoing	Nick Trowler is leading on this from an SC perspective and will provide updates each month at Ops Board. Nick and Russell have engaged with senior stakeholders and Nick is now building the necessary products needed to support this initiative. Unit SharePoint site is now up and running and capturing branch data.
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**Redacted**

31	TCS. Start soft reporting of polluter pays costs of TCs and lead-in process	Stuart	April	Ongoing	Analysis underway. Looking to start with REM TCs as there is no debate that this is branch error.
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**Redacted**

34	Agree management and correction of the stamps/Horizon confusion to ensure don't have peaking calls again	Gayle	Feb	Ongoing	Initial review held in February to understand impact of the changes made at Christmas on the back office support team including NBSC and FSC. Learning points have been identified. The full problem will only be solved once auto stock management processes have been introduced. In the meantime, learning points include 1) Review of whether change to button position will be used again at Christmas 2) Improved comms to branches. Christmas plans are starting again so we will include in work.
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**Redacted**

54	Cash Management -- follow-up on repeat offenders	Kim	April	On track	In conjunction with Cash Management we started to look at the branches that had been on the report for a number of weeks. However, Doug discovered that there is a high value of cash in pouches sat in branches, which need TC's issuing. This is distorting the picture and is inflating the excess cash figures. Out of the first 4, 3 had CIPs and the fourth had already had an audit with a loss, we have now moved onto the next batch.
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**Redacted**

**Redacted**

70	Confirm the number of open plan branches with cash peaks > £50k and what we should be doing about it	Steve N	ASAP		
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**Redacted**

2	<i>Lack of adequate IT resilience and support in Swindon which could result in not meeting regulatory and/or contractual obligations, resulting in financial and/or reputational loss.</i>	4	4	16
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**Redacted**

**Redacted**

# Redacted

SAP GUI Bureau Value Issues

There has been 3 reported instances this week where the sterling value of remittances of bureau to branches has doubled when the delivery has been booked into the branch. For example, Aylesbury CFPO were sent a bureau rem with a total value of £6,219.81, however when they booked it into branch it populated as £12,439.62

Update 3/5: Route cause has now been identified. Fix currently being written.  
Update 8/5: Issue now resolved



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## 2.0 – Former Agents Debt – P1 Movement

Value £m	Pd 9	Pd 10	Pd 11	Pd 12	Pd 1	Pd 2
Opening Balance B/F	(10.6)	(10.6)	(10.9)	(11.2)	(11.6)	(12.0)
Debt Collected in Pd	0.2	0.2	0.2	0.1	0.1	
New Debt (£<10k)	(0.0)	(0.0)	(0.1)	(0.0)	(0.1)	
New Debt (£>10k)	(0.2)	(0.3)	(0.4)	(0.5)	(0.5)	
Other (Balancing item)	(0.0)	(0.0)	(0.1)	0.0	0.1	
Closing Balance C/F	(10.6)	(10.9)	(11.2)	(11.6)	(12.0)	
Check	-	-	-	-	-	
Debt written off in Pd	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	-

This table represents the movement in Balance sheet provision for Former Agent debt.

Added below the table is the in period write off, summary criteria for this is:-

- All debt pursued by a quick dunning letter to LBA (Letter before action from solicitors).
- W/O if value below £3k as more expensive to chase
- W/O between £3k - £10k where no assets are visible
- W/O over £10k subject to further approval
- All W/O cases are held in suspense and subject to later review where appropriate
- New debt sorted at £10k – assumes less than £10k is accounting errors Vs potential Fraud (reporting purposes)



## 2.0 – Summary Debt movement

	Pd 8	Pd 9	Pd 10	Pd 11	Pd 12	Pd 1
<b>Starting Vol of Cases</b>		495	500	488	482	490
paid in full		-13	-14	-12	-12	-19
cleared credits		-11	-16	-23	-14	-8
Writte Off		-12	-22	-9	-6	-23
New Debt		19	32	24	30	59
New Credits		0	8	14	10	32
<b>Ending vol of Cases</b>	495	500	488	482	490	531

- *This table represents the movement in volume of cases (e.g. in P1 19 cases where paid in full)*
- 23 cases written off in the period (0.1m) with 4 cases c£10k each where no assets are available to recover debt. (All W/O cases held on file for future action)
- 19 cases paid in full (£50k), including one for £17k that was over 6 months old.
- 273 cases had no movement at all in P1



# 2.0 – Current Agent Debt

P12 (2017/18)		P1		P2		P3	
Value (£k)	Vol	Value (£k)	Vol	Value (£k)	Vol	Value (£k)	Vol

### INCORRECT GROUP

B - Current on Former	8.3	1	18.0	6				
F - Former on Current	139.6	15	29.5	6				
<b>Sub Total</b>	<b>147.8</b>	<b>16</b>	<b>47.6</b>	<b>12</b>	-	0	-	0

### DISPUTED DEBT

C - Contracts Advisor	179.2	22	95.0	28				
C - Contracts Advisor (MoneyGram)	160.0	1	155.6	1				
D - FSC Dispute	546.1	148	305.8	108				
M - FSC Miskey dispute	53.2	15	39.2	7				
T - To clear at next TP	34.5	12	259.0	14				
<b>Sub Total</b>	<b>972.9</b>	<b>198</b>	<b>854.6</b>	<b>158</b>	-	0	-	0

Redacted

**Redacted**

### REPAYING

P - Paying by instalments (cheque or BACS)	102.6	17	89.7	15				
R - DFR	1,133.4	451	1,041.8	443				
<b>Sub Total</b>	<b>1,236.0</b>	<b>468</b>	<b>1,131.4</b>	<b>458</b>	-	0	-	0

<b>Grand Total</b>	<b>2,381.4</b>	<b>703</b>	<b>2,072.2</b>	<b>650</b>	-	0	-	0
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Debt Movement in Pd

(309.2)	-53						
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### Period 1 debt movement

Outstanding debt has reduced £309k (53 cases) in the month, driven by:

1. £100k from in month payments from remuneration
2. £130k (40 cases) cleared by FSC
3. £100k debt now moved to Former Agents
4. £14k increase as 1 new case moved into Freeths

**MoneyGram** – (accurate figure reported in P1). Case remains under review with Contracts team to decide if we retain the agent. (note – this was a member of the Agents staff)

**Contract advisors cases** – see separate sheet for detail on aqino

Note – current provision for the above debt is based on over 60 days where there is no repayment plan agreed (£0.6m)



## 2.0 – Current Agent Debt – with Contract advisors

Year	Vol	Debt	Ave Debt
2016/17	4	30,422	7,606
2017/18	15	62,247	4,150
2018/19	8	43,582	5,448

- Note : this data is the most up to date and is slightly different to P1 slide
- FSC & Contract team meet regularly to help clear cases.
- The table below represents the outstanding cases from 2016/17
- More detailed analysis will be generated from the review meeting to include greater emphasis on when cases will be resolved

Branch Name		Year	Detail	Debt
Wild Ridings	<b>Redacted</b>	2016/17	Dispute with the Agent	18,216
Bucknall		2016/17	Waiting DFR approval from Contracts team	5,779
Uffculme		2016/17	Case "Stuck" need update	4,638
Shard End		2016/17	Confusion over lottery accounting - sending intervention visit	1,789



**Redacted**

# 4.0 – Transaction Corrections

The volume of TC's caused by branch is down by 1264 TC's YTD against last year, and down by 1264 against the same period last year, all TCs issued are within current trend for volume with no products showing a trend to cause concern or highlight an issue.

Cash REMs remain the greatest issue, although this is predominantly an automated interface with Supply Chain.

FYI - Back office programme looking at an auto TC process and part of transformation.

## Pd 1 performance

### Camelot:

Camelot volumes have reverted back to a "normal" state until the product is simplified. Working with Product Simplification team to split out prize payment from TA which would significantly reduce TC's – currently working on the scope.

*Note - Currently 3.5 FTEs working on Camelot in FSC.*

### Cash REMs:

See separate analysis on P12 performance as well as Branch analysis.

### ATM

Increase in TCs issued as target SLA reduced down to 2 months. No increase in instances and represents temporary workload

TC Volume Product	Period												
	2017 P01	2017 P02	2017 P03	2017 P04	2017 P05	2017 P06	2017 P07	2017 P08	2017 P09	2017 P10	2017 P11	2017 P12	2018 P1
Cash REMs	2998	2528	2631	3934	2823	3264	3711	4177	2960	5441	3587	4000	4227
Camelot	2539	2587	2199	2433	374	2986	2281	792	44	3771	2130	2105	2401
ATM	618	537	448	440	231	431	646	321	243	414	345	429	1161
Moneygram	433	291	384	512	442	450	497	607	413	554	462	395	565
DebitCards	210	243	276	311	195	197	288	201	259	285	275	336	421
Suspense	449	284	277	463	320	373	263	444	286	405	903	851	305
Bureau	244	431	280	377	252	317	588	497	349	304	275	256	290
Automated Payments	267	232	111	263	140	85	240	258	223	250	176	185	209
Drop & Go	1477	1512	963	595	90	103	124	143	231	122	120	118	140
Cheques To IPSL	357	223	234	262	298	185	393	293	265	284	298	227	135
Santander	458	484	466	833	434	344	625	356	470	403	225	205	135
Total other <100 (13 accounts)	506	538	302	428	305	331	371	277	348	470	385	421	413
Grand Total	10556	9890	8571	10851	5904	9066	10027	8366	6091	12703	9181	9528	10402



# 4.0 – TCs REMs

## Cash TC Analysis

Cash TC Breakdown	Value Range	Volume	Value
Debit	0 - £250	1891	£ 63,415.40
	£250 - £500	44	£ 17,764.00
	£500 - £1000	24	£ 23,009.00
	£1000 - £5000	21	£ 42,990.38
	£5000 - £10000	5	£ 34,955.00
	£10000 - £50000	15	£368,505.54
Highest Value £249,500.00	£50000+	4	£769,501.00
Credit	0 - £250	2141	-£ 44,559.10
	£250 - £500	22	-£ 9,044.00
	£500 - £1000	28	-£ 25,220.00
	£1000 - £5000	21	-£ 65,580.00
	£5000 - £10000	1	-£ 9,000.00
	£10000 - £50000	9	-£211,719.00
Highest Value £72,050.00	£50000+	1	-£ 72,050.00
<b>Grand Total</b>		<b>4227</b>	<b>£882,968.22</b>

## Branch Analysis

**Analysis supplied in P11** – no significant change.

63.5k TCs in last 23 months over 6,641 Branches (58% of the network)

1,497 Branches have had only 1 TC in 23 months and a further 904 have had only 2.

161 Branches have had more than 50 TCs (12,709 in total = 79 as an average)

27 Branches have an error rate at more that 1 week (over 100 TC's in last 23 months) at an average of 140 and a total of 3,770.

3 Branches are showing over 200 TCs with one of these have had 335.

If you assume that all 11.5k Branches returns cash once per week then we are seeing a 5.5% error rate.

Top 27 Branches to be contacted with the full 161 that are seeing 50+ to be managed appropriately



£50,000.00+			Reason
11004	East Finchley	£ 52,001.00	Pouches 303184094637 £26,000.00, 303178586315 £26,000.00 and 303178586339 £1.00 booked out 10/4/2018 but not despatched.
51940	Betchworth	£249,500.00	Shortage in Rem £249,500.00 received at cash centre pouch 358141828268
216406	New Bury	£234,000.00	Shortage in Rem £234,000.00 received at cash centre pouch 303188858150
269324	Birchwood	-£ 72,050.00	Pouches 303187025010 £22,050.00, 303187025003 £25,000 and 303187024990 £25,000.00 booked out and sent to Cash Centre, but reversed in Horizon
455246	Lillington	£234,000.00	Shortage in Rem £234,000.00 received at cash centre pouch 303187240697

## 5.0 – Product Recs

Product	P1 Balance (£k)				Reconciliation Items							Unreconciled
	Client Data	POL Data (where no 3rd party data)	POL Data	Balance	Timing of client data	Trading hours	Enquiries	Pending TCs	Prior adjustments	Other	Total	Total
Lottery				(2,602.8)							(2,602.8)	0.1
Banking				(21,899.9)							(21,842.5)	(57.4)
Banking (not FW)				(19,759.1)							(19,759.1)	-
BdC				(7,470.6)							(7,470.6)	-
Bill Payments				(75,999.6)							(75,999.8)	0.2
Drop & go				1,519.2							1,519.2	-
DVLA				(12,616.0)							(12,616.1)	0.1
Gift Vouchers				(344.8)							(344.8)	-
Govt Services				(777.5)							(777.5)	-
MoneyGram				-							-	-
Parcelforce				(1,575.0)							(1,575.0)	-
Passports				-							(1,428.8)	1,428.8
Payout				(15,749.6)							(15,749.6)	-
PO Money				(3,965.4)							(3,971.3)	5.9
Postal Orders				(10,405.2)							(10,405.2)	-
Retail				(3.6)							(3.6)	-
Royal Mail				(28,749.3)							(28,749.3)	-
SIA				(172.7)							(172.7)	-
<b>Total</b>				<b>(200,571.8)</b>							<b>(201,949.4)</b>	<b>1,377.7</b>

The above table remains manual and the detail is not yet easily available – currently included on Probity and sample reviewed, but the information is held on paper file. Currently working on a solution to automate although might need to run the detail manually each month (from P2)

Passports unreconciled variance represents an estimated number of outstanding days as information from client not detailed – reviewing with the product team although not expected to be a risk as value is in line with trends in sales.

Banking variances remains a concern and working with Vocalink to resolve miss match in Horizon data. Also, reviewing with Billing team to see if have a



## 5.0 – Aged Open Item Recs

	Vol / Val	P01 (17/18)	Pd 01	Pd 02	Pd 03	Pd 04	Pd 05	Pd 06	Pd 07	Pd 08	Pd 09	Pd 10	Pd 11	Pd 12
Current Pd	Vol		293,555											
1 month	Vol		6,263											
2 months	Vol		1,080											
3 months	Vol		360											
	Val (£k)		£ 203.4											
> 3 Months	Vol		595											
	Val (£k)		£ (1.2)											

<b>Current Provision</b>	Val (£k)		<b>£ 160.0</b>											
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### Key Accounts (1 Month)

Camelot Prize	Vol		2,135											
	Val (£k)		£ 41.5											
Cash (incl BdC)	Vol		1,667											
	Val (£k)		£ 350.5											

- The above table is new analysis looking at the aging of Open Items and shows the value currently held as a provision in the accounts.
- P2 onward will include historic data to allow trend analysis as FSC move to bring down aged items from 3 months down to 2, then ultimately 1 month.
- The Target to have aged down to 2 months before POLSAP migration and 1 month by Q4
- This analysis doesn't include MoneyGram Aged & ATM surplus as these are subject to separate issues (i.e not trading performance) and 100% provided for.
- The vast majority (c90%) of open items in the current month are where we are waiting for client data to match against – next steps to strip this out
- Key accounts that are over 1 month, includes Cash recs where we have experienced process and system issues since Belfast launch which is adding to reconciliation activity – Diverting resource to help clear and working to clear up the issue
- Currently at P1 we are providing £160k debt on a prudent view. Note the above analysis doesn't include MoneyGram & ATM surplus



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## Branch Down

The following branches have been unable to trade for in excess of 20 days:

Project or Service	Branch Name	Incident Age Days	Incident Owner	Update
Service	Pennyghael	61	Verizon	Line of sight issue at Branch - Request to local hotel to site VSAT at their premises
Service	Aviemore outreach services - Tomatin	60	Verizon	Awaiting Arkeesa visit
Service	BourtonOnTheWater 2 outreach	58	Verizon	Awaiting ADSL to be installed to enhance signal - currently only has GPS
Service	Swansea University	58	Atos/Verizon	Awaiting joint visit with Arkeesa and CC
Service	Suttonhill	52	Verizon	Awaiting ADSL installation
Service	Malham SAS	28	Computacenter	Issues building router due to no ADSL and poor signal

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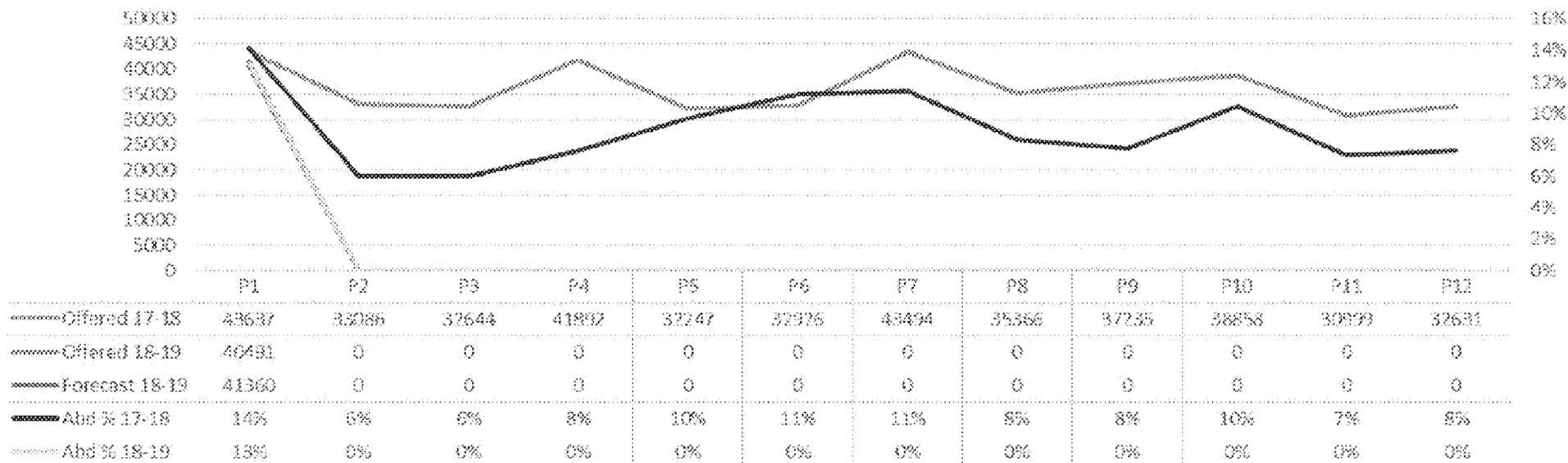
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# Branch & Customer Support Ops Board Update Period 1



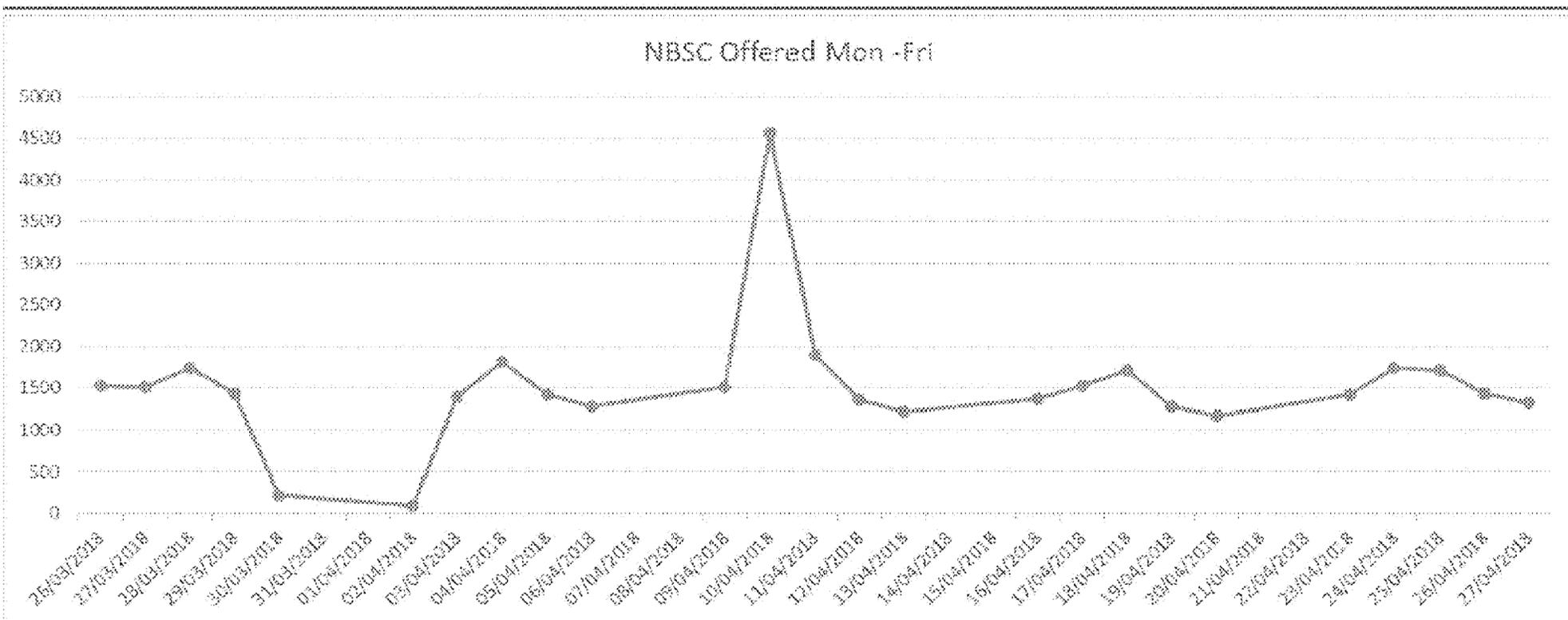
# Network Operations-Branch Support Volumes P1

2016-17 vs 2017-18



- Volume came in 2% below forecast and 7% below actuals last year
- There were two key issues across the Period - Horizon connection to datacentre failure and intermittent Drop and Go time out failures.
- ATOS and IT worked with Verizon on the Horizon outage which was linked to the Manchester Datacentre and affected circa 3k+ branches.
- Drop and Go product Manager and IT informed of the intermittent time outs which was resulting in some customer cards locking or showing a zero balance.
- Call volumes on 10<sup>th</sup> April increased by 182% with 4.5k offered as a result of the Horizon outage, which in turn increased the abandoned rate.
- 97% of calls were resolved within 24 hours, with 178 cases still open and on hand. Many of these cases are being managed by Branch Support Services team, such as opening hours, suspensions etc.
- Adherence on Branch Support was 87.7%, a drop in performance by 3%

# Network Operations Branch Support Daily Volume Breakdown P1

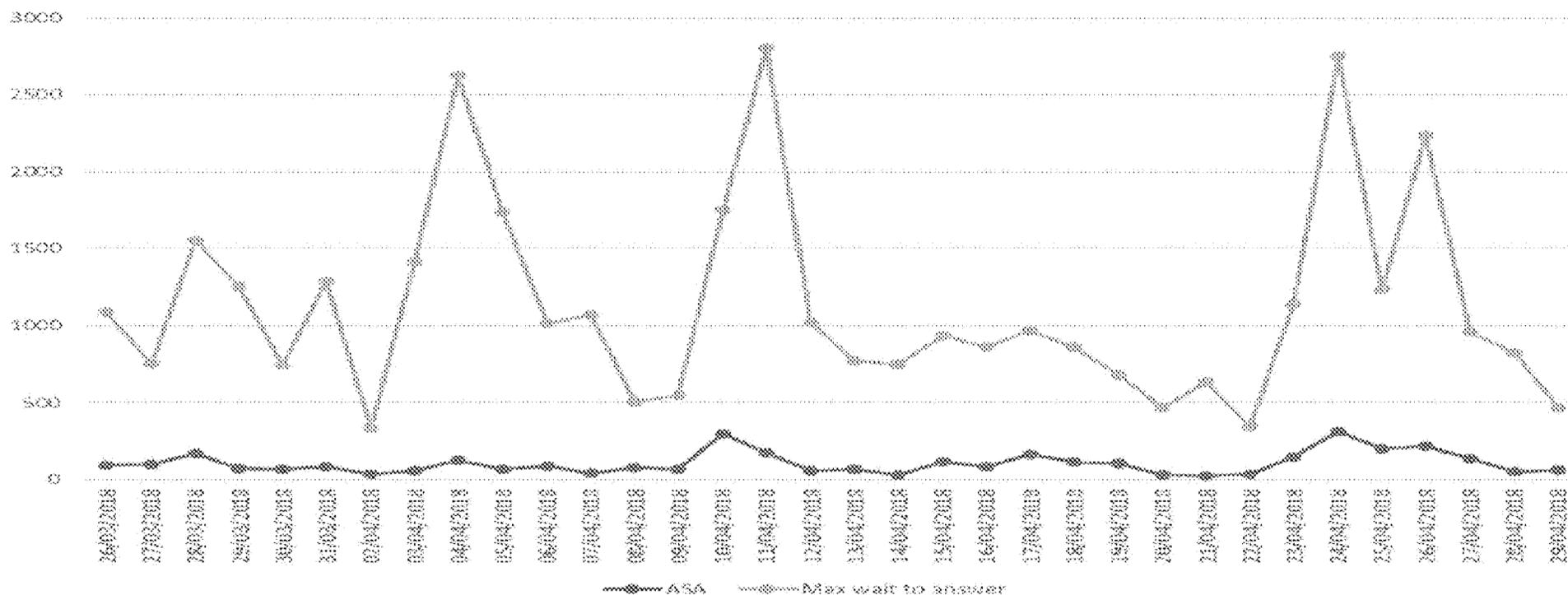


- Daily breakdown of calls across Mon-Fri is relatively static, averaging 1450/1500, with the exception of 30<sup>th</sup> March and 1 April which was the Easter bank holiday - volumes are much lower on Good Friday and Easter Monday.
- We also saw a spike on 10<sup>th</sup> April as a result of the Horizon datacentre failure.
- Saturday call volumes are approx. 450-520 calls with Sunday averaging 40/50 calls maximum. These are not shown on the above graph as the volumes are significantly lower and would distort the view.

# Network Operations – Branch Support Speed to Answer P1

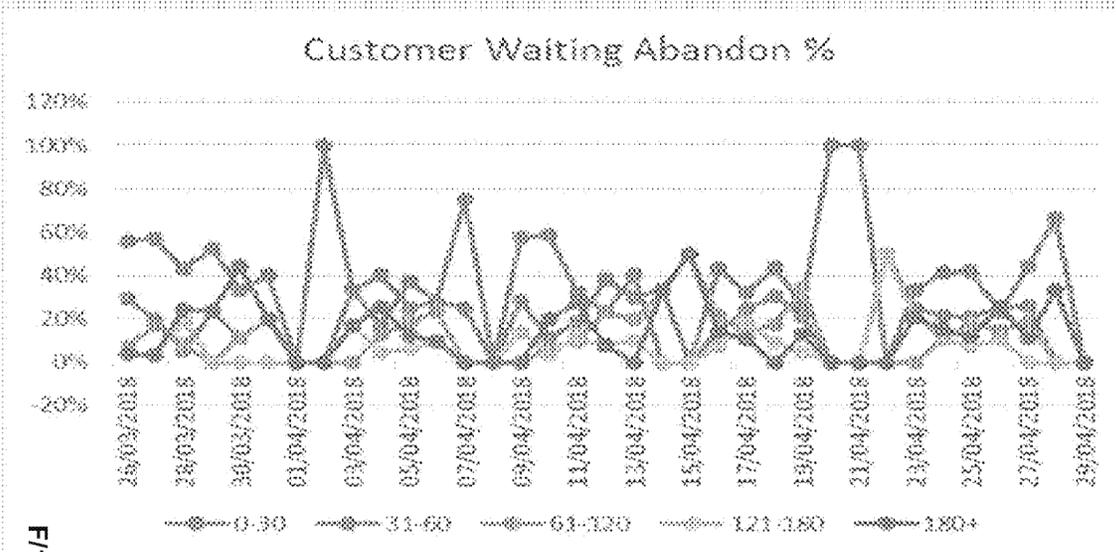
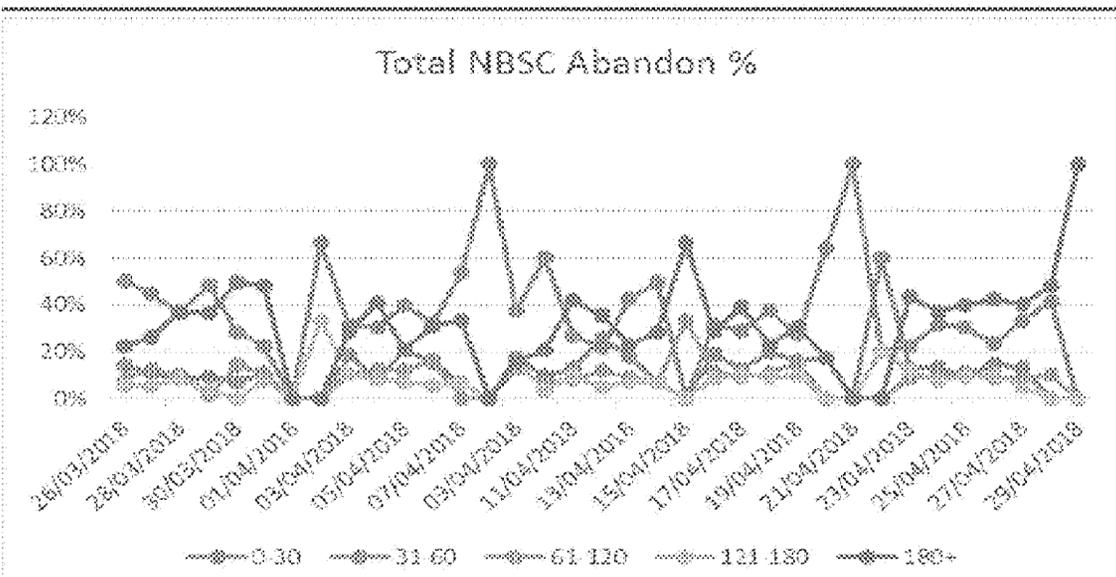


Average Speed to answer and Max time to answer



- Average speed to answer (ASA) overall was 157 seconds with customer waiting at 75 seconds.
- The maximum time to answer during the period was 45 minutes, which was a Wednesday. It is expected that due to branch trading, wait times on a Wednesday evening can increase dependant on the complexity of the calls and which group are completing their branch trading.
- On "customer waiting" queue, the maximum time to answer was 30 minutes.
- We have 8 new starters, 4 specific for NBSC who were trained in P1. NBSC have also supported the Customer side and the new resource won't have a positive impact until P2/P3.
- The IVR changes to Branch closures (voicemail) should enable more resource to be available to take calls.

# Network Operations–Branch Support Abandoned Rate P1

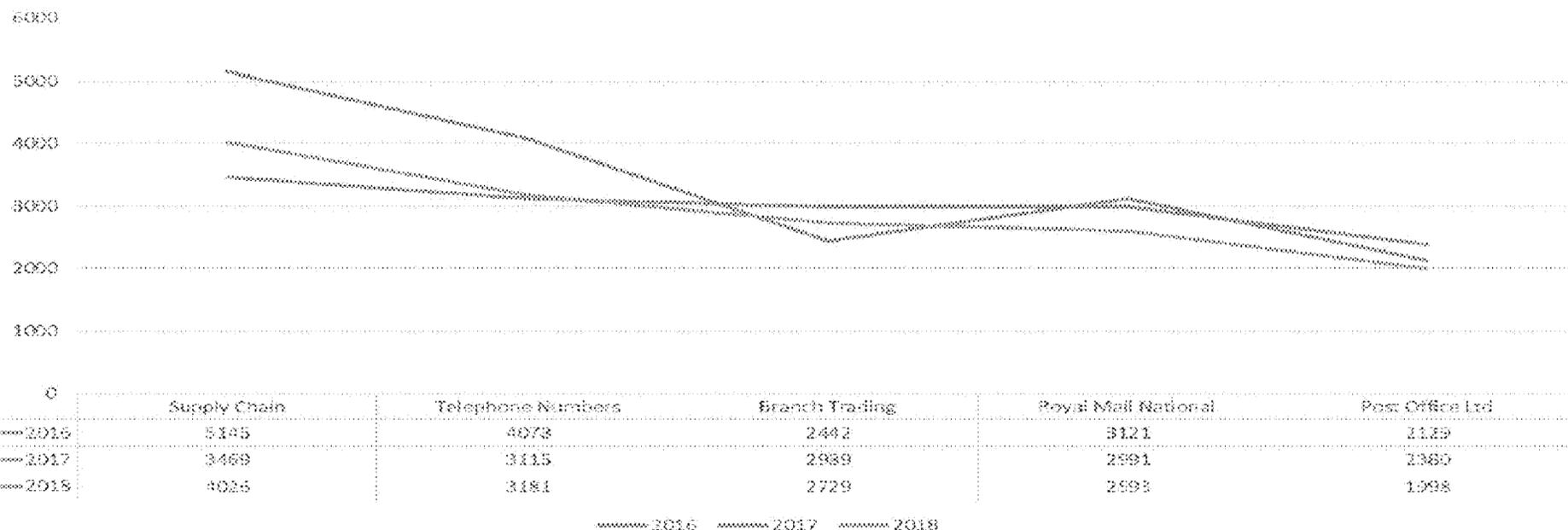


- Overall abandoned rate was 13% with 45% abandoned in less than 30 seconds.
- On customer waiting this reduced to 10% however, 52% abandoned within 30 seconds.
- During the Horizon outage, the abandoned rate increased significantly to 54%.
- A high percentage of abandoned overall and under customer waiting is within 30 seconds which is difficult to influence.
- Changes to the IVR for Branch closures is expected to have a positive impact on abandoned rate from P3.

# Network Operations Branch Support Top Calls Type P1



P1 Top 5 Call Types 17/18

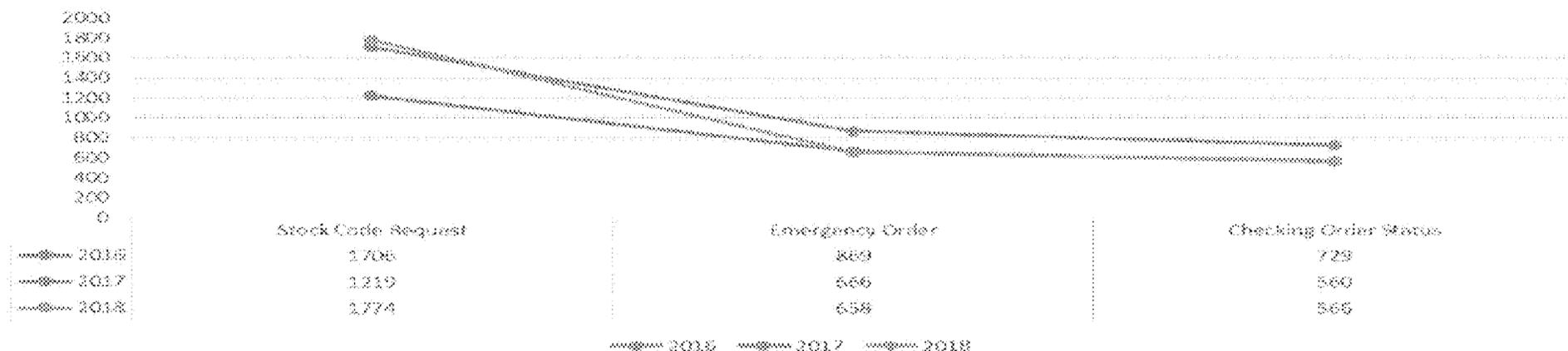


- The top call type continues to be stock related and is showing an increase on volumes last year. The key area is stock code requests, jumping up by 355 with no specific driver for this. Laminates with stock codes and Branch Trading dates have now been sent to branches so this should have a positive impact on P3 figures
- Telephone numbers has slightly increased on last year but is attributed to the Horizon outage as the calls were logged as switchboard (this will change from P2 onwards as we have changed the categorisations as part of 365 launch).
- Branch trading, Royal Mail and Post Office limited are all showing a further decline.
- Workshop planned for 18<sup>th</sup> May with Neill Boulton to look at call types and analysis of the key drivers. Feedback on progress will be provided in P2 update. This is part of the Contact Centre Strategy work.

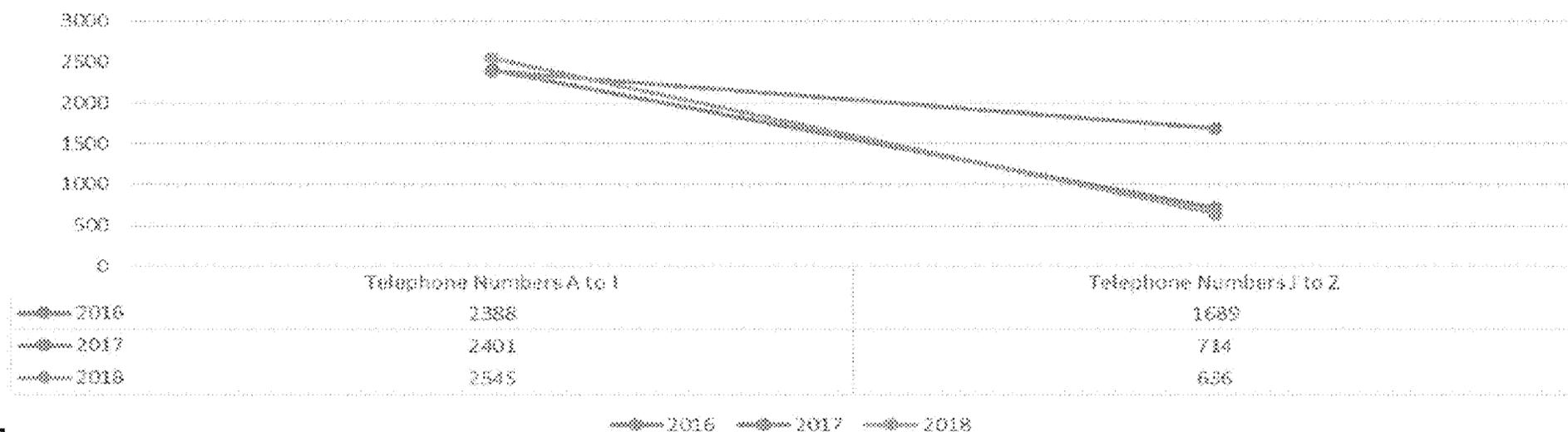


# Network Operations Branch Support Top Calls Type Breakdown P1

Supply Chain Top 3 of Top 5



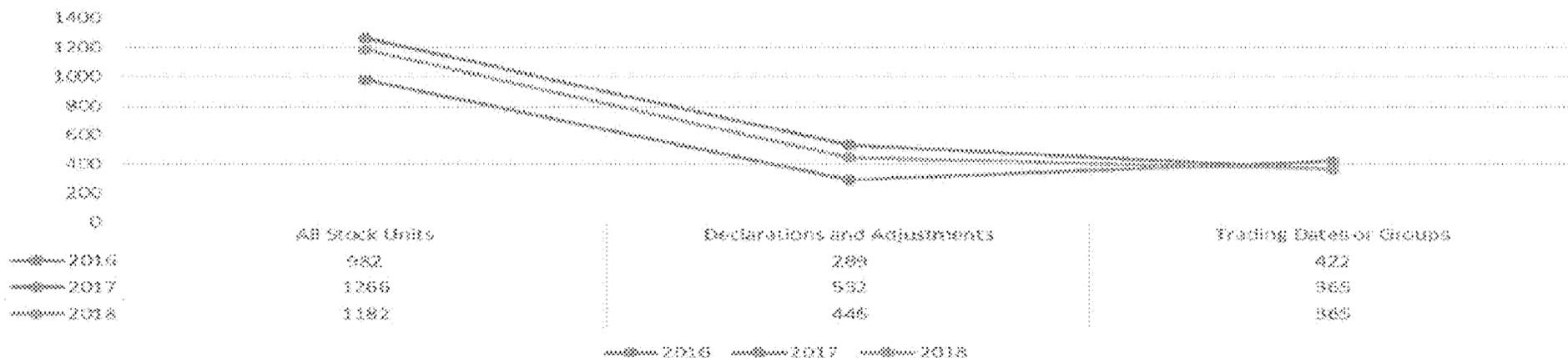
Telephone Numbers Top 3 of Top 5



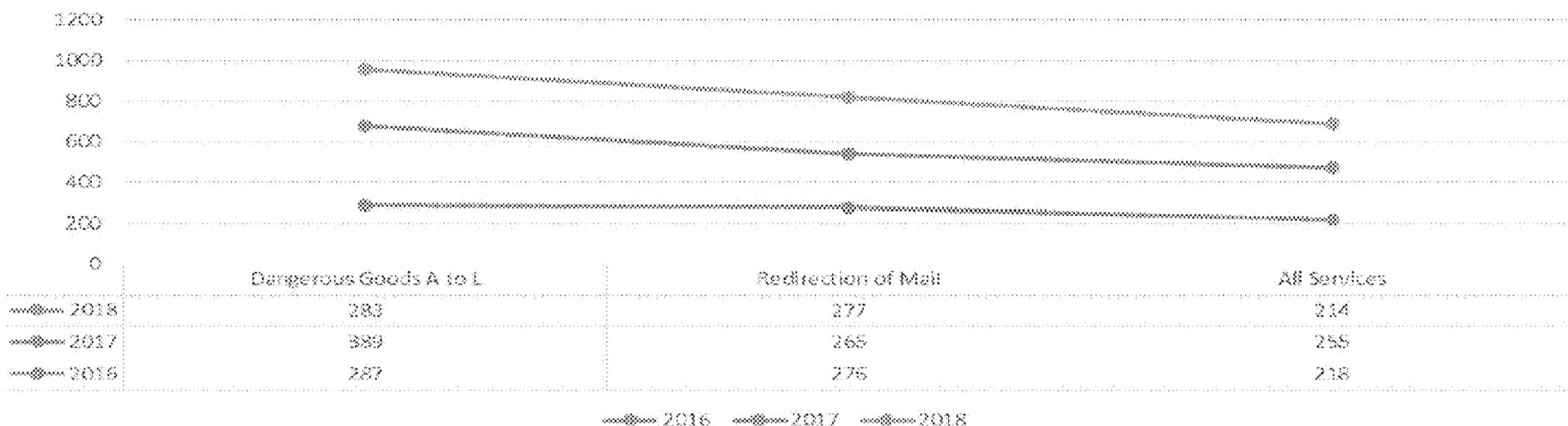
# Network Operations Branch Support Top Calls Type Breakdown P1



Branch Trading Top 3 of Top 5



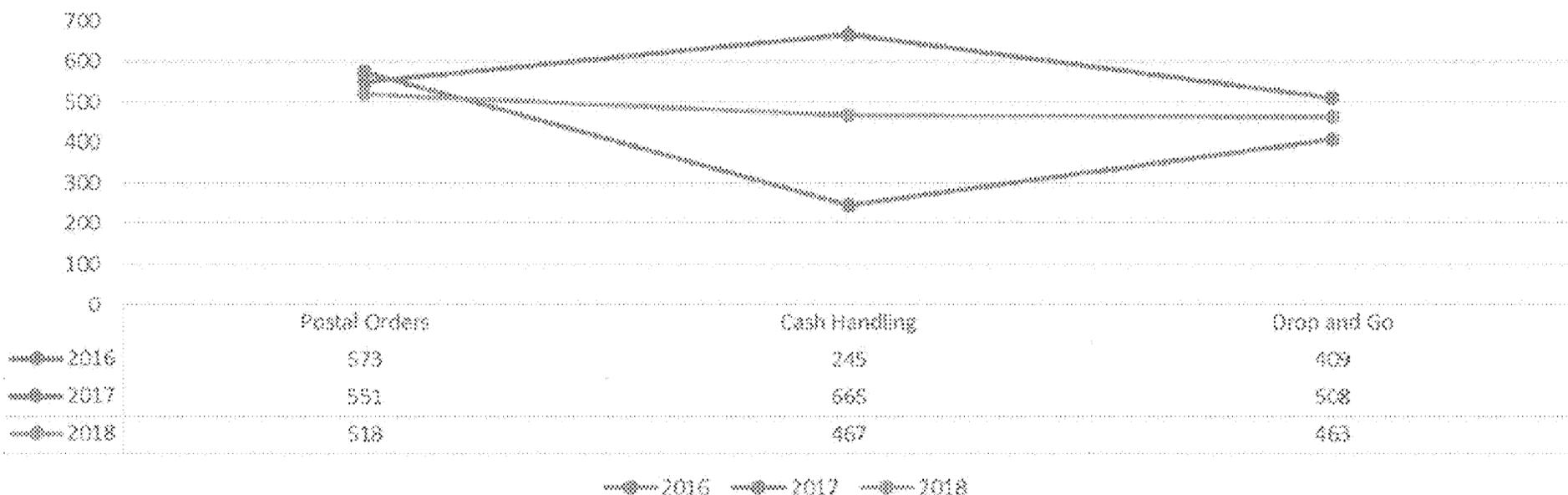
Royal Mail National Top 3 of Top 5



# Network Operations Branch Support Top Calls Type Breakdown P1



Post Office Ltd Top 3 of Top 5



# Network Operations

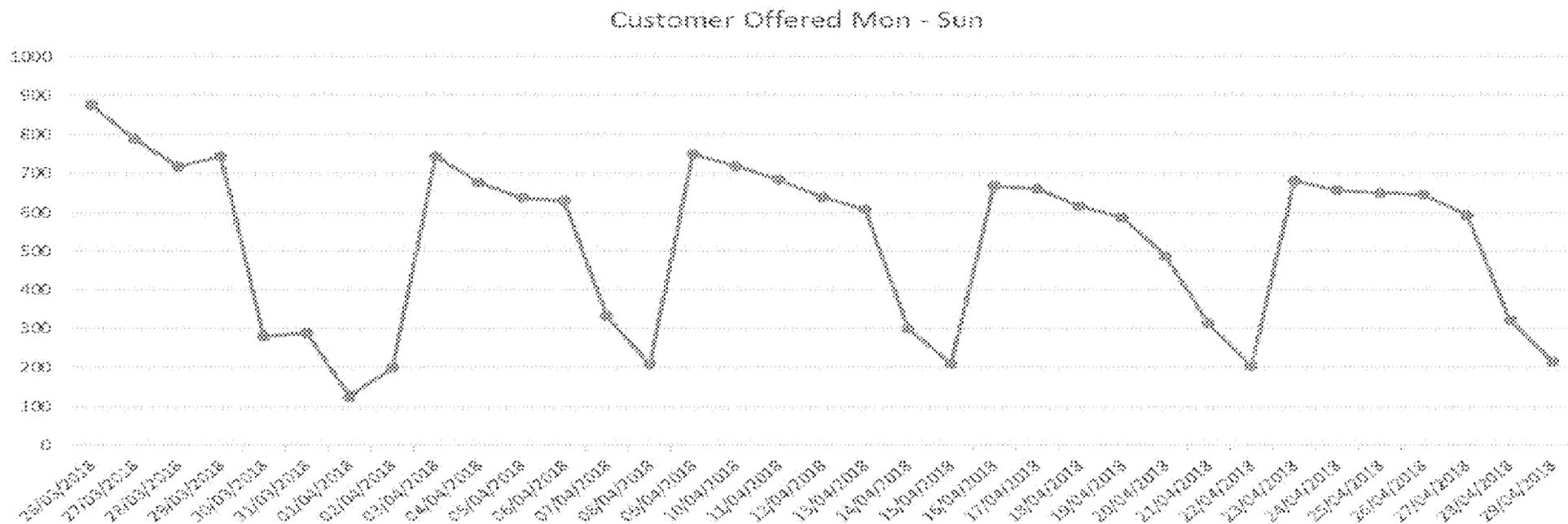
## Branch Complaints about Post Office Support P1



Complaints by Type																
Complaint Type	12 Periods	Period 1	Period 2	Period 3	Period 4	Period 5	Period 6	Period 7	Period 8	Period 9	Period 10	Period 11	Period 12	Period 1	(+/-) av. of previous 12 months	
Cash Services	745	122	65	60	139	116	95	101	31	37	22	22	35	22	- 60%	
Royal Mail Resolution	724	41	41	36	58	38	42	56	95	117	81	42	72	44	- 27%	
Branch and Retail	551	31	38	28	47	48	33	63	55	44	46	46	55	48	+ 8%	
IT Helpdesk	439	18	10	19	25	13	30	32	49	71	53	37	50	50	+ 47%	
BOT	277	15	32	35	13	8	19	36	42	34	16	15	9	18	- 21%	
Parcelforce Resolution	198	17	11	13	14	16	13	11	14	33	19	9	15	30	+ 95%	
Helpdesks - Product/Customer	109	13	14	9	16	5	9	13	8	9	7	7	4	9	- 4%	
NBSC	103	9	11	2	7	9	7	9	12	8	12	9	10	7	- 20%	
Secure Stack/Transaction Store	43	4	2	5	3	3	1	7	5	10	0	3	2	2	- 47%	
Contracts Manager	30	0	2	0	2	1	1	2	8	3	1	6	0	4	+ 85%	
		270	224	209	322	256	249	328	311	362	256	190	252	230		

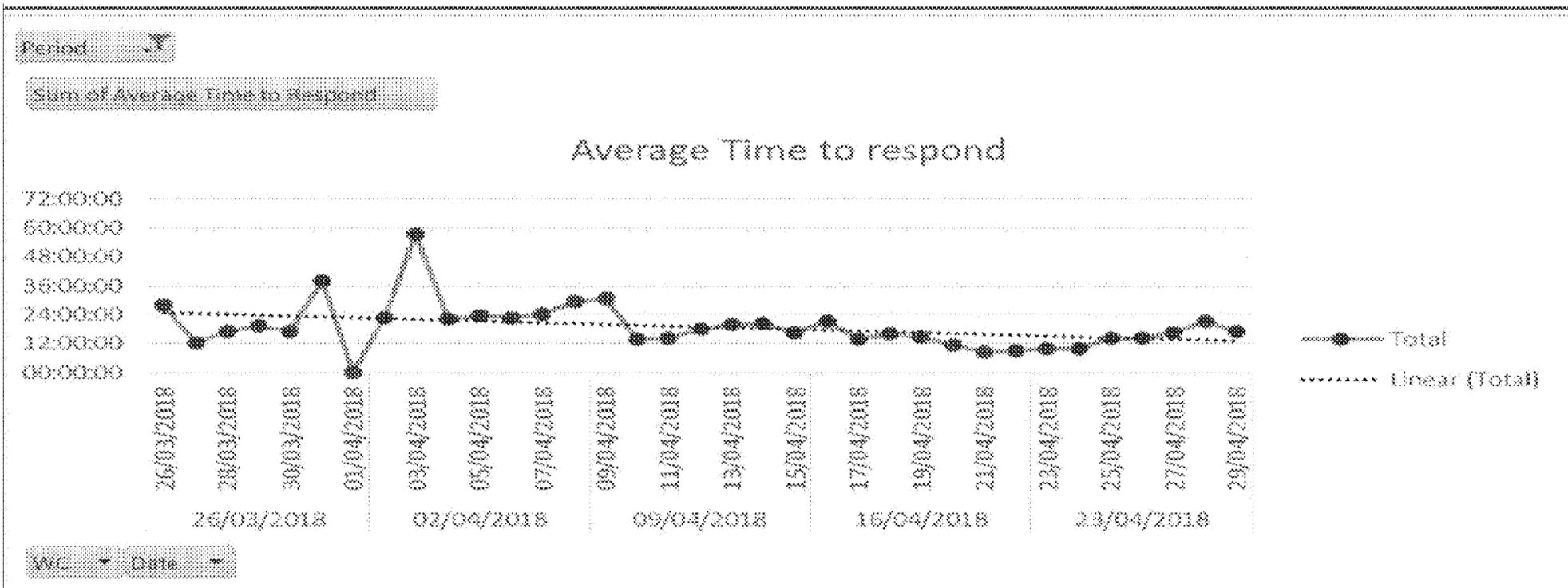
- Cash service complaints remain at low levels following the issues before Christmas. Complaints remain around individual CVIT failures, lack of notification or repeat failures.
- Royal Mail resolution – no change in reasons and are mainly related to failed collections or no mail bags. Small volumes considering the number of collections across the Network.
- Parcelforce Resolution complaints are also about failed collections, again as a % of all collections made daily across the Network, these are low.
- Those logged as Branch and Retail are a mix of various complaints that are either about another Branch or to advise of a possible customer complaint. The new categorisations will improve the data accuracy on complaints logged by a Branch.
- IT helpdesk calls are still being escalated into NBSC due to Branch frustrations with the IT helpdesk. Where a branch has to close, these are now being escalated to Sree’s team in IT for immediate action as part of the ongoing process improvements.
- Complaints categorised as NBSC are low considering the volume of calls handled each period and relates mainly to alleged misadvice.

# Network Operations Branch Support Email Volumes P1



- Email volumes came in at 18442, of which 2565 (14%) being complaints.
- Daily patterns show that we receive, on average, the same level of volumes, with Monday being the busiest day due limited volumes being responded to from 2pm Saturday.
- 48hour turnaround shows a 2% drop to 93%
- Analysis on emails will take place in Q2 once we have gone live on Dynamics 365 as all email traffic will be logged and categorised. This will show more detail around the 86% of contact we get and what we can do to improve the customer experience.
- Adherence on Customer Support has dropped from 90% to 85.4%

# Network Operations Branch Support Emails Time to Respond P1



- The average time to respond was 20:41 hrs.
- Across the period, only 5 days missed the average response time by 24 hours.
- The maximum response time across the period was 113 hours, which was driven by the Easter weekend.
- Focus on Productivity in P3 once 365 is in place to understand benefits of email integration and auto case creation, which should see a positive impact on time to respond from P4 onwards.
- 4 new starters in place gone live in P2 so no impact seen in P1 on performance.

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# Network Operations Branch and Customer Support Summary P1



- Continued to support UAT and testing for 365 in readiness for Drop 2.
- Preparing training for the roll out of 365 across Branch and Customer support and now live across all of Branch Support.
- Ongoing engagement with Verizon with discussion on outstanding issues including call recording, call quality and reporting. Risk Exception Request for call storage in Oslo currently being circulated for approval.
- Opening hours project now in Chesterfield - full support managed through Branch Support Services Team. 1647 branches targeted, 1588 in progress. 196 contract variations have been sent out and 277 agreement to work contracted hours. 67 agreements have been returned and 110 contract variations.
- Smart ID workshop to review screen prompts and processes for support when training controls are made live following Horizon update in June/July.
- Workshop for MemoView process – delivery of requirements and prioritisation for build into Agent portal.
- Successful delivery of Royal Mail Tariff change with no issues across Branch Support.
- Balance Simplification awareness training for the Branch Support – review and delivery of the new screens required for balancing with no reported issues.
- ATM balancing process design – finalisation of process and sign off to support training on 17<sup>th</sup> May.
- HNGT lite engagement on changes to the product set and requirements for pilot.



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# Agency Contracts Ops Board Update Period 1



## Network Operations Agency Contracts

### Suspensions

	Period 1 - 18/19	Period 1 - 17/18	YTD - 18/19	YTD - 17/18
<b>Total number of suspensions (branches)</b>	13	19	13	19
Main	5	2	5	2
Local	5	7	5	7
SPSO	3	1	3	1
Main core and outreaches	0	0	0	0
Local core and outreaches	0	9	0	9
SPSO core and outreaches	0	0	0	0
MSPO	0	0	0	0
Franchise	0	0	0	0
Temp PMRS appointed	4	11	4	11
<b>Gross loss at the branches (£k)</b>	£506.4	£310.8	£506.4	£310.8
<b>Total recoveries by Contract Team (£k)</b>	£49.1	£5.0	£49.1	£5.0
<b>Total recoveries by Other Teams (£k)</b>	£0.0	£154.5	£0.0	£154.5
<b>Net loss at the branches (£k)</b>	£457.3	£151.3	£457.3	£151.3

#### Commentary:

Suspensions – 13 branches, total gross losses of £506.4k. One large losses in the period Scotter Road £141.1k. £49.1k recoveries against the losses incurred in the period. When compared with the same period last year there are six less suspensions but the gross amount lost is £195.6k higher. Service was maintained at four branches with the appointment of temporary PMR.

YTD – total gross losses are £506.4k. Debt recovery is running at 9.7% of gross losses, at the same point last year 51% of the debt had been recovered. In comparison with last year there have been 6 fewer branches suspended but gross losses are 1.6 times higher.



## Network Operations Agency Contracts

### Non Suspensions

	Period 1 - 18/19	Period 1 - 17/18	YTD - 18/19	YTD - 17/18
<b>Total number of non - suspensions (branches)</b>	17	10	17	10
Main	6	3	6	3
Local	9	6	9	6
SPSO	2	1	2	1
Main core and outreaches	0	0	0	0
Local core and outreaches	0	0	0	0
SPSO core and outreaches	0	0	0	0
MSPO	0	0	0	0
Franchise	0	0	0	0
<b>Total Loss at the branches (£k)</b>	£81.1	£77.7	£81.1	£77.7
<b>Total recoveries by Contract Team (£k)</b>	£76.1	£77.7	£76.1	£77.7
<b>Net loss at the branches (£k)</b>	£5.0	£0.0	£5.0	£0.0

#### Commentary:

Non suspensions – 17 branches, total losses of £81.1k of which £76.1k has been recovered. When compared with the same period last year there are seven more branches and the losses identified are £3.4k higher (average loss per branch is £4.77k). The amount of £5.0k not recovered is being disputed by the PMR and is currently being investigated.

YTD – the average branch loss has reduced when compared to last year – currently it is £4.77k per branch compared with £7.77k at the same time last year. The recovery rate is currently running at 93.7% of total losses, at the same point last year all losses had been recovered.



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# **Fraud Analysis & Branch Standards Ops Board Update Period 1**

## Network Operations – Fraud Analysis Team P1



P1 Performance		2018-2019	2017-2018	2018-2019	2017-2018
Fraud Analysis Team	<b>FAT Activity</b>	<b>Total</b>		<b>Total</b>	
		<b>Month</b>		<b>YTD</b>	
	Branches assigned for initial investigation	362	224	362	224
	Branches assigned for escalation (e.g. training / audit / case raised / referred to contract advisor)	155	134	155	134
	<b>Total Number of Audits scheduled</b>	<b>42</b>	<b>33</b>	<b>42</b>	<b>33</b>
	Total Number of losses at audit	38	19	38	19
	% of audits with a loss	90%	58%	90%	58%
	No of suspensions at risk audits	6	4	6	4
	<b>FAT Financials</b>	<b>Total</b>		<b>Total</b>	
		<b>Month</b>		<b>YTD</b>	
	<b>Total losses identified at audit</b>	<b>£513,094</b>	<b>£215,000</b>	<b>£513,094</b>	<b>£215,000</b>
	Value recovered at audit	£84,257	£12,571	£84,257	£12,571
	<b>Total Net loss</b>	<b>£428,837</b>	<b>£202,429</b>	<b>£428,837</b>	<b>£202,429</b>
	Average value of loss	£13,502	£11,315	£13,502	£11,315
	Number of losses over £50k	3	1	3	1
	Value of losses over £50k	£267,849.00	£154,547	£267,849.00	£154,547
	Surplus cash returned at audit	£326,333	£466,000	£326,333	£466,000
	Other intervention activity (benefits from non-audit intervention activity)	£361,500	£184,000	£361,500	£184,000
	<b>AML</b>	<b>Total</b>		<b>Total</b>	
		<b>Month</b>		<b>YTD</b>	
Number of SARs processed	230	274	230	274	
Number of SARs disclosed	223	263	223	263	
Number of vulnerable customers	42	99	42	99	

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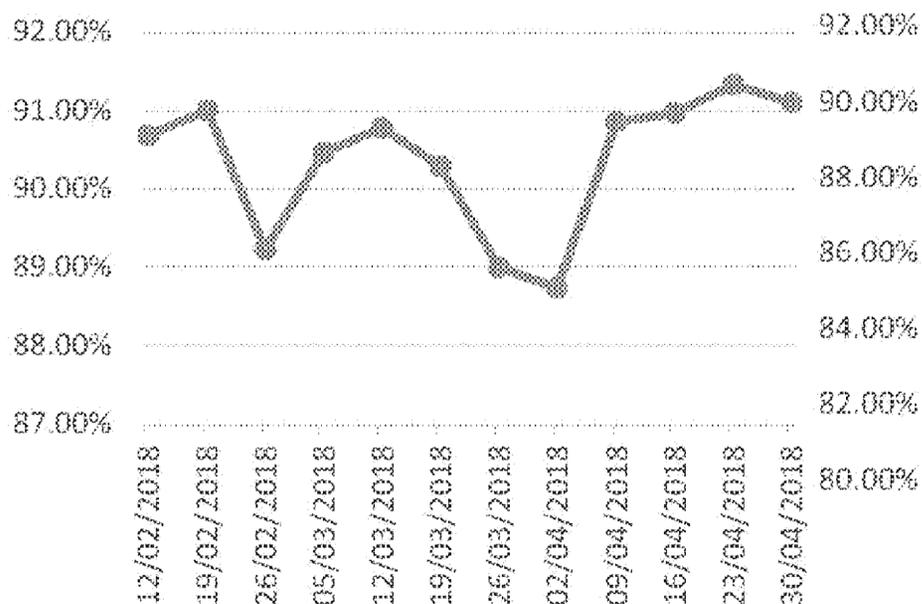
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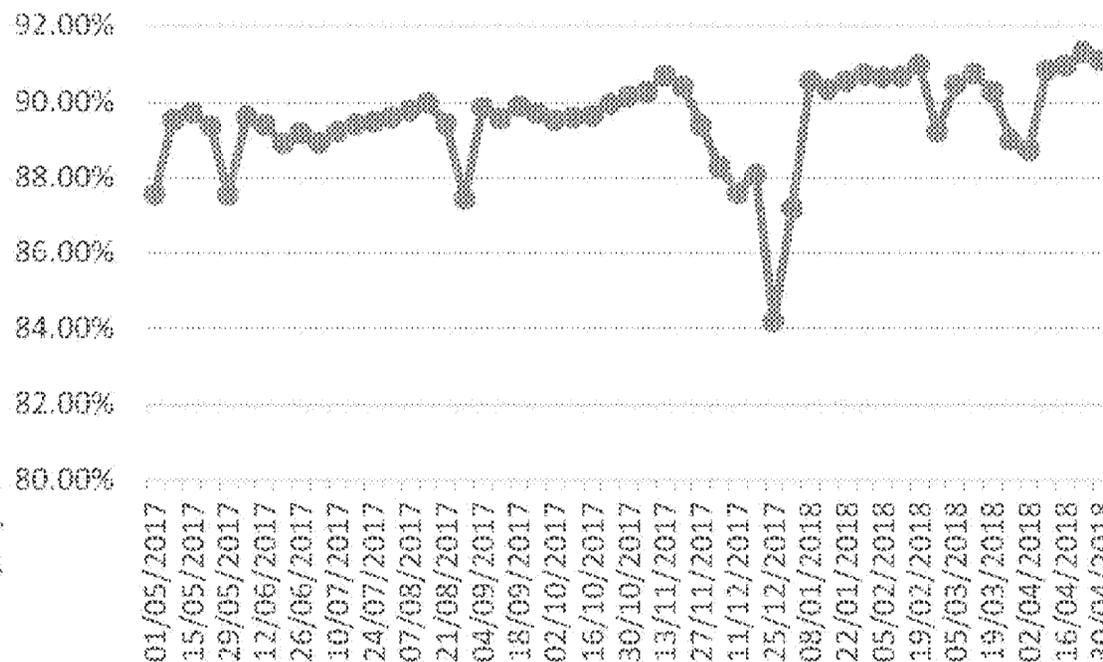


# Network Operations – Branch Standards – P1 Cash Declarations

12 week tracker



12 month tracker



Year on year comparison

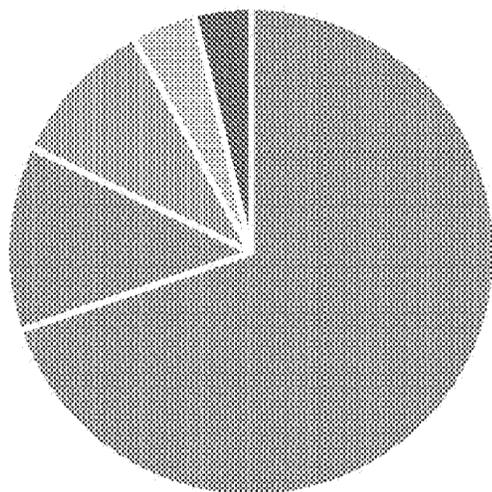
Year	P1	P2	P3	P4	P5	P6	P7	P8	P9	P10	P11	P12
2017	88.00%	89.06%	88.88%	89.25%	89.70%	89.20%	89.69%	90.40%	88.35%	88.57%	90.78%	90.19%
2018	90.18%											



# Network Operations – Branch Standards – P1

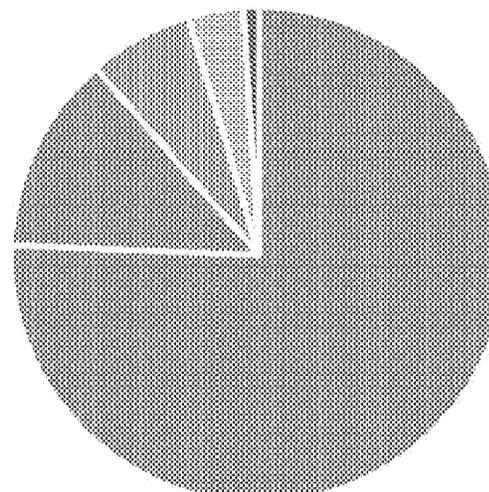
## Call Declaration calls

Top 5 reasons given



- ※ BST Lack of trained staff
- ※ BST Not declaring after accepting TA's
- ※ BST Doesn't consider important
- ※ BST Not declaring as last thing
- ※ BST Not declaring in stock unit of acceptance

Top 5 failure points



- ※ BST Not consistently declaring
- ※ BST Lottery/Paystation
- ※ BST Part time staff
- ※ BST TA's
- ※ BST ATM



# Network Operations – Branch Standards – P1

## Cash Declarations by Branch Type

Type	Branches	2018M01
CFPO	27	91.1%
Crown	258	95.4%
LM	2224	87.4%
LPM	1546	89.4%
MAIN	3352	87.0%
MOB	60	96.4%
MSPO	38	91.5%
PART	53	91.0%
SPSO	2601	95.6%

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# Branch Availability Management - Update

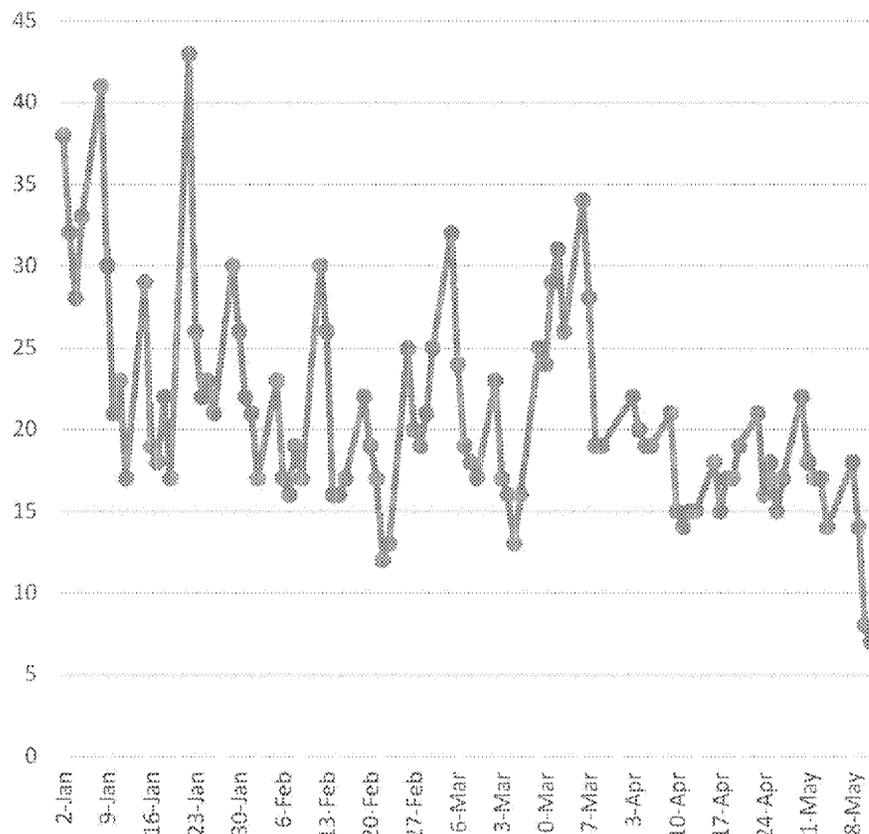
Author: Martin Godbold

May 2018

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# Branch Down Update and MI



## Branch Availability Team

- ▶ Update:
  - ▶ Branch down volumes continuing to reduce
- ▶ Next Steps:
  - ▶ Identify trends in branch down and escalations
  - ▶ Review team progress and create plan for team beyond current 6 month trial

### Recent feedback (May 11<sup>th</sup>)

*This is the best position I have ever seen us in – thanks for all your efforts.*

Mark Ellis  
Network Operations Director



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# Questions from last time

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- ▶ **Anecdotal input - HNGA reboots all the time... people saying happens more.**

We have implemented an overnight reboot of the HNGA counters, this used to exist on HNGX and frees up memory and improves performance, this has only just been implemented so need to see from stats over next month if this has had benefits, but it has already reduced noise from barcode scanner and magswipe card issues.

- **What were the branch downs like 2 years ago? What do we think good looks like? 0 down? How low can we go?**

We only started recording branch down circa 18 months ago, but I only have data going back circa one year. In early 2018 we introduced measuring all branch down scenarios rather than just those impacted by a network issue. So now we include as an example a single counter branch with a counter issue. Historically we used to have circa 10 branches with a network related issue at any one time on the branch down report, we are now measuring ourselves to try and keep all branch down related issues regardless of network, hardware or software to <10.

- **How many intermittent downs are there? How to we capture them? Should IT be measured by lost trading hours in this regard? Mick Mitchell I indicated this is likely hard to do and will be an estimate, but he's right we could do more than is in the packs. General theme of the Ops board is that we get starting data, then drill deeper each month.**

I am working with colleagues in the business to get a base line of average branches trading on any given hour of the day over a 12 month view, this will then be used during any outage / incident to determine what the variant from the norm is and measure it. This will be more accurate than service desk ticket volumes as not all branches will call us or log an issue.





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# Operations Board

Ben Cooke/Paula Jenner

April 2018

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Section 1 – FC&O IT

Section 2 – Branch Availability Focus

**Section 3 – IT service summary**

Appendix

## Looking Forward: IT Security and Operations

### NEXT MONTH'S PRIORITIES

#### General

- Project Nelson, continue the operating model due to the impact of Project Nelson
- OCC - Deliver the OCC pilot proof of concept, Service now, with Fujitsu, for delivery in June
- Snow - Self service pilot continuing and extending, continuing full build of Service management Suite in Service Now
- Self service - Increase the branches roll out

#### FS & T

- ASM (Application Support & Maintenance) meeting to understand how we best utilise the £3m PA budget for projects. Early adaptors for inclusion are: Sha 1 - 2, Connect Direct upgrade, Operationalising HoRice, Ref Data and Horizon enhancements
- Customer Hub - Work continuing to look at how we support the release of Customer Hub, Outsystems, Accenture and Atos all engaged.
- Digital Check and Send, Go Live planned for 9<sup>th</sup> July 2018 . Service Management team are creating e2e service design.
- Connect Direct, Comms have been sent out to the affected banking partners informing them of the actions required to support the planned upgrade at the end of June.

#### Retail

- Implementing counter restarts to reduce the impact of Bar Code Scanner and Magnetic Card Reader issues
- NCR Deep dive work on freezing issues to continue -Further diagnostic work underway
- NFSP - Working with NFSP to get articles in their magazine on self help / self maintenance
- Incident / Cost reduction - Trial Service Now with 10 branches for quick ticket logging and updates
- Branch Down / Escalations - New weekly calls to be instigated to investigate root cause of branch down / escalation volumes
- Branch Service Remediation - Following supplier workshop held in April, follow up with all suppliers to ensure actions are being completed
- OBC - Progress the actions following the OBC Workshop to ensure that changes are delivered.

#### Finance, Central and Ops - TBC

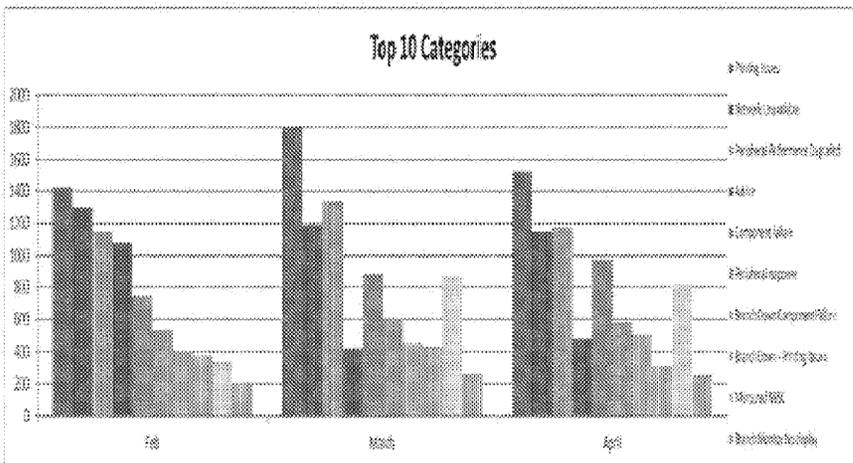
- Data Assurance working group - First meeting 21<sup>st</sup> May.
- Swindon Stock Centre -RFP responses for service support, DR connectivity to Swansea
- Service Design and Transition -Case Management and RPA Service proposals, sign off of Success Factors support.
- Cloud Strategy- further Cloud platform strategy discussions

#### Security

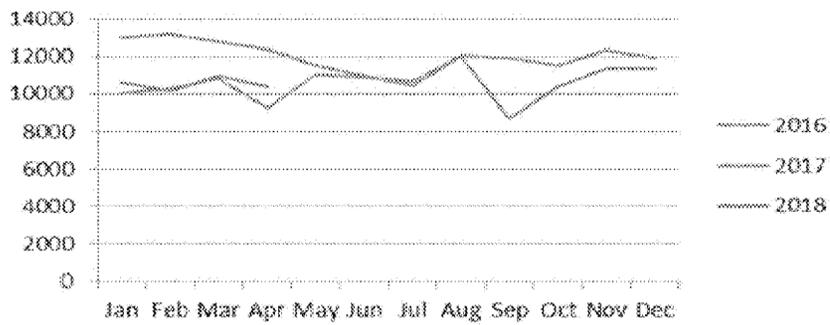
- BYOD - 1050 Sony handsets built with Intune Application, Circa 900 handsets dispatched
- Office 365 Unrestricted access has been delayed, awaiting CC confirmation of new date.
- PCI - Computacenter and Fujitsu compliance with the outstanding issues identified during the QSA assessment. Computacenter to provide workable solutions for the remaining PCI issues.
- SOC - On-board initial log sources from Accenture, Computacenter and Fujitsu into the SIEM and configure the Use Cases.

# April 18 Service Update

Top 10 Categories



Year on Year Unique Incident Volumes



## Service Summary

### High Severity Incidents

- 7 opened in April, one Severity 1 and six Severity 2's.
- Three were retail related including two impacting the network (one Severity 1 and two Severity 2).
- Three were Financial Services and Telecoms related.
- The final Incident was related to Finance, Central and Operations. This was a project related incident affecting VPN.

### Overall incident volumes

- A reduction in overall incident volume this month to 10,407. This was just 106 above forecast.
- Misrouted NBSC calls continue to impact incident volumes accounting for 822 calls this month. This represents 8% of total volumes. Work is underway to introduce an IVR to drive down these volumes.
- For the third consecutive month there has been an increase in Component Failure. Computacenter are currently investigating the drivers for this.

### Change

- Change volumes continue to be significantly above the 2017 average, and achieved success rate 98.5%.
- Urgent change has increased this month from 15.3% to 15.9%. This increase is a direct result of DXC exit and POLSAP migration.
- Implementation of Standard Change remains a priority.

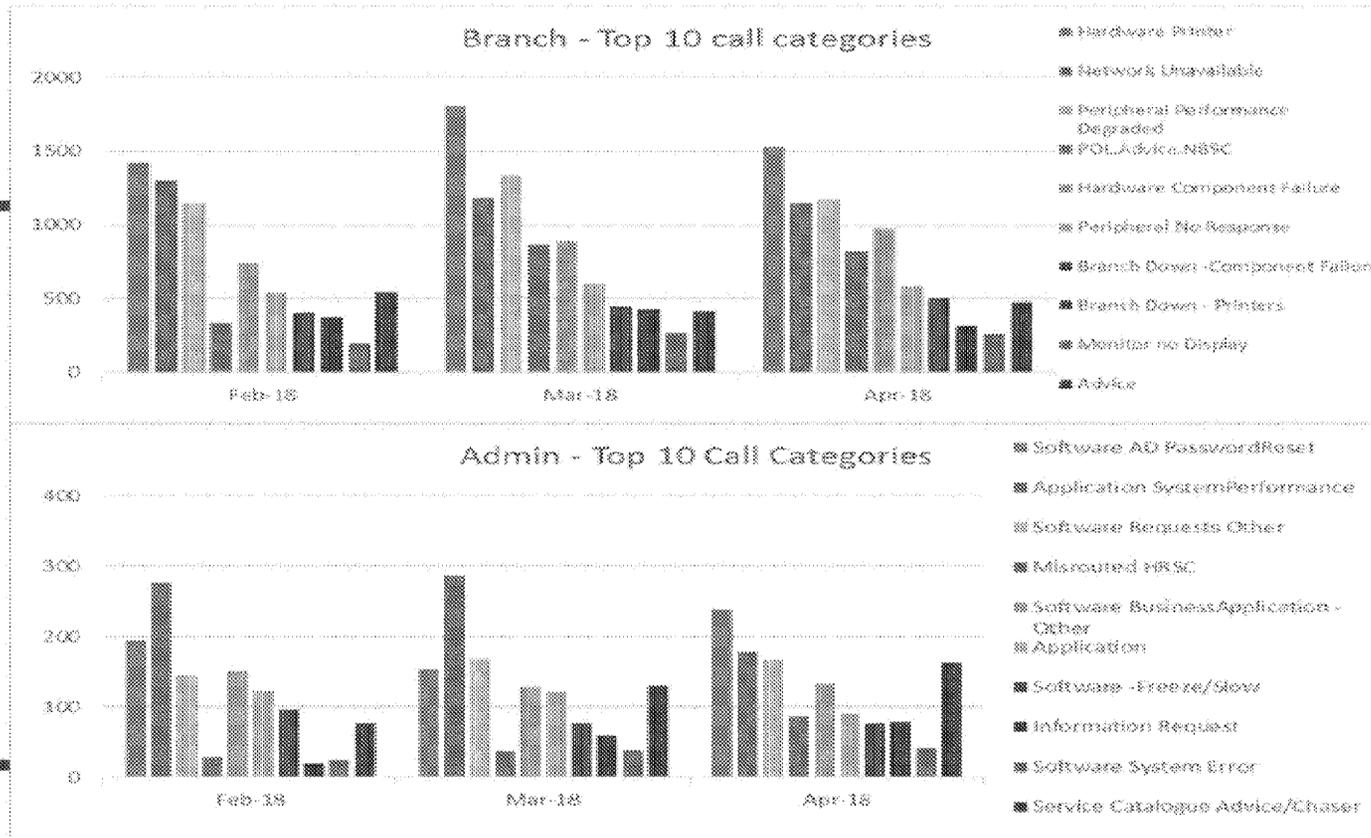
Number of High Severity 1 & 2 Incidents

Business Area	Critical System/Service	Nov		Dec		Jan		Feb		Mar		Apr		6 month
		21	22	21	22	21	22	21	22	21	22	21	22	
Retail	All						1							1
	Prodigy										1			1
	SW Connect													
	Payment													
	Mobile Pay											1	1	2
Finance Central and Operations	Customer/CRM			4	1						1			7
	BSM New/Transfer													1
	POL SAP		2		1	3					1			7
	Transfer													
Finance Services and Telecoms	CSP	1		1										5
	Banking												1	1
	ERK				1									1
	Network										1	2	1	1
	Website											1		2
Other	2	3				2	3	2		3		1	13	
<b>Total</b>			1	1	2	1	3	2		2	1	1	6	20
External Incident			1											1

6 Month Change Volumes

Category	Nov-17	Dec-17	Jan 18	Feb 18	Mar 18	Apr 18
Major	2	1	0	0	0	0
Significant	35	17	64	53	56	47
Minor	203	89	256	242	270	261
Standard					9	7
<b>Monthly Total</b>	<b>240</b>	<b>107</b>	<b>320</b>	<b>295</b>	<b>335</b>	<b>315</b>

# April 18 Service Update

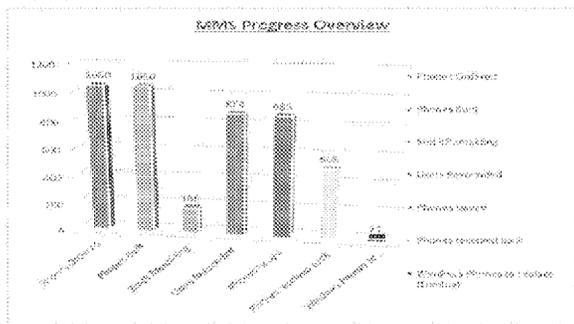


# IT Security

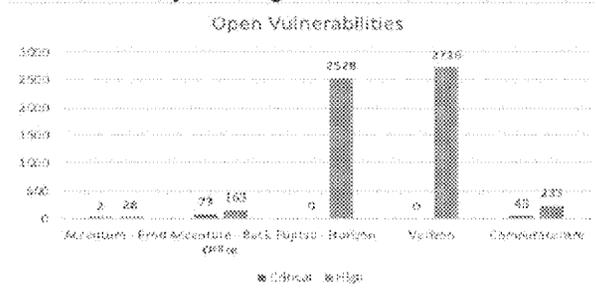
Ben Note – response from last Ops board question:  
Once CC get the Ironscales implementation correct then we can run phishing tests directly from there as it is one of the features of the product and we can then accurately measure phishing awareness across the business and tailor the training accordingly.

## No Major IT Security Incidents in April

### MMS:

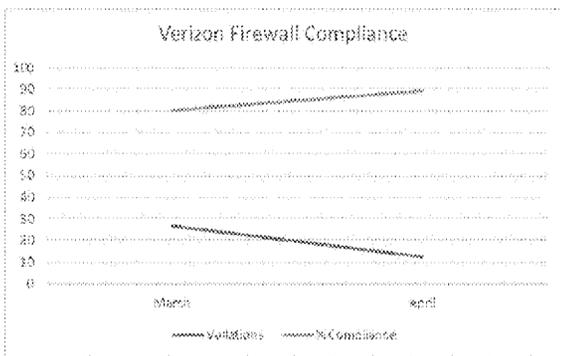


### Vulnerability Management:



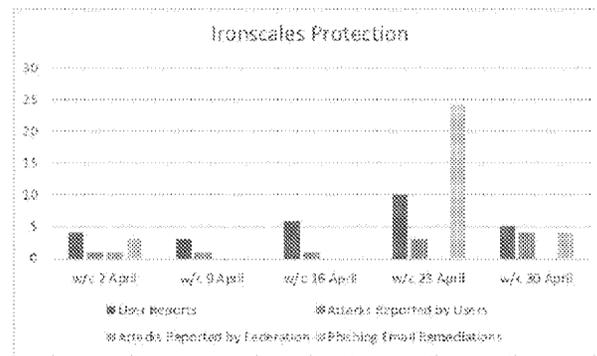
### Skybox:

Initial Verizon remediations in progress, remaining towers requests in place.



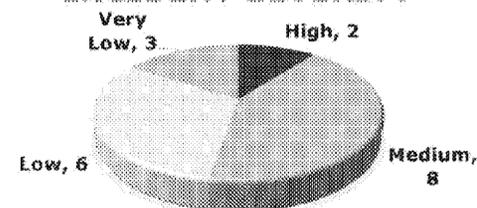
### Ironscales:

Alternative deployment solution CR raised with CC, awaiting response. This will allow for full deployment through O365. Platform still providing protection despite deployment issues.



Internet references to PO in April decreased to 11M. 6.2k required investigation with 19 (down from March) escalated for PO action

### INCIDENT SEVERITY



The majority of incidents this month were related to external APK websites hosting our apps and social media incidents. Upon investigation no action was required.

The 2 High incidents were due to expiring website certificates. These have been renewed via the New Entrust platform.



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# Operations Board

Ben Cooke/Paula Jenner

April 2018

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Section 1 – FC&O IT

Section 2 – Branch Availability Focus

Section 3 – IT service summary

**Section 4 – Vendor Mgmt**

Appendix

# Accenture Dashboard –April 2018

Angus McDonald Vendor Manager/ Contract Manager

## Monthly Highlights

- We have continued the joint success this month with a large number of go-lives in March and April across the Common Digital Platform and Back Office, and have even accelerated delivery on support Safe Haven exit.
- Accenture's responsiveness has been challenging at times during the month on complex pieces of work and something I am watching closely, while headline acts are

- [Redacted]

## Commercial and Service

### New CDP-Contract Nears Completion

#### SCOPE

Under the new contract we will move all components and services from UK Cloud to AWS, and migrate all on going projects to the new platform in three months. We will upgrade CloudFoundry a core component of the platform.

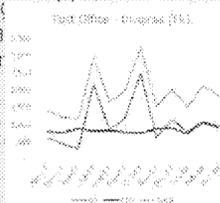
This is a two year contract for the provision of application support and maintenance, hosting on AWS and infrastructure support and maintenance. As well as, on going application development.

#### BENEFITS

The new platform offers a much more competitive price for hosting innovation through significant investment. AWS also offer architecture.

#### SPEND TO DATE

The spike in July 2017 was SuccessFactors & Credence Azure Transition.  
The spike in October 2017 was



## Contract Evolution

	Start And End Date	Value
Awarded Tower Contract following a full OJEU procurement process on a 7 +1 +1 basis.	February 2016-2023	£150m OJEU threshold, £22.4m Fixed Price element
Significant change since February 2016	Present	£14m average on spend

## Key Meetings

Key Meetings	Date
Strategic Relationship Meeting	11/05/2018
Commercial Meeting	Weekly-Friday

## Key Performance Indicators

### Status

Commercial Change

Relationship

Service

## Key Contact Details

**Shannon N. Cozzolino**  
Accenture | Health & Dublin

**Stephen Mills**  
Accenture | MD  
20 Fenchurch Street,  
London EC3M 3BD

## Ben Notes

- AI wanted POMs info in...
- Governance not yet set up for AI to take on bus sponsor for

# Computacenter May 2018

Wander Manager: Angela McDonald | Contract Manager: Gareth Jones

## Monthly Highlights / Lowlights



### Problem Outline

Recent PCI DSS audits have highlighted that the Post Office are not compliant as there are 112 open issues across Computer and Network of which 74 are high issue in terms of being at risk of not being remediated before the 31<sup>st</sup> July (the date which the ISA auditor has stated that the non-compliance would be expected to be addressed). All 4 outstanding issues are all dated with CC.

If the 4 open issues are not remediated the Post Office would be not be compliant against the following PCI requirements (out of the 12 PCI-DSS requirements):

Req. 11 - Track and monitor all access to network resources and sensitive data

Req. 21 - Regularly test security systems and processes

The impacts of the issues not being remediated would be:

- Global Key Lock (possibly other payment providers) could possibly key into additional changes on the Post Office.
- There is a risk to the operations of new business if the POI is unable to demonstrate compliance during tender or RFP's
- Banking Framework - the banks could key into due to POI not being compliant to our contracts.

Note: There is no evidence that the above will stop card payments being taken but this assertion is being investigated.

### Current Status

Computacenter: From the audit from the Post Independent USA there have been 83 issues identified to be remediated by CC:

In Progress	46
Complete	17
Closed	5
To follow	5

Of these 83 issues, there are 4 outstanding issues with no planned resolution by end of July 2018.

CC have proposed two change orders to POI to resolve these issues. The current proposals state that these 4 issues would take at least 20 weeks to remediate.

CC have indicated the remediation of the open issues (74 in total) will be remediated by the middle of June. The remediation of these issues should be achievable for CC.

There is a further complication to remediation of the 4 outstanding unresolved issues is that CC are looking for some payment for remediation, which POI are currently disputing. This dispute could add further delay to achieving resolution by 31<sup>st</sup> July.

### Summary of POI Issues

In order to expedite the remediation of the 4 outstanding issues that would potentially not be resolved before the 31<sup>st</sup> July, POI suggest the following:

- POI to appoint a full time project manager over the next 3 months to ensure all issues are addressed in a timely fashion.
- CC are agreed to initiate and complete the remediation of Vulnerability Scanning that CC have to be initiated on the branch network before the end of July which would resolve 4 issues and form part of the remediation of another. Commercial Remediation could be performed in parallel as the implementation of the remediation solution is proposed. The proposed timeline by CC would need to be reduced but this should be doable.
- For the remainder of the vulnerability review (Increased PAM (the integrity), centralized logging and release scanning), POI to initiate a remediation between POI, Archibus, IT Security, PAM and CC to discuss the proposed compensating controls as a phase 2i.
  - To compensate for the lack of a PAM solution on the branches then CC should:
    - Create a script that will run once a week to check the differential in the the systems on the branch machines. As these are locked down systems and a standard build then this script should be not be complicated in terms. This would mitigate 1 issue and could be tested and implemented in 2-4 weeks.
    - The script should also check for drivers that had been installed which as well as the vulnerability scanning, would also transfer for wireless devices. These controls would mitigate another issue.
    - To compensate for the lack of centralized logging then windows event forwarding could be enabled in the branches to forward the security events while minimizing the bandwidth used. CC could then receive 1 file to monitor the logs that were sent to the central logging server. This would mitigate another 1 issue.
- CC could implement their proposed solutions as a phase 2 once the compensating controls had been implemented as a mitigation.

## Contract Issues

### PCI Costs

CC have provided an indicative figure of around the £1m-1.2m range for the 3 year cost for POI. This covers the business, change (2 releases), professional services and managed service (run) cost over 3 yrs. There is still some opportunity to do things. It does not include any cost to upgrade the network from CC (to be 2018) - any initial investment there on this was always that I suspected they had missed the point of the scenario in that they are not a state opportunity but a regulatory compliance issue to achieve compliance and then lock out competitors, they have responsibility to get this right.

### POI/PROJECT

CC came to the first meeting with an additional lead position in order of £4m to complete. POI, two meetings done, have agreed that questions get to grips with our position and will be arriving at a firm position before the end of next week. I expect to have to escalate the issue via Catherine, they are looking to intermediate position based on a liability efficient view of what impact their delay has had and their part in the responsibility.

### CC stance on liability

CC have been sharing their liability position on work orders their position is: *As per previous discussions it is not Computacenter's intention to limit any liability to the B&G services or advice ourselves from the liability clauses within the Agreement, advise a project to for discrete activities that are activities scope to that outlined by the Agreement and have no impact to the B&G service then the business limitation of liability would apply for those activities under that Work Order only.*

From a Post Office perspective we need them to engage properly and within their current contract, they tank a level of liability and risk on signing while they may insist that there are only limited or specific bits to the contract they set precedent which Post Office needs to avoid, if they take on responsibility to do work they need to deliver on it and not set up a world to have an escape route for them.

### CC Resource allocation and availability

They have been having some major issues this year in particular on a number of project sites getting the right resources to place at the right time, more noticeably this week with BYOD, from what I can ascertain mostly due to customer demands elsewhere.

### CC team position on the

we originally had two resources engaged on this work. One was released for another customer (Angus notes, Boyal Hall) engagement and the resource that was left to complete the work originally went missing and has subsequently resigned. This has created a delay and the situation was not picked up quickly enough on our part and Chris is reviewing the Command & Control in the PRO function to improve in this area. We have worked hard to procure the engagement and maintain another one of our commitments that is on our top level programme. Tech, Yusuf Tech has cancelled his planned holiday because he is fully involved in the work. He is now signed to this work through until completion. I will be able to provide an updated completion date after Tech has further reviewed the situation over the B&G.

## Contract Evolution

Awarded date on a 4 +1 +1 basis. One of the extensions has been confirmed,

Renegotiated on DATE to reduce £4m liability. Contract can be extended out until 2020

## Key Meetings

Key Meetings	Date
Exec Governance forum	Monthly
Commercial Review	Weekly

Key Performance Indicators	Status
Commercial - Outstanding aged debt	Amber - debt position > 110k
Relationship	
Commercial - # open CMN's and WO's	53 WO's in flight

Contract Evolution	Start and End Date	Value
Awarded date on a 4 +1 +1 basis. One of the extensions has been confirmed,	October 2014-max 2020	£130m
Renegotiated on DATE to reduce £4m liability. Contract can be extended out until 2020	February 2017-max 2020	£126m

# Software Suppliers Dashboard – May 18

Monthly Highlights/ Lowlights	Commercial Risks	Key Contract Renewals Planned	Budget 2018-19
<p><b>Microsoft:</b></p> <ul style="list-style-type: none"> <li>Microsoft Enterprise Agreement renewal signed on 20<sup>th</sup> April well ahead of the deadline.</li> <li>Significant opex savings and cost avoidance have been negotiated which is currently getting vetted by Finance. The new Microsoft agreement is forward looking with enhanced Microsoft 365 capability in line with POL's Modern Workplace plans.</li> <li>A workshop has been scheduled on 4<sup>th</sup> June to take ITLT through the new Microsoft agreement and its advantages.</li> </ul> <p><b>SAP:</b></p> <ul style="list-style-type: none"> <li>Annual SAP audit still in progress since February. An internal review completed by Derive Logic suggests a number of SAP engines that do not have SAP entitlements. This has been the case for the last few audits and needs further investigation. All pending actions with Accenture have been completed this week and final audit report expected w/c 14<sup>th</sup> May.</li> <li>Termination notification for SAP HR Licenses negotiated under Exhibit 11 issued and c. 75k opex saving expected this year.</li> <li>The SAP final audit report is needed to be able to potentially terminate SAP HR licenses.</li> </ul> <p><b>Oracle:</b></p> <ul style="list-style-type: none"> <li>Potential license exposure on Oracle licenses within Credence -MDM systems.</li> </ul>	<ul style="list-style-type: none"> <li>The potential shortfall of SAP engine licenses and Collections and Dispute management licenses and needs further investigation.</li> <li>There is a need to review and right size and rationalise the SAP licenses within the various exhibits following completion of PDSAP and HRSAP exit. We risk paying all charges annually in advance and losing the chance to negotiate an opex reduction this year by right sizing our license requirements.</li> <li>Following a review of the license position for Oracle database for non -SAP systems ( Credence -MDM) , there is a potential and substantial exposure to the tune of £711k moving these applications to the Azure platform. We are working with Accenture to run usage scripts and Derive Logic are supporting us getting a complete baseline for Oracle.</li> <li>A work order for CC has been approved for rationalising the Adobe estate, review the need for Adobe Professional with all users and look to provide Adobe reader or Adobe Standard and reduce our renewal costs. There is a need for CC to complete within the 30<sup>th</sup> May deadline for the renewal numbers to be submitted to Adobe.</li> </ul>	<p>Adobe</p> <p>Salesforce</p>	<p>£369k</p> <p>£545k</p>

## Opex Spend vs Budget 18/19

### April 2018 Flash Results - IT Services Licenses

	Month						YTD						FY					
	Act	Fcast	Budget	Fcast Var	Budget Var	% Mvmt Bud	Act	Fcast	Budget	Fcast Var	Budget Var	% Mvmt Bud	Act	Fcast	Budget	Fcast Var	Budget Var	% Mvmt Bud
Staff Costs	0	0	0	0	0	0%	0	0	0	0	0	0%	0	0	0	0	0	0%
Non Staff Costs	779	786	786	7	7	1%	779	786	786	7	7	1%	9,562	9,569	9,569	7	7	0%
Total IT Services	779	786	786	7	7	1%	779	786	786	7	7	1%	9,562	9,569	9,569	7	7	0%

# Atos Dashboard – March 2018

Created by Harisa Afense (IT Vendor Manager)

Monthly Highlights / Lowlights	Risks	Key Meetings	Date
<p>A further reduction in the notification period for the extension notice was agreed between Post Office and Atos. It was issued on 16<sup>th</sup> April. A kick off meeting was held on 17<sup>th</sup> April to agree the next steps; a largely positive tone was set and an agreement to work collaboratively going forward. Governance for the extension was agreed and Post Office are raising a CR for a full Impact Assessment of the terminated and altered services.</p> <p><b>Service:</b> Service Desk failed 2 SLA's (Speed to answer &amp; call abandonment) as a result of the impact of the high severity incidents throughout the month. Mitigation is being sought.</p>	<p>Kulalumpa DR site dispute still unresolved and CMN remains unsigned. With Post Office to take a view and progress. Mick Mitchel and David Cooke to finalise the position</p> <p>New Account Risk meeting has been established starting 20<sup>th</sup> April</p> <p>Information Services remain an uncontracted service. A commitment to review this was provided to Atos following the submission of the extension notice has been provided to Atos to agree a simpler charging model and a CMN that supports the provision of the agreed service.</p> <p>Disengagement from Atos and reduction in</p>	<p>ITVM &amp; SUPPLIER BOARD</p> <p>Executive Strategic Meeting-</p>	<p>26 April</p> <p>8<sup>th</sup> May</p>
		Key Performance Indicators	Status
		Commercial	Extension notice issued. Post Office awaiting the full impact assessment
		TOM Progression	Now deemed BAU
		Customer Satisfaction Target: 80%	
Contract Evolution	Date	Opex Spend vs Budget	
Original SISD Contract	26/09/2014/renegotiated '17 4 year term 1 +1 1 year extension 04/18	<p>Services : c£6m Tower: £9.434m IT Projects: c£10m</p>	
<b>Framework Agreement for IT Consultancy Services</b>	12/09/2012	<p>To be added</p>	
TOM CMNS. Benefits to be applied from 1 <sup>st</sup> July 2017	3 <sup>rd</sup> October-3 <sup>rd</sup> September 2018		
<b>Key Contacts</b>	David Cooke Client Executive	Keith Searle Service Director	Jeffrey Burke Portfolio Manager

# Fujitsu Dashboard – March 2018

Vendor Manager – Lee Turner – Contract Manager – Denise Harvey

Monthly Highlights/ Lowlights	Commercial Risks	Key Meetings/Events	Date
<b>Highlights:</b> Good progression with a number of activities including: <ul style="list-style-type: none"> <li>The following Project Everest activities:                             <ul style="list-style-type: none"> <li>CCN1638 Revenue Switch and Variabilisation signed</li> <li>CCN1639 Interim Application Support and Maintenance signed</li> <li>WOW breakfast and workshops positive and engaging</li> </ul> </li> <li>BNS Support extended under CT2531a until 20<sup>th</sup> April 18 to mop up approx. 70 sites (Funded by the Program)</li> <li>CCN1638b Price Increase as per contract signed</li> <li>CCN1635b – Update to POL Signatures signed</li> <li>CCN1634b – POLSAP SLT updates signed</li> </ul>	<ul style="list-style-type: none"> <li>CCN1637 Extension of Operational Business Change (Branch Change) Service from 1st April 2018 until 31st March 2023 awaiting a briefing from Mark Nash to Rob Houghton. Meeting scheduled Tuesday 10<sup>th</sup> April to review.</li> <li>CCN1633 POLSAP Hosting Service from Midnight on 31st March 2018 to 23:59 on 31st December 2018 awaiting a reforecast of FJ &amp; Accenture budgets in order to understand the full financial exposure to IT.</li> </ul>	Monthly Governance Meeting	21 <sup>st</sup> March
		Financial Change Process	12 <sup>th</sup> March
		Key Performance Indicators	Status
		Commercial - Outstanding aged debt	£55k YE.
		Relationship	Good for strategy, improving behaviours for BAU
		Commercial - Open CT's & CCN's	33 open CT's & 3 CCN's open
Contract Evolution	Date	Value	
Fujitsu has been working with the Post Office since May 1996 5 extensions of the contract with the most recent taking us to 2023	1 <sup>st</sup> February 2016 6 year term	TCO £200m	
Home Phone and Broadband contract to 2020 (Non IT)	2020	c. £100 PA	

Key Contact Points

Nigel Naylor-Smith  
Client Executive

Garry Stewart  
Delivery Executive

**GRO** **GRO**

	Month							% Mvmt Bud	YTD							% Mvmt Bud	FY							% Mvmt Bud
	Act	Fcast	F07 Fcast	Rfcast	Fcast Var	F07 Fcast Var	F07 Fcast Var		Act	Fcast	F07 Fcast	Rfcast	Fcast Var	F07 Fcast Var	F07 Fcast Var		Act	Fcast	F07 Fcast	Fcast Var	F07 Fcast Var	F07 Fcast Var		
Staff Costs	0	0	0	0	0	0	0.0%	0	0	0	0	0	0	0.0%	0	0	0	0	0	0.0%				
Non Staff Costs	2,985	2,958	2,328	2,328	(26)	(557)	-22.0%	35,209	35,183	34,913	34,913	(26)	(296)	-0.8%	35,209	35,183	34,913	(26)	(296)	-0.8%				
Total IT Services	2,985	2,958	2,328	2,328	(26)	(557)	-22.0%	35,209	35,183	34,913	34,913	(26)	(296)	-0.8%	35,209	35,183	34,913	(26)	(296)	-0.8%				

# Verizon Dashboard – March 2018

Vendor Manager – Steve Brown – Contract Manager – John Wilcox

Monthly Highlights/ Lowlights	Commercial Risks	Key Meetings	Date
<p><b>Highlights:</b></p> <ul style="list-style-type: none"> <li>Network transition accomplished for end March 2018</li> <li>No working at risk currently</li> </ul> <p><b>Lows</b></p> <ul style="list-style-type: none"> <li>Question marks over Verizon's strength and depth in UK</li> <li>Mobile solution from Verizon unworkable, direct award sourced from EE instead.</li> <li>OBC process slow, weak and general not robust.</li> <li>Board questioning whether a correct procurement decision was made back in 2015, this challenge has been put to Vz who are working through a weekly plan to provide RH with the correct level of comfort for his report to the board in June</li> </ul>	<ul style="list-style-type: none"> <li><i>OPEX: Invest to save exercise underway, no silver bullet exists to meet £1m Opex reduction target. Multiple avenues under technical investigation and business plan building</i></li> <li><i>OPEX: continued new service additions for areas that did not have a procured commercial price book lead to OPEX risks. Each business owner of new service now asked to confirm they have OPEX budget</i></li> </ul> <p>The above are on the risks and ops spread sheet</p> <p>Other risk</p> <ul style="list-style-type: none"> <li>Mitigated - Procurement risk of direct award of mobile services to incumbent EE. Risk notes from legal and CMS indicate this</li> </ul>	<p>Exec Governance forum</p>	<p>2nd Wednesday of each month</p>
		<b>Key Performance Indicators</b>	<b>Status</b>
		Commercial - Outstanding aged debt	Green, no significant aged debt
		Relationship	

Contract Evolution	Date	Value
Awarded May 2015 on a 7 +1 +1 basis	15 <sup>th</sup> May 2015	TCO £92m
ASOC service added for 3 year fixed term	2 <sup>nd</sup> January 2018 for signature	c. £4m

**Key Contract Details**

<b>Rob Nicol</b> Managing Principal	<b>Michael Roberts</b> Programme Director
<b>GRO</b>	<b>GRO</b>

Info from finance

**Redacted**

One incident reported this week by FSC.

Date of Incident	Reporting BU	Primary Impacted BU	Event (what happened)	Action Owner
21/06/19	FSC	FSC	<p><b><i>Triplication of TAs (Transaction Acknowledgements) into branches for Lottery transactions dated 20/6/2019 (£2,500,000):</i></b></p> <p>TAs (Transaction Acknowledgements) for Lottery transactions taken on 20/6/2019 have been triplicated in branch causing discrepancies.</p> <p>Accenture loaded the file 2 times in error, once correctly. It is believed this is due to the introduction of new RPOS system into pilot.</p> <p>All Lottery branches are unable to reconcile their stock and cash. GL accounts in the Finance systems have triplicated data. If a technical fix is not in place then FSC will need to issue Transaction Corrections (TCs) to enable branches to balance.</p> <p>If a Technical fix is not in place and FSC do not issue TCs, then emergency suspense accounting will cause significant issues operationally for FSC to manage.</p> <p>Communication sent to branches of the issues and timeframe to resolve.</p> <p>ATOS/FUJITSU/ACCENTURE is engaged in finding the root cause and developing a fix. Conference call arranged to discuss and if a fix is not in place TCs will be issued from 25/06/19.</p>	<p><b>Accenture</b></p> <p>(25/06/19)</p>

**Please Note:**

- Materiality - the threshold would be anything with a financial impact of over £50k and/ or a major adverse reputational or regulatory reaction; the "Daily Mail test". At this stage, it is more helpful to over report, than to miss the opportunity.
- Incidents - IT incidents are reported separately by their respective teams and are not included in this report. IPA (formerly ISAG) have discontinued their weekly reports. Their reports are now included in this weekly submission.