POL00030391

From Min Burdett
13 AUG 1999 -864

1. Acceptance Incident Number 376

1.1 High Level Overview

1. Data Integrity - The TIP derived cash account does not equal the electronic cash account created by Pathway and transmitted to TIP due to a data integrity fault created at the outlet which prevents the transmission of the detailed transactions affected by the fault.

1.2 Business Description

1. In certain circumstances transactions are recorded at the outlet with a missing attribute, i.e. start time and mode. At the end of each day, Pathway's TPS harvester polls the transactions from the outlets and validates them before they are passed to TIP. Any transactions which have missing data attributes will fail this validation and will not be passed to TIP in the individual transaction file.

2. Pathway also compiles a cash account locally on the outlet system which is then polled from each outlet and passed to TIP along with the individual transaction file. Transactions with missing attributes are correctly recorded on the cash account and are passed from the outlet, via the TPS harvester into TIP. One of the processes currently performed by TIP is to derive a cash account from the daily transaction files and compare this with the cash account received from Pathway. This process - which cannot be sustained by POCL once roll out commences- has revealed differences as a result of the above incident.

3. In summary, this incident is that, for unknown reasons, the counter system records a transaction without all the data attributes for the transaction which are required by the TPS harvester to send it on to TIP. However this does not impact the transaction being collated into the outlet cash account, nor being recorded in the cash account file sent to TIP.

1.3 Fix Status

1. Pathway provided a partial explanation of the fault, but had not explained - by tranche 3 acceptance workshop on 10.08.99 - the root cause(s) i.e. the reasons for the data attributes going missing within the outlet system.
2. Pathways initial fix (preventative modification) involves the TPS harvester inserting data not captured at the outlet as follows:

   inserting the start time based on the end time of the previous transaction;
   inserting the mode as 'Serve Customer' on every occasion.

3. This fix was applied on 3rd August i.e. on day 6 of the cash account period for week number 19. This means that the earliest date that empirical evidence in respect of this fix will be available is Monday pm, 16.08.99 (cash account data for week 20).
   The reconciliation of the Pathway electronic cash account and that created by TIP for week 19 resulted in 82 overall differences affecting 22 outlets.

4. The fix, which formed the basis of Pathway's rectification plan, was rejected by POCL on the grounds of non compliance with Requirement 891-02 (POCL expect the 2 data streams to be reconciled within the Pathway domain).

POL00030391

5. During discussions at tranche 3 workshop Pathway provided further information:

- Root causes had now been analysed and fixes would be dropped into the live environment on 12.08.99 - the analysis would be provided to POCL
- Pathway would be in a position to report, by noon on Friday 13.08.99, on whether there were any transactions for cash account week 20 not transmitted from Pathway due to the analysed fault. This information to be shared with POCL. POCL maintained their position that they would seek empirical evidence from TIP processing as the means of tracking the results of the fix.
- Pathway intend to provide some element of reconciliation - *along the lines of what TIP currently perform* - in the future.

6. The root cause analysis has been provided to POCL quoting 4 PINICLs (3 TIP incidents) and implying that all problems of missing mode are related to "serve customer" transactions. It states that work is ongoing and that (therefore) the fix of 12.08.99 is not a full fix. It also states "daily monitoring has been introduced to identify any further transactions which have not been harvested correctly for onward transmission to TIP."

1.4 Business Impact

1. The ICL Pathway service is an integral part of POCL's client accounting system - indeed the service is an accounting service. As such it accounts for turnover of £140 billion per annum involving some 3 billion transactions. Given the scale of this system even relatively small defects are capable of generating errors within the accounts of very significant amounts. POCL's existing manual and legacy automation systems, which Pathway's service will replace are designed to minimise and correct such errors by incorporating controls and appropriate validation procedures.

2. A major component of the current systems is the matching of the underlying transaction stream to summary totals on the cash account. In the new Pathway service there are currently logged incidents where both the underlying transaction stream is incomplete and where transactions are being "missed" when the service accumulates the summary cash account line. These faults were identified as a result of special controls put in place by POCL to monitor the live trial and not by any system based control operated by ICL Pathway (though such controls are part of Pathway's contractual obligations). It is not known when, if at all, Pathway's controls would have detected these fundamental errors and by inference whether such controls are effective.

3. Pathway has not provided POCL with a complete description of all the faults creating the missing data and therefore POCL has not received any description of how and when all these faults will be fixed. Pathway has admitted that they do not yet fully understand the root cause of all the problems. A 'workaround' has been offered which attempts to trap and correct errors after they have occurred but this cannot provide assurance of a complete solution to the faults in the service, nor has POCL had visibility of the testing plan to ensure that the fix does not introduce further problems.

4. It is a fundamental of any accounting system that it provides a complete and accurate record of all transactions. The ICL Pathway system does not support this fundamental. For example in week 17 there were 89 differences in 20 outlets which extrapolates to

POL00030391

5500 differences over the entire network. For week 18 there were 2451 differences experienced in 67 outlets which extrapolates to 150k differences over the entire network.

5. These "gaps" in data will ultimately be reflected in balance sheet accounts. The nature of these gaps is such that POCL will not be able to readily explain them. To this end our external auditors operating within generally accepted accounting practice will insist that any debit balances are written to Profit and Loss account whilst credit amounts are retained on the balance sheet. Given the nature of the errors concerned the potential is for these write offs to be significant threatening the business performance against shareholder targets and potentially as a going concern.

(DN - can this be quantified using some of the value differences from TIP analysis?)

6. These balances are also the basis of settlement with clients. Failure to settle accurately with clients could place POCL in breach of contract. Many clients have a right of audit. For government clients this is usually the National Audit Office. The results of such audits can feature in NAO opinions on the accounts of Government Agencies. Such comments are a matter of public record. **Integrity failures could thus become a matter of public record damaging the reputation of POCL. Integrity is one of the major attributes of the brand such damage would, therefore, be substantial.**

7. Finally this level of difference is operationally unsustainable. The level of resource necessary to investigate and resolve these differences is significant at the 5500 level and at the higher level the resource requirements are impractical i.e. there would be a complete breakdown of POCL's back end accounting as the effort required would be unsustainable - error levels are currently running at twice the normal pre-horizon baseline. In addition, the absolute increase at the 5500 level would increase error processing costs by £2.93m per annum and effectively double the size of the TP workload.

(DN - Obtain capacity data from Gail)

1.5 Current Position and Rectification Requirements

POCL assess this incident as high severity and that the analysis provided by Pathway is incomplete for the following reasons:

1. There is no formal proposal from Pathway to meet R891/02 - i.e. the need for them to reconcile the two streams of data.
2. The root cause analysis is incomplete.
3. Some specific points relating to the preventative modification require clarification:
- An explanation is required to support the assertion that the transactions will (always) contribute to the outlet cash account
- An explanation is required to support the assertion that all transactions with a missing mode were originally transacted as "serve customer"
-
4. Further clarification is required on the rules for assigning a substitute start time - particularly in relation to nodes - and to the Pathway processing rules that may be impacted by any transaction with excessive time spans resultant from applying this fix.
5. POCL require a window of one complete cash account cycle (normally 5 weeks) with no errors witnessed through the TIP stream as proof that the fixes have produced the required result: the rationale for this is that there have been intermittent "clean" weeks during the lifecycle of this fault.Any reduction in the severity of the incident will not solely depend on a significant reduction in the frequency of the fault. This needs to be combined with

POL00030391

clear evidence and testing of Pathway's compliance with requirement 891/02 whereby Pathway should implement a control to reconcile and report on exceptions between individual transactions and cash account summaries within their own domain.

2. Acceptance Incident Number 298

2.1 High Level Overview

1. Evidence from the live trial shows that the counter system is subject to 'lockups' and 'system freezes' where the system halts in mid-processing giving the user no alternative other than to re-boot the system.

2.2 Business Description

1. This fault is either exhibited by the system hanging or presenting a blank blue screen. The user is forced to ring the HSH and is advised to re-boot the system. The incident relates to acceptance criterion 536-01. "Peripheral and input devices supplied as part of the elements of the Service Infrastructure on which OPS is provided shall be reliable, robust and easy to use".

2. To date POCL has not been given access by Pathway to the definitive source of data to quantify the frequency of the incident i.e. analysis of 're-boots' from their System Management Log. In the absence of this data POCL has used an analysis of the HSH incident logs across all outlets within the live trial. There is a risk however that outlets are learning that the recovery action is to re-boot, and are not calling the HSH for many incidents.

2.3 Fix Status

1. Pathway has not yet provided POCL with the confidence that they understand the root cause of the system freezes and lock-ups some of which are apparently printing related.

2.4 Business Impact

1. An estimate of outlet cost based on an analysis of HSH logs for week number 19 (this impact should be updated when Pathway System management log report is received) is as follows:

i) The HSH log indicates that 126 calls were received that resulted in a reboot being required due to icon based, printing related and other potential system stability issues.
ii) POCL estimates that on average the duration of the incident at the outlet is 40 minutes to log the call with HSH, re-boot the system and recover transactions (1 and 2 position offices) undertaken in manual fall-back mode.
iii) The incident frequency is projected as 126 reboots /323 outlets giving an incidence rate of 39.0%.
iv) Assuming a steady state with 18,500 outlets the number of incidents per week would be 7215, and 375,180 per annum.
v) Applying the duration of service outage at 0.6667 hours and a cost of service at the counter of £22.80 per hour, the cost per annum is projected as £5,703,021.

2. Other impacts that have not yet been quantified are:

i) Extreme frustration and loss of confidence by sub-postmasters in the system.
ii) Adverse impact on customers perception of the service
iii) Increase in HSH and NBSC Helpdesk calls and cost to authorise the need to re-boot

POL00030391

iv) Client SLA/confidence
v) Risk of errors and impact on TP due to increased errors in fall-back
vi) Severe disruption to POCL's critical operating process

POL00030391

Acceptance Incident 372

High Level Overview: Failure to deliver LT2 release to plan

Current severity ratings: POCL = High
Pathway = None

Business Description

LT2 is the name for a release introducing a moderate number of software fixes for known problems with CSR. No new business functionality was included. Testing was successfully concluded and the release was considered stable. There is likely to be a need to introduce releases of software fixes of this nature throughout the roll out. No roll out was in progress at the time of LT2 - in this respect the live "estate" was very stable and populated at around 1.6% of the full target environment that Pathway are contracted to system manage. Even so, the introduction of release LT2 did not complete to agreed time scales and consequently led to operational problems: Around 10% of offices had not been upgraded by start of business on Monday following the upgrade weekend. There were a number of residual problems that were slow to resolve. POCL now have severe reservations over Pathways capability to system manage the full target environment.

As a result of this occurrence POCL judge Pathway to be non compliant on requirement 537/02 as a minimum:

"The CONTRACTOR shall carry out system management of all the Services in a consistent and coherent manner to ensure the following:
...
b) changes to the Services can be made speedily and accurately"

Business Impact

The majority of the front end business rules, including product offer, product prices and sales accounting are now embedded into and enforced through the medium of the Horizon platform. The lack of ability to control and manage these business functions across a distributed network of 18000 outlets renders the POCL business untenable.

Current status

ICL Pathway made available "Report on Upgrade from LT1 to LT2 on 10th and 11th July" at version 2 dated 16/7/99; the following observations relate to that report.

Though the management summary claimed "a considerable success" the body of the report outlines considerable difficulties which resulted in over running of the upgrade weekend (thus failing one of only 3 success criteria).

There was a high dependency on development staff to assess problems that arose, and consultation with POCL staff for critical decision points during the upgrade.

In the report, ICL Pathway mainly cite human error and improvements to procedures along with problems (which are now stated as resolved) with the Automatic Targeting Engine [ATE] which was thought to work prior to its failure during the upgrade. The ATE is a key tool to ICL Pathway as it automates the process of Tivoli distribution, which otherwise (as in this case) results in each outlet being individually set up as a job by a technician.

The report also mentions some problems that are still not understood. For instance the delivery of corrupt .DLLs are portrayed as "No impact" even though they were not spotted and resolved until Tuesday and are noted as the cause for some corruption

POL00030391

The report outlines, at a high level, updates to procedures and communication, fixes to tools and suggests that matters will naturally improve as the elements of the service covered by system management increases.

However, ICL Pathway also state that "Numerous reviews of the plan were held ..." and therefore it is difficult to see why the review from the live usage should offer significantly more value than the previous reviews and testing. There is no evidence that a future upgrade of *comparable size and complexity* would be managed any better. The business as normal drops which POCL are invited to view, are not considered by POCL to be suitably comparable to offer evidence of the required level of systems management capability.

POCL expectation for resolution

Based on the ICL Pathway supplied report, POCL would, as a minimum expect:

1) quantifiable evidence of improvements, culminating in a staged upgrade to a test environment, using real procedures and operators
2) demonstration of the correct working of the tools in first the test and then the live environment (e.g. ATE) including the timely handling of errors;
3) full disclosure of resultant analysis of problems (e.g. bad .DLL files)
4) evidence to support the assertion that increases to the "estate" size will lead to enhanced performance.
5) evidence that the five fold scaling of equipment indicated in the report will be sufficient to manage the 60 fold increase in the size of the estate.
6) a model of likely upgrade window requirements linked to the roll out plan
7) satisfactory conclusion to the observations made on the report.

Actions

Pathway to resubmit a rectification plan for agreement with POCL

POL00030391

Acceptance Incident 369

(DN - This is not for information to Pathway and requires urgent input by Kevin Corrigan - 12/8 am due to the commercial issues with BA).

Overview

The bar code scanner reliability is questionable in relation to OBCS transactions where there has been a high number of rejections of Pensions and Allowance books.

Business Description

Pathway has now tested the scanners using the materials supplied by BA. Pathway report that even after degradation of the foils by coffee, cola and physical abuse the scanners read all foils successfully. They have concluded that the Pathway scanner is therefore at least as reliable as the APS scanner.

BA has apparently acknowledged problems with the paper quality and a somewhat convoluted chain of events has ensued since January 1999 with BA attempting several upgrades of paper quality. It transpires also that BA is moving towards a view that OBCS is 'unacceptable' and between POCL and BA there are major differences over the price of OBCS, the specification of OBCS and the scope of any acceptance process for OBCS.

Clearly this is a fraught commercial and political issue which leaves POCL in a difficult position regarding accepting OBCS from Pathway. I am unclear whether BA has any rights of acceptance for OBCS under re-negotiation of Contract A.

This leaves POCL in an invidious position because if we were to accept from Pathway the current OBCS service which is not underpinned by a commercial arrangement with BA, then the risk will be purely ours.

We need to discuss how to position this with Pathway at the pre-MRS. I suggest Kevin Corrigan should be invited to attend for this item and I will arrange this.

POL00030391

1. Acceptance Incident AI 371 - Rating Medium (POCL) - Low (Pathway)

1.1 High Level Overview

1. The late delivery of APS transactions to HAPS and its impact on Client Relationships.

1.2 Business Description

1. POCL negotiates SLAs with its AP Clients. One aspect of the SLAs is the age of the transactions when received by the client. The late delivery of transactions to HAPS can cause under performance against the SLA.

2. Until the latest analysis provided by ICL Pathway, late transactions have been dealt with on a reactive basis following a report from OSG, i.e. OSG report the late receipt and ICL Pathway investigate the specific reason.

1.3 Rectification Status

1. ICL Pathway have developed a manual process to proactively analyse reasons for late delivery of transactions. One example of this analysis has been seen.

2. ICL Pathway propose to automate this process and make the results available on their intranet.

3. ICL Pathway's latest proposal appears to address the issue of the identification of late transactions when fully implemented

4. The interim manual procedure requires further monitoring to prove its effectiveness. It is anticipated that the receipt of a successful manual monitoring report for two consecutive weeks will provide sufficient reassurance of effectiveness. Until this has taken place it cannot be accepted that the issue has been resolved.

1.4 Business Impact

1. Failure to meet its Clients' SLAs will cause loss of confidence in the business as a supplier of an AP service. This will result in the loss of current business when contracts come up for renewal and will place the business at a disadvantage to its competitors when attempting to gain new business.

2. The Business wishes to be in a position to warn its clients that transactions may be late, rather than discovering that transactions are late.

1.5 Reason for POCL's Severity Assessment

1. POCL rate this incident as Medium because this failure will be very visible to the clients. Under the definition of medium, we believe that the incident falls into the category "perception is adverse but impact is not substantive".

POL00030391

1. Acceptance Incident AI 390 - Rating Medium (POCL) - Low (Pathway)

1.1 High Level Overview

1. Recovery of APS transactions relies too heavily on manual procedures.

1.2 Business Description

1. The current release relies extensively on manual procedures to supplement shortfalls in functionality. Since 1998 POCL have maintained the stance that the facilities need improving to ensure a robust and auditable recovery is manageable. When a recovery is necessary the counter clerk must enter all receipts and then reverse where necessary. This disjointed procedure is confusing. The system does not cater for nor warn against repeated delayed recoveries. Recovery is a facility that will hopefully be used only occasionally, so the end users will be unfamiliar with procedures.

1.3 Rectification Status

1. Pathway do not propose do alter the current manual solution until CSR+. No rectification plan has been submitted for the period leading up to CSR+.

1.4 Business Impact

1. The impact of errors occurring in this area are three fold.
   1. The Customer payments are directly affected. Customers payments can be missed or duplicated.
   2. The Client submissions can be missed duplicated or not reversed.
   3. POCL a liable for correcting the errors and most circumstances would not be able to reclaim lost money.
2. The likelihood of errors is high as the procedure is convoluted.

1.5 Reason for POCL's Severity Assessment

It should be noted when the system is stable, the numbers of transaction and value envisaged with the above problems is low. However the impact on customers and client confidence will be disproportional to the numbers. Loss of customers and client confidence, has a long term affect both on current and future business.

POCL rate this incident as Medium because this failure will be very visible to the clients and customers. Under the definition of medium, we believe that the incident falls into the category "perception is adverse but impact is not substantive"

POL00030391

Acceptance Incident 361

High Level Overview: Duplicate files/ records to TIP

Current severity ratings: POCL = Medium
Pathway = Low

Business Description

A number of individual operational incidents were raised by TIP in respect of duplicate records or files sent across the interface from Pathway. The frequency and variety of these errors were deemed to render Pathway non compliant on requirement 831-01 in addition to any SLA failures incurred.

Duplicates were received in relation to:

i. Individual financial transactions (including OBCS and AP transactions)
ii. Data relating to individual transactions (e.g. AP sequence numbers)
iii. Whole data files
iv. Sub files (e.g. Cash account lines)
v. Outlet "event" records

Business Impact

For Individual financial transactions the duplications "flow through" POCLs accounting process into ledgers and client accounts. As TIP identifies that a duplicate has occurred it may be possible to adjust any under payments or reclaim any over payments - this will depend on the relationship with clients. The size of financial impact depends on frequency. Assuming that errors are soluble within 7 days there will not be a danger of account qualification, therefore the issue to POCL is the cost of the error resolution process.

For all other classes of duplicates the brunt of the impact is on the processing activity within TIP, either in terms of personnel or in hold ups within the processing chain - a high level of errors may swamp the process to such an extent that it is halted.

Current status

All classes of error have had some rectification action applied by Pathway with the exception of Outlet "event" records which is due shortly (no date provided).

However there remains some confusion on whether Pathway are dealing with the AP sequence number problem under this AI or AI395.

No duplicates belonging to the other classes have been received at TIP for 2 weeks. However a new instance of duplicate AP transactions occurred this week (reported to Pathway as problem no. 9908100112).

POCL therefore maintain that this incident remains at medium severity as the rectification plan, whilst removing some specific identified faults, has not led to a sustained absence of duplicates. The continuing occurrences indicate that Pathway does not fully understand the cause of these errors and therefore there is reason to believe that significant numbers will continue.

Actions

Pathway to respond with new analysis in relation to problem 9908100112 and to clarify the relationship to AI395

POL00030391

Acceptance Incident 378

1. **Current Status:** - POCL: Medium Pathway: Low

2. **Outstanding Actions:** None (Pathway action at Tranche 3 workshop to provide explanation of fix has been completed)

3. **Business Description:** At the end of each week, POCL outlets complete a cash account and this is polled by Pathway's TPS harvester. The harvester then packages up all cash account files received that night and sends them on to TIP in one cash account sub file.

   On receipt, TIP performs a validation of the file which, on occasions, has identified cash account files that have been incomplete in that they only contain details of the stock records. This may only apply to a subset of the cash accounts in the sub file. These cash accounts do not contain any receipt or payment details and do not identify the lines against which the stock items are associated. As a result, the file fails the TIP validation and in line with the agreed Interface Specification, the entire cash account sub file is rejected. TIP must then wait for Pathway to correct the errors and re-send the file at which point it is again put through the validation process.

4. **Business Impact:** As mentioned above, TIP must then wait until Pathway correct the errors and re-send the file which has not always been the next day. This has a knock on impact on POCL's back end systems, i.e. TIP cannot pass the file to CBDB until it has passed validation. (NB TIP would not do this until Sunday in any case and it is therefore only files received after this day that cause an impact). This delay means that cash account values cannot be validated and POCL's ledgers cannot be reconciled in a timely way. As any errors made by outlets will be identified later than would otherwise have been the case, TP may well incur overtime costs to enable them to be in a position to start processing the following weeks cash accounts, i.e. in effect they are having to two 7 days work in 6 days (or less depending on the length of time taken by Pathway to re-submit the file).

5. **POCL Position:** Pathway have today (11/8/99) proposed a fix to this incident. This fix seems reasonable, but the details of the fix are still being clarified with Pathway and until this is complete the incident cannot be reduced below medium. The fix has, we understand, been implemented yesterday although this has not been confirmed. POCL would want to monitor the success of the fix over at least 3 weeks since the actual problem has been intermittent during live trial. This would also prove that all potential problems in this area have been resolved, not just those identified to date. At this point the severity would be reduced to low but monitoring would continue.

   However, I would suggest that if the fix has been applied and we have a clear week, we could reduce the severity and continue to monitor. This is with the proviso that Pathway would still be contractually bound to fix the problem within time-scales acceptable to POCL if it recurred.

POL00030391

1. Acceptance Incident AI 368 - Rating Medium (POCL) - Low (Pathway)

1.1 High Level Overview

1. Physical Security of Lytham St Annes computer room - Lack of security grill on window

1.2 Business Description

1. The computer room at Lytham St Annes, supporting the ICL Outsourcing Tivoli operation, is not physically secure. In particular, the air conditioning arrangement for the room are based on leaving the window open, and even when closed, the window offers inadequate security for the nature of the contents.

1.3 Rectification Status

1. Pathway have agreed to put a grill over the window. This action has been outstanding a number of weeks (incident raised 20/7). Progress reports at workshop meetings indicated minor problems in fitting, but Pathway were optimistic in resolution. It has been promised for the end of each week it has been discussed. Yet, the fix is still not undertaken.

1.4 Business Impact

1. Should unauthorised access be gained then the ability of ICL Pathway to package updates and administer the system may be compromised. This is a fundamental requirement for all Pathway services.

1.5 Reason for POCL's Severity Assessment

1. Under the strict guidelines a security incident such as this should be classed as High if there is no effective workaround or Low if there is an effective workaround. ICL Pathway have not offered a workaround and not managed to fix the incident. Thus it should be high.

2. However, the pragmatic assessment of Medium is given as:
   a) the lack of security of the window is mitigated by the security of the site
   b) the issue highlights ICL Pathway's inability to address basic security issues in a timely and effective manner.

POL00030391

1. **Acceptance Incident AI 391 - Rating Medium (POCL) - Low (Pathway)**

1.1 High Level Overview

1. Lack of security at Wigan and Bootle - insecure fence and security manpower

1.2 Business Description

1. Inspections of the Data Centres show that a number of security criteria are not met. Detailed comments have been passed to ICL Pathway on a number of occasions before this Acceptance Inspection, but were not acted upon.

2. The main shortfalls identified and still outstanding are:
   - at present Wigan is staffed by a single security guard / receptionist / CCTV operator with no clear backup
   - the 'secure' fence at Bootle is being repaired.

1.3 Rectification Status

1. Following the review, a rectification plan was developed and agreed. There are still a number of actions outstanding - the main ones are shown above.

2. Some of the resolution is dependent on ICL Pathway requesting information / improvements from its sub-contractor and like any other resolution plan, may need revisiting if the responses are not satisfactory.

1.4 Business Impact

1. The data centres are a critical element of the Pathway service provided to POCL, and should be protected to an adequate standard to control the risks and liabilities of both Pathway and POCL

2. Wigan and Bootle are the main data centres for the ICL Pathway solution. At a high level they are mirror copies of each other, that, in normal running share the workload of interacting with the Outlets, but have a prime central system at one site that can cut over to the other site in case of a problem. In a disaster situation, either data centre can sustain the entire estate. The loss of all or a portion of a data centre (or the links between the two which keep them in step) could enforce the cutover to the other centre and single working. A subsequent failure at the remaining centre would cause a service outage.

3. The level of security at both sites is currently questionable as to its fitness given the importance of the activities placed at those locations with the only mitigation being the dual site requiring simultaneous incursions. Loss of a site through arson etc. would leave no central resilience in the system which would then be prone to single points of failure and impact the ability to regress during upgrades etc..

1.5 Reason for POCL's Severity Assessment

1. Under the strict guidelines a security incident such as this should be classed as High if there is no effective workaround or Low if there is an effective workaround. ICL Pathway have not offered a workaround and all agreed rectification activities are not complete. Thus it should be high.

2. However, the pragmatic assessment of Medium is given as there are acceptable rectification proposals to address the shortcomings.

POL00030391

Acceptance Incident 342

High Level Overview: Late delivery of files to TIP

Current severity ratings: POCL = Medium
Pathway = Low

Business Description

A number of individual operational incidents were raised by TIP in respect of late delivery of files sent across the interface from Pathway. The frequency and variety of these errors were deemed to render Pathway non compliant on requirement 831-01 in addition to any SLA failures incurred.

The failures were in relation to:
i. Delivery of files after the due time (03:00)
ii. Failure to deliver (a percentage) by due date
iii. Failure to deliver (a percentage) by the last possible date

Business Impact

The variety of failures means that any number of core business processes may be affected including accounting and client settlement. A sufficiently high frequency and volume (percentage wise) of late deliveries has the potential to:
⇒ halt the central POCL transaction processing activity
⇒ invoke penalty payments due to an inability to settle with clients within agreed time scales
⇒ risk lost revenue through termination of business with clients

Current status

The rectification plan provided by Pathway has been agreed and largely implemented. There is a remaining action (number 3 on the Pathway analysis) to instigate a process to clear down the gateway at agreed intervals and to report late deliveries through to POCL personnel.

POCL rate this incident as Medium because this failure will be very visible to the clients. Under the definition of medium, we believe that the incident falls into the category "perception is adverse but impact is not substantive"

POCL maintain that until the rectification plan has completed the incident remains at medium severity.

Actions

1) Pathway to provide a date for initiating the new gateway clearance process
2) POCL to check the activity has occurred (over 2 consecutive days)
3) Pathway to provide e-mail reports on late deliveries, as described in the analysis, prior to moving to a web site solution at which point the AI may be reduced to low severity.
4) All appropriate agreements to be consolidated into the SLA

POL00030391

1. Acceptance Incident AI 314 - Rating Medium (POCL) - Low (None)

1.1 High Level Overview

1. Provision of Technical Documentation for future TP Suppliers is inadequate.

1.2 Business Description

1. AI314 relates to the requirement on Pathway to provide technical documentation suitable to allow POCL to procure applications from third parties. Without such documentation, and if it were not maintained, POCL would be forced to involve Pathway at the earliest stages of any new development that may operate on Horizon - even a development that was intended to be produced by the Post Office in-house resource. Even if Pathway co-operated fully on each occasion, this would introduce a delay in any development cycle, and would give Pathway an early view (and therefore a commercial advantage) of everything POCL are considering. Third parties may feel that they would never be able to bid with confidence against Pathway and hence Pathway would become the de facto provider of all Horizon services. Given that the only contractually committed manpower rates start at levels closer to consultant rates rather than that of technical staff, this provides a commercial exposure to POCL with no effective negotiation lever to seek discounts from Pathway.

1.3 Rectification Status and Rebuttal of Pathway's Position

1. Pathway, because they believe this is not an acceptance incident, have not produced a rectification plan.

2. Pathway's basic argument is that they have provided a document set, supported by a policy which they have said they will bring more into line with our review comments. They further point out that the document set for any specific development will require other documentation depending on the nature of the application. We accept that other documentation may be needed, but do not feel that what has been provided is fit for the purpose stated in the requirements. We have already suggested that Pathway could at least provide a document structure, a quality plan for each document and timescale for the production of the full set.

3. In discussion we cited examples of other information we would expect a third party to require to develop an application. Pathway in part asserted that the information we seek is part of EPOSS and therefore beyond the scope of the requirements. The fallacy here is that the requirements were written before the supplier's architecture was known and that requirements we ascribed to the POCL Infrastructure, Pathway are delivering as part of the EPOSS service. Examples are attached.

4. Pathway have also cited clause 211 as requiring POCL to approach Pathway with new opportunities. We contend that this clause is only aspirational and does not commit POCL to always using Pathway.

POL00030391

Examples of TMS/OPS requirements that an third party supplier would need to comprehend.

Requirement 478 provides for TMS to perform a range of tasks, including for example timed data file collection and delivery, validation of data files, merging of data files etc.	A supplier will need to know how to invoke these facilities in order to collate and transfer the data relating to the application they are developing
Solution 472 (re OPS audit trail) includes:	
"Pathway's solution for the OPS is based on a set of counter applications running on processors at every counter position. The counter applications all operate under Riposte, a suite of software which provides mechanisms for ensuring data security and integrity within the OPS and across the network to TMS.	Note that it is TMS and OPS that provide the facilities to applications - it is how applications interact to use thses facilities that needs documenting
All data captured at a post office counter either as part of a counter transaction or as an administration function (user log-on, teller balance) will form part of a unique transaction which is given a unique reference number by Riposte. The format of this journal entry will vary according to the transaction type.	Note that log-ons, system events and application data is journalled to OPS
Retrieval of data using a particular key field will retrieve all entries containing that field and logically determine the overall state of the transaction data. A complete audit trail of all transactions and other significant events is maintained within the post office systems and is automatically available for analysis by both audit access facilities and value added services which are linked to TMS.	Note that Pathway explictly acknowledge that value added services will need to be able to extract information from the journal. They need to document how.
Solution 473	
Authentication of all users logging on to the OPS in the post office is undertaken by the OPS operating system. Full access control and password management facilities are provided. The OPS uses this information to ensure that only authorised staff are allowed access to applications, and then only to those applications for which they have permission.	Note that OPS provides the access control and the mapping of applications to users. Again, an application needs to know how to drive these facilities.

POL00030391

A facility which enables users to securely suspend their current session and then to resume the session is provided as part of the overall OPS functionality. The suspend function is invoked by the user using a specific keystroke (e.g. Control + Key) and may be performed at any time providing that there is no counter transaction in progress, or where the transaction integrity may be compromised by allowing a suspension (e.g. part way through a smart card transaction). The suspended session may be resumed by the user entering his password.	Again, OPS is provided facilities that underpin the operation of an application service. How OPS interacts with the application must be documented.

POL00030391

1. Acceptance Incident AI 408 - Rating Medium (POCL) - Low (Pathway)

1.1 High Level Overview

1. Service Level failure - Failure of Pathway's Horizon System Help Desk (HSH) to meet June's service levels in supporting the network

1.2 Business Description

1. The HSH failed the following Service Levels in June

	Target	June
Calls answered within 40 seconds	99.9%	89.42%
Calls not abandoned through ring-off	99%	90.27%
Level 1 calls resolved within 5 minutes	95%	45.88%
Level 1 calls resolved within 10 minutes	100%	72.56%
Level 2 calls resolved within 30 minutes	95%	75.6%
Level 2 calls resolved within 45 minutes	100%	77.8%

1.3 Rectification Status

1. It was agreed that Pathway would provide a rectification plan with milestones and actions for bringing service levels to minimum acceptable levels. The plan should include:
   - actions to bring service levels up to the minimum acceptable level (MAT)
   - resource plan for the HSH during roll-out
   - predicted call volumes during this period
   - Horizon Service help desk scripts.

2. Pathway have provided a rectification plan (late pm 11/8). POCL currently reviewing, but there are shortfalls communicated to Pathway including no help desk scripts.

1.4 Business Impact

1. If the resource plan is not robust, users will not get through to the HSH then, as evidenced from NR2, they will call POCL's Network Business Support Centre (NBSC). This in turn will require more operators to handle the calls. POCL have capacity for some growth, but a sustained increase in calls because of HSH may require a new POCL call centre.

2. The calls to NBSC which should have been addressed by HSH will be for issues that NBSC cannot answer because they do not have the knowledge and are not empowered to do so. This will impact service to the network as their problems will not be resolved. There will be an additional risk that users will guess what to do which may lead to client errors or loss of data if the system is rebooted without permission from HSH.

3. The lack of response from the HSH undermines the confidence in the service by the Sub Postmasters. Considerable frustration has been noted during the Live Trial when inappropriate levels of support were provided.

1.5 Reason for POCL's Severity Assessment

1. The agreed definition for High severity is: "consistent failure to meet MATs". The definition for Medium severity is: "occasional failure to meet MATs but MATs met on average". The consideration is whether this is a High or Medium incident. As there has been only one opportunity to measure service levels during the Core Observation Period it was originally agreed between POCL and Pathway that the Severity of this incident should be Medium as POCL could not show a consistent failure.

POL00030391

2. Pathway have changed there view to Low (workshop 10/8) on the basis that some rectification actions have been undertaken. As described above, the rectification plan has not been agreed, and there has been no further evidence provided.

POL00030391

INCIDENT SEVERITY ASSESSMENT

6.1 Definitions in Acceptance Specifications

6.1.1 The following definitions and examples are common to all Acceptance Specifications.

6.1.2 *High Severity Incidents*

- *Failure to meet an Acceptance Criterion which would have a substantive impact on the service received by the Customer, e.g. failure to pay benefits to the right person, at the right place, at the right time.*
- *Failure to meet an Acceptance Criterion which would have a major impact on the ability of the AUTHORITY or AUTHORITIES to perform their business, or where there was a major impact on the resources of the AUTHORITY or AUTHORITIES necessary to overcome that impact on their business, e.g. failure to support accurate POCL accounting.*
- *Failure to meet an Acceptance Criterion which would impact the security of the service where there is no acceptable procedural workaround.*
- *Consistent failure to meet Minimum Acceptable Thresholds for Service Levels, e.g. where particular transactions do not meet the minimum Acceptable Threshold under normal loading.*

6.1.3 *Medium Severity Incidents*

- *Failure to meet an Acceptance Criterion which is visible to the Customer and is likely to give rise to an adverse public perception of the service, but does not substantively impact the service received by the Customer, e.g. incorrect spelling on a receipt.*
- *Failure to meet an Acceptance Criterion which would have a medium impact on the ability of the AUTHORITY or AUTHORITIES to perform their business, or where there was a medium impact on the resources of the AUTHORITY or AUTHORITIES necessary to overcome that impact on their business, e.g. non-production of a weekly report, resulting in its manual transcription, which causes additional resource or effort at every outlet of the average duration of one hour per week per outlet.*
- *Occasional failure to meet Minimum Acceptable Thresholds for Service Levels, e.g. at peak loading, some transactions fail to meet Minimum Acceptable Thresholds, but on average all transactions within the service do achieve Minimum Acceptable Thresholds.*

6.1.4 *Low Severity Incidents*

POL00030391

- *Failure to meet an Acceptance Criterion that is neither visible to nor has substantive impact on the service received by the Customer e.g. presentational, style and other cosmetic faults that are only visible to the user.*

- *Failure to meet an Acceptance Criterion which would have a minor impact on the ability of the AUTHORITY or AUTHORITIES to perform their business, or where there was a minor impact on the resources of the AUTHORITY or AUTHORITIES necessary to overcome that impact on their business, e.g. non-production of a weekly report, resulting in its manual transcription, which causes additional resource or effort at ten or fewer outlets of the average duration of one hour per week per outlet.*

- *Failure to meet an Acceptance Criterion which would impact the security of the service but where the workaround is as secure as the original solution (i.e. the only impact on risk is in ensuring that the workaround is performed, but where procedures have been agreed and are in place).*

POL00030391

6.2 Analysis of the Acceptance Specification definitions

6.2.1 The above definitions seek to provide a means of assessing severity of a defect based on two factors: the type of impact and the severity of the impact. There are five types of impact: on the customers; on the Authorities' abilities to perform their business functions; on the Authorities' resources needed to overcome any such impact on the Authorities' abilities to perform their business functions; on security and on service levels.

6.2.2 The table below summarises those Acceptance Specification definitions.

	High	**Medium**	**Low**
Impact on customer service	Substantive impact (e.g. failure to pay benefits correctly)	Public perception is adverse but impact is not substantive	Not visible to the customer (only to the user)
Impact on Authorities' ability to perform their business functions	Major impact (e.g. failure to support accurate POCL accounting)	Medium impact	Minor impact
Impact on Authorities' resources	Major impact	Medium impact (e.g. one hour per week at every outlet)	Minor impact (e.g. one hour per week at ten outlets)
Impact on security	Any impact with no effective workaround	-	Any impact with a workaround that is as effective as the original
Impact on service levels	Consistent failure to meet MATs	Occasional failure to meet MATs but MATs met on average	-