

Message

From: Steve Allchorr [mailto:steve.allchorr@postoffice.co.uk] **GRO**
Sent: 20/06/2013 09:49:48
To: Parsons, Andrew [/O=BOND PEARCE/OU=First Administrative Group/cn=Recipients/cn=ap6]
Subject: Fw: Does POL have (and use) a facility to make entries to Sub Post Office Branch books without the SPMRs knowledge, approval or involvement?

From: Steve Allchorr
Sent: Thursday, June 20, 2013 09:41 AM
To: 'Parsons, Andrew' [mailto:andrew.parsons@postoffice.co.uk] **GRO** <Parsons, Andrew [mailto:andrew.parsons@postoffice.co.uk] **GRO**>
Subject: Fw: Does POL have (and use) a facility to make entries to Sub Post Office Branch books without the SPMRs knowledge, approval or involvement?

Andy

Last email refers.

Thanks
Steve

From: Rod Ismay
Sent: Wednesday, June 19, 2013 10:56 PM
To: Steve Allchorr
Subject: FW: Does POL have (and use) a facility to make entries to Sub Post Office Branch books without the SPMRs knowledge, approval or involvement?

Second email to associate with your email SR005
Thanks, Rod

From: Rod Ismay
Sent: 05 February 2013 15:44
To: Ron Warmington; Angela Van-Den-Bogerd
Cc: Simon Baker; irh [mailto:irh@postoffice.co.uk] **GRO**
Subject: RE: Does POL have (and use) a facility to make entries to Sub Post Office Branch books without the SPMRs knowledge, approval or involvement?

Ron, Ian,

Please see my interim update below. Can I suggest we discuss this further on the call on Friday and consider a workshop with relevant specialists to bring the relevant clarity and knowledge to the group.

As regards the 2006 text that you refer to, please let me try to clarify that.

"The introduction of the new Post Office Ltd Finance System (POLFS) in Product and Branch Accounting (PBA), Chesterfield means that the finance teams can no longer adjust client accounts on site."

Post Office introduced a SAP finance system in 2006 and a change in branch trading processes.

We have spoken about situations where branches could inadvertently make errors in the values they enter into Horizon and in the clients / products to which they attribute some transactions. Prior to 2006, if a branch miskeyed a £20 transaction to Client A Subproduct X instead of to Client A Subproduct Y then the Horizon data interfaced to the central finance system (CLASS) into the "wrong" general ledger line (due to the branch error). Colleagues in Chesterfield would

then investigate data and correct such "wrong line entries" centrally such that the £20 liability went into the right (subproduct Y) account centrally. This did not alter the branches local accounts in Horizon. It was done "on site in Chesterfield".

With the introduction of the SAP finance system a key principle was that we wanted to push awareness and accountability for "wrong line entries" and other errors more clearly back down to the branches, who in turn would then be more informed to avoid repeating the mistake in future. We therefore began issuing Transaction Corrections for things which previously might have been reclassified centrally. May I reinforce here that the desire before and after the SAP change was to notify branches of errors of VALUES, but some errors of CLASSIFICATION were not notified back to the branches before SAP.

The use of "on site" is therefore about making entries in the central system in Chesterfield, not about making entries into Horizon in branch.

Further on in your email you refer to:

- The inference "...that TCs have to be 'accepted' at the branch level and that there exists no power/capability at the centre (in Chesterfield or anywhere else) to impact any branch's accounts without the SPMR's knowledge, approval and involvement."

This is so. TC's appear on screen in branch inviting the branch to formally accept them or to request more evidence. There is a process for following that up if the branch wants more evidence.

However, with some cases of "absentee subpostmasters" who may delegate office leadership to their chosen reps in branch the Spmr may not have seen the item, but they would have chosen to delegate oversight to another individual in their branch. We would have encouraged and made clear to the subpostmaster, as per their contract, that they have responsibility though.

As regards the subsequent matters in your note there are many controls in the systems to ensure double entry accounting. As discussed on the last call it would be best for us to respond to specific challenges against that by way of investigating specific situations that have been presented to you for consideration.

I would, however, like to differentiate "one sided accounting allegations" from known situations where comms line failures etc cause part of a service to fail despite another part having completed. Eg. Like the card payment situation that was notified to you during your meetings with subpostmasters or former subpostmasters.

Situations can arise such as the bill payment by debit card where the customers bank account is debited via communications through the LINK network, but the update to the bill payment organisation is interrupted. That type of situation leads to "Recovery" processes whereby screen prompts advise the colleague in branch what to do as regards dealing with the failed bill payment. The accounts will remain in balance by "suspense" balances during recovery. We can walk you through processes which confirm the maintenance of double entry accounting in branch and in central systems, involving middleware and data harvesting systems etc.

As regards the final comments and the sworn statement, we will have to discuss the specific point being made. If you can expand on it during our next call that would be helpful. If it is indeed an allegation about 2008 then hopefully we will be able to access relevant records in order to analyse the who, what, whens of the specific allegation.

Kind regards
Rod

Rod Ismay | Head of Finance Service Centre

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From: Ron Warmington [GRO]
Sent: 05 February 2013 12:16
To: Rod Ismay; Angela Van-Den-Bogerd
Cc: Simon Baker; irh [GRO]
Subject: Does POL have (and use) a facility to make entries to Sub Post Office Branch books without the SPMRs knowledge, approval or involvement?

Angela/Rod:

We are looking into an assertion by a SPMR that POL had, in Bracknell, a basement office where entries were being passed over the live Horizon system without the knowledge or approval of the impacted SPMRs. Here is a short write-up that addresses this point. Could you please let Ian and I know what you discover?

Page 9, Section 7 of POL's Horizon Operating Manual (as of December 2006) includes a sentence stating that: *"The introduction of the new Post Office Ltd Finance System (POLFS) in Product and Branch Accounting (PBA), Chesterfield means that the finance teams can no longer adjust client accounts on site."* It is not yet clear whether the reference here to "on site" means "in Chesterfield or anywhere else within POL" or something else. POL is asked to clarify this. The inference (also to be confirmed or refuted by POL) is that TCs have to be 'accepted' at the branch level and that there exists no power/capability at the centre (in Chesterfield or anywhere else) to impact any branch's accounts without the SPMR's knowledge, approval and involvement. What is being asserted by this SPMR is that there did exist a capability to pass as it were 'Journal entries' – or even one-sided transactions – over the heads of the impacted SPMRs and without their knowledge (either as the transaction was executed or perhaps even at any later stage). This SPMR asserts (he has offered to send us a copy of his sworn where he asserts this) that in 2008 he visited a basement in a POL facility in Bracknell where a POL employee demonstrated to him his ability to pass an entry altering a branch's foreign currency cash balance, then, "making light of it" said "I'd better reverse that entry now or the SPMR will have a shortage tonight." If this SPMR's assertion is true and there really was such a capability (and for persons other than the SPMRs to have been using it), then POL will need to report back to the investigators to show all transactions executed there during the period covered by the investigation (broadly the previous seven years – from 2006 to end 2012). POL will also need to establish whether that facility continued to exist after the implementation of Horizon Online in mid-2010.

Thanks and regards,

Ron Warmington

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