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Nicholas Brown MP  
House of Commons  
LONDON  
SW1A 0AA

30 December

Dear Mr Brown

I have been asked to reply to you directly on the Parliamentary Question that you raised as follows;

*'To ask the Secretary of State, Department for Business, Innovation and Skills, what recent assessment he has made of the performance of the Horizon computer programme; and what (a) errors relating to the reconciliation of accounts were reported and (b) remedial action was taken in the latest period for which figures are available. (26688)'*

The Horizon computerised accounting system operates in all branches in our network of over 11,800 Post Office® branches and has done so for over 10 years, processing up to 750 transactions a second across the country at peak times. The system and the processes around it offer a very high level of security and resilience and are designed to ensure that should part of the system or equipment fail that the integrity of the accounting records are always maintained. The system has proved to be very robust since its introduction.

The Horizon system was fully tested at the time of the nationwide implementation and all new software releases are also subject to rigorous testing prior to going live in order to assure the accuracy of the accounting processes. For example, the testing for the latest upgrade to the system introduced over the past year was independently assured by Wipro as being 'best practice' (Wipro is amongst the largest global IT services companies in the world and recognised experts for Product Engineering and Testing).

In ongoing performance, information security management systems are accredited to industry standards and there are extensive controls to ensure data validation and reconciliation. A transaction log is available for every branch and full audit logs of all system and user activity and transactions are securely sealed, backed up and retained to provide an evidential and investigative repository.



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The system is based on the principles of 'double entry book keeping.' If an accounting issue is identified at a particular branch (which may have been caused by, for example, incorrect keying of a transaction by the subpostmaster), there are full processes in place between the Post Office Ltd's central accounting team and the individual subpostmaster to investigate and resolve such issues and identify the responsibility. It is important to note that these are the kinds of issues that can occur in all businesses (incorrect data entries by branch staff, incorrect amounts of cash taken etc). These are user issues and are not examples of the Horizon system itself creating errors.

All subpostmasters and branch managers are able to utilise the reporting functions within Horizon and to perform counts of their cash and stock in order to confirm their accounting position on a timely basis

The Horizon computer system has been a major factor enabling the efficient operation of the Post Office network to the benefit of customers, subpostmasters and staff. It is a robust system which operates with full integrity and is fully fit for purpose.

I hope this information is helpful to you.

Yours sincerely

**GRO**

Paula Vennells  
Managing Director