

## 1. Remote access to Horizon data

- 1.1 At several points in your Letter of Reply you contend that Post Office has been tampering with transaction data, suggest that this is the root cause of shortfalls in branches and allege Post Office has attempted to cover this up. Although we do not think it appropriate to explore all the issues raised by these allegations in correspondence, it is necessary to make a few comments.
- 1.2 At the outset, it is important to bear the following in mind:
- 1.2.1 No Claimant (nor Second Sight) has identified any change to transaction data that was effected without a postmaster's knowledge and has caused them loss. If any Claimants are alleging that the transaction data for their branch was changed, please identify the Claimants who are saying so and provide details of the allegedly changed data. If not, in the interests of saving time and costs, please say so.
- 1.2.2 For data manipulation to be the cause of shortfalls in hundreds of branches since Horizon has been in operation, there would have to have been a secret coordinated effort between Post Office and Fujitsu staff to manipulate data over a 16 year period.
- 1.2.3 We cannot think of a plausible reason why Post Office would manipulate transaction data in this way. Quite apart from anything else, intentionally changing data to make branch accounts inaccurate would obviously place Post Office in breach of the obligations it owes its commercial partners (to whom Post Office accounts for the transactions it performs for them in the branch network), and also in breach of numerous regulatory requirements. If nonetheless you or your clients contend that this has in fact taken place, please plead the details of this alleged fraud with the proper particularisation required of such allegations.
- 1.2.4 It is unreal to suggest that Post Office would contemplate doing this essentially fraudulent activity. It is even more unreal to suggest that Fujitsu, an external supplier of IT services, would do so. Indeed, you self-evidently do not believe this to be true because you have not joined Fujitsu to these proceedings as a co-conspirator. If any Claimants are saying that Fujitsu staff have misused their access rights so as to create false shortfalls in their branch accounts, this would require a further allegation of fraud, against Fujitsu, including as to who would have done this, when and why. If your clients nevertheless wish to proceed with this allegation, then it too must be pleaded with particularity.
- 1.3 It is also important to assess the statements that Post Office has made about "remote access" in their proper context. The questions around "remote access" have changed over time. For example, in the context of Second Sight's involvement between 2012 and 2015:
- 1.3.1 The original "remote access" allegation came from Mr Michael Rudkin who alleged (see Spot Review 5) that Fujitsu was running a "black ops centre" from the basement of its office in Bracknell. This was checked and proven to be wrong (in a witness statement, a member of staff from Fujitsu confirmed that there was no live connection to Horizon in the basement at Bracknell). (I think you need to be careful saying "there is no live connection" – I'd be very surprised technically if there wasn't unless you are being very specific about the room in question and it has NO access to anything. Technically – its hard to define what we mean by no live access – at the same time, it's a FJ statemtn so that could be fine!).
- 1.3.2 A different issue was subsequently raised, namely whether Post Office could access Horizon branch data. Post Office has always had the ability to "access" (in terms of having read only access) Horizon data and it took some time to clarify with Second Sight what they were querying.

- 1.3.3 At times the question was asked whether Post Office could remotely log on to a branch terminal and conduct transactions in the name of a postmaster. Investigations at the time determined that Post Office could not do this but Fujitsu could log on to branch terminals in order to provide technical support, though transactions could not be conducted through this route.
- 1.3.4 Towards the end of Second Sight's investigations, the question shifted to whether Post Office or Fujitsu could post transactions into a branch's accounts through back-end systems without a postmaster's knowledge. This is the Balancing Transactions issue that is addressed below and it was disclosed to Second Sight.
- 1.3.5 Finally, when preparing our Letter of Response, we identified the issue of potential access to Horizon databases in a way which could change branch accounts. Post Office regrets that it did not previously identify the possibility that Fujitsu staff with certain administrator access rights could potentially do this; however noting that it would be very difficult and potentially detectable.
- 1.4 It should also be noted that a number of the above enquiries and Post Office's responses were describing the functions of the Horizon system as it was designed, not what Horizon could be changed to do or show using Fujitsu's administrator access discussed further below.
- 1.5 At each stage an issue arose, Post Office did its honest best to ascertain the position to respond to the question it believed it was being asked and to reveal what it had found. In doing so, Post Office may have regrettably made some incorrect statements, but refutes any suggestion that it ever did so deliberately or did so to mislead or deceive. (not sure about this sentence – I don't believe you've answered inappropriately in the past)
- 1.6 The Post Office personnel responsible for those statements believed the statements when they were made. What was said reflected what they understood the position to be after making relevant enquiries. Unfortunately, they did not pick up on the issue of Fujitsu administrator access as Post Office would have liked. This is a matter of great regret, but it does not mean that Post Office exhibited wilful blindness to reckless indifference to the truth of those statements. ( I think this is too much). Can we not just say.  
The Post Office responded appropriately to the question of whether transactions could be altered by Post Office without the postmasters knowledge – the answer to this question is consistently the same – it is not possible. Expanding on this – it is possible for FJ to access the system through administrator access, which they have confirmed. This is not unusual and is in common with any other organisation. You would need to discuss with them their ability to modify transactions; our expert assessment would say that this is extremely difficult but theoretically possible.
- 1.7 In any event, there is no suggestion that Post Office made any incorrect statements before Second Sight began its work in 2012. By this time, many of the Claimants had left their branches and so could not have relied on such statements. Indeed, you have presented no material to suggest that any postmaster has relied on any such statements by Post Office or suffered loss as a result.
- 1.8 The simple fact is that, while allegations about secret data manipulation may make good headlines, they have no substance. It is fanciful to contend that there was a secret conspiracy between Post Office and Fujitsu to manipulate data in order to deliberately cause false shortfalls to appear in Post Office branches. Taking a step back and assessing sensibly the realities of this case, there is no credible material to support such allegations, but only supposition about what Horizon *might* be able to do.(I think you dwell on it too much!)
- 1.9 Post Office has neither committed deceit nor deliberately concealed any relevant matter. Depending on the particular statements made and the particular Claimants to whom those statements were made, it has either not made any untrue statements or, even if untrue statements were made to any particular Claimants, those statements (i) were not deceitful, (ii) related to a matter (Fujitsu administrator access) which there is no reason to think caused any

shortfalls in any branches, (iii) were not relied on by the relevant Claimant in any material way and/or (iv) did not cause any Claimant any loss or damage.

- 1.10 Nevertheless, given the prominence which the Claimants appear to place on these allegations, in connection with this litigation Post Office has undertaken further investigations into the safeguards put in place to prevent branch data being improperly accessed and edited without the consent or knowledge of Postmasters. These investigations have focused on Horizon Online being the version deployed in 2010 and which is still in service. Further investigation will be needed of Old Horizon, but this will be much more difficult given that the system has not been in service for 6 years.
- 1.11 Except for Global User access and Balancing Transactions, the transactions recorded on Horizon Online that make up a branch's accounts are either inputted or approved by branch staff before they form part of the relevant accounts. We discuss below these two functions and also the database access rights available to certain Fujitsu personnel.

#### **Global Users**

- 1.12 We addressed Global Users in our Letter of Response. The ability of Post Office staff to log on to terminals when physically in a branch has always been known to postmasters and their actions have always been entirely visible to postmasters.
- 1.13 If any Claimants are alleging that a Global User inappropriately conducted transactions whilst in their branch, please identify the Claimants who are doing so and provide details of their allegation. If not, in the interests of saving time and costs, please say so.

#### **Balancing Transactions**

- 1.14 We also addressed Balancing Transactions in our Letter of Response. Any Balancing Transactions input into the Branch Database<sup>1</sup> are identifiable by Postmasters as they appear on the transaction log report to which Postmasters have access (and which they should review when considering a shortfall in the branch accounts). The transaction user ID does not appear as that of any member of staff at the branch, but appears as "SUPPORTTOOLUSER99".
- 1.15 The use of Balancing Transactions was disclosed to Second Sight during the mediation scheme. In addition, the fact that Balancing Transactions show up in the branch accounts means that there can be no allegation that the existence of Balancing Transactions was concealed from Claimants.
- 1.16 Post Office is not aware of any case in which a Balancing Transaction has been the root cause of a shortfall suffered by any Claimant. If any Claimants are alleging otherwise, please identify the Claimants who are doing so and provide details of their allegation. If not, now is the time to say so.

#### **Fujitsu administrator access**

- 1.17 In common with all other organisations, there are a number of authorised staff at Fujitsu who have "administrator access" to the core Horizon systems. In certain circumstances, this access could in principle be used to change parts of Horizon, including the raw data in its databases that reflect transaction records.

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<sup>1</sup> In Horizon Online, the Branch Database holds the live version of the transaction data used in day to day operations. It is located on a server in a central data centre. Transaction data (other than the immediate data for a transaction being conducted in real time with a customer) is not held locally on terminals in branches. For example, when a postmaster in a branch requests on his local Horizon terminal a list of all the transactions conducted on a specific day, this data is drawn from the Branch Database and sent over the internet to the terminal in the branch. A similar flow of data happens when conducting transactions and rolling over a branch's accounts.

- 1.18 Although this would be very difficult to do in practice and of questionable benefit to anyone who tried, changes could in theory be made to the Branch Database which could then manifest as a discrepancy in a branch's real-world accounts. Unsurprisingly, there are a significant range of controls in place to limit access to this data and to make it very difficult (and in many cases impossible) to add, amend or delete data without leaving an audit trail in the system. These controls will of course be subject to further investigation and evidence in the course of these proceedings should your clients choose to pursue these allegations on a properly particularised basis. (I think these two statements are sufficient)

**Other questions**

- 1.19 Finally, turning to the other related questions asked in your letter:
- 1.19.1 At paragraph 194 you ask whether the Courts have ever been informed about "remote access" issues. Post Office is fully aware of its ongoing prosecution disclosure duties and will make such disclosures (if any) where appropriate.
- 1.19.2 In response to paragraph 195, Post Office was aware following Professor McLachlan's evidence in Court of a number of issues that could, in a broad sense, be described as concerns over Post Office's investigation into the Misra case. However, this evidence was ventilated before a judge and jury and Seema Misra was convicted of theft. It is not appropriate to comment on this further while the prosecution of Mrs Misra is being considered by the Criminal Cases review Commission.