

Witness Name: Paul Field
Statement No.: WITN04950100
Dated: 17 October 2023

POST OFFICE HORIZON IT INQUIRY

FIRST WITNESS STATEMENT OF PAUL FIELD

I, Paul Field, will say as follows...

Introduction

1. I am a former employee of Post Office Limited and held the position of Network Auditor.
2. This witness statement is made to assist the Post Office Horizon IT Inquiry (the "**Inquiry**") with the matters set out in the Rule 9 Request dated 23 August 2023 (the "**Request**").
3. I can confirm I was assisted by the Post Office in confirming insurance coverage for support in preparing my statement. I have also been assisted by DAC Beachcroft LLP in the preparation and drafting of my statement.

Background

4. I started at the Post Office in 1981. I completed an 8-week training course at the training room at Nottingham Queen Street Branch Office. On completion of the 8-week course I completed a probationary period at Newcastle under Lyme Crown Office. Whilst at Newcastle I was a Counter Clerk dealing with the public. I completed writing duties that included balancing/checking fellow Counter Clerks' work and preparing paperwork for the completion of the weekly office balance.

5. In around 1982/1983 I moved to the remittance unit at Hanley Branch office working as a Postal Officer. Each day we received and despatched cash and stock items to sub-Post Offices and Crown Offices in our area and we would check and balance the remittances daily.

6. In 1986, whilst still working as a Postal Officer, I moved to the new North Midlands regional office in Derby where I was in the department that dealt with sub-postmaster pay and liaising with sub-postmasters regarding their payments. In 1990 I transferred to the Purchasing and Supply department which again involved contacting sub-postmasters regarding any problems with their safes. I also liaised with contractors regarding estimates for jobs not covered by national contracts.

7. In 1996 I joined the Audit team as a Network Auditor. The vacancy would have been advertised internally and after speaking to members of the Audit team about what the role entailed, I applied, was interviewed, although I cannot remember by who, and was successful. I worked in that department until I took voluntary redundancy on 23rd February 2015.
8. When I first joined the Audit team we had no computers. My team covered Crown and Sub-Post Offices, in Derbyshire, Nottinghamshire and Staffordshire. Later I moved into other teams which covered the wider Midlands area, then the whole country. We completed cash, stock and compliance audits at all offices that we attended. Whilst I was in the team audits moved from being completed on paper to using a computer-based reporting system called P32. I cannot recall when this change happened.
9. The Training team and Audit team then combined; I am not sure of the date. This enabled all members of the team to conduct audits and complete on-site training to new sub-postmasters in line with business strategy.
10. I believe all my colleagues and line managers were honest and always tried to do the best they could. I had many Line Managers during my time as an Auditor. They included Glyn Burrows, David Patrick, Judy Balderson and Craig Thompson. I would report any shortages to them and any concerns I had regarding an audit.

11. I had no dealings with disciplinary matters and never interviewed anyone accused of any criminal offences. I have never been involved in disclosure in criminal or civil proceedings or litigation case strategy. On occasion, following an audit, I have been asked by either the Contracts Manager or Security Section to provide a witness statement and possibly attend court in respect of shortages, but I have never had to give oral evidence.

12. Over the course of my time in the audit team I have probably attended and been involved in approximately 2,000 audits, maybe more.

Recruitment and training of auditors.

13. During my time in the audit team, I have always been a Network Auditor. When I started in the audit team my training consisted of assisting experienced auditors, with them explaining the process they followed and showing me how to complete the relevant paperwork. Any work completed by myself was checked usually by my Line Manager, and they advised, if necessary, what amendments would be required.

14. I have no knowledge of the recruitment policy by which auditors were recruited but as a minimum I presume they would have had to have a rounded knowledge of counters and transactions completed and the ability to converse with the subpostmasters in a professional manner when discovering shortages and/or compliance issues. Usually auditors were recruited in

house. They may come from Crown Offices or other departments within the business i.e. like myself from Procurement.

15. When I first started in the Audit team all my work was checked by the Audit Manager prior to reports being despatched to the sub-postmaster. The Audit Manager attended my audits for the first couple of weeks and would provide me with support and guidance. They would also provide me with feedback on how the audit went, what I had done well and areas for improvement. After the first few Audits the Audit Manger no longer attended and I was supported by the more experienced members of the team who would continue to review my work and answer any questions I had until I was comfortable with the processes. Later on when I was more experienced I was able to support newer team members in the same way.

16. Due to the time that has now passed I cannot recall all of the policies and practices in relation to the audit process. We checked all cash and stock and completed compliance tests. We would have 1 day, usually a Monday, in the office where the Lead Auditor would prepare for the audit, passing on details of where and when to meet. Planning also involved reading previous audit reports for the branch and highlighting any weakness identified to ensure the sub-postmaster had completed the recommendations.

17. I would usually complete 2 audits on a Tuesday and Thursday depending on the size of the office and, 1 possibly 2, on a Friday, again dependent on the size of the office, the number of staff available and the number of transactions

carried out at the office. Wednesday was usually set aside for transferring an office from an existing postmaster to a new postmaster. This would involve verifying assets, cash and stock reported by the outgoing sub-postmaster and then asking the incoming sub-postmaster to verify it was correct.

18. We were advised of any changes to roles/policies and practises when we attended the office. This would generally be weekly when we picked up our schedule. As the area we covered grew we also usually had a monthly team meeting where we would discuss new products and procedures. We would also have specific training days for compliance testing, for example on topics like Money Laundering. If I was unsure when new products were introduced, I could visit a local Crown office to see how the transaction was completed.

19. Upon the introduction of computerised audits we were, as far as I can remember, advised of new procedures and policies at larger team meetings and conferences where we were shown how the new P32 system worked and given training exercises to complete.

20. I consider from my time in the team that the Auditors had the necessary training and experience for the role.

The planning and scheduling of audits

21. I had no input in the scheduling of audits. This was completed by the Scheduling team and passed to team leaders for them to complete the weekly

plan. The weekly plan told us what audits needed to be completed on what day.

22. When we received the weekly plan, we would ensure that the office was open on the day of audit, the times it was open, how many counter positions it had and whether it had an internal or external ATM. We would also consider the result of the previous audit and any compliance weaknesses.

23. As an Auditor, I would be aware of why an audit was scheduled, for example, when we were asked by the Cash Management team to conduct an audit because cash levels seemed higher than expected. We would not inform the sub-postmaster that this was a reason for the audit as the sub postmaster would not need to be aware of this information and would expect an audit as part of the normal process.

24. Pre-computerisation offices were audited on size either yearly, two yearly or three yearly. Crown offices were usually audited on a Thursday. This was because they would balance on Wednesday, and we would audit the declared figures the following day. Post-computerisation, audits could be completed any day of the week including Crown offices and I believe they were selected based on risk rather than on a regular schedule. This risk could be down to multiple reasons, for example, there may be an awareness of criminal activity in the area which has raised the risk of a specific office and would be

important to ensure all procedures are in place and the office is fully compliant.

The auditing process

25. When preparing for an audit I would look at the last audit, audit report, previous audit result and compliance tests undertaken and any compliance weaknesses found that we needed to be addressed. When completing the audit we used reports that we got off the Horizon system included balance snapshots for each stock unit, an office snapshot that included all stock units, remittances in and out, cash declarations and end of day summaries. The sub-postmaster would have access to all of these reports on Horizon.

26. There were different types of audits that would be carried out, this could be identified by the audit code number that was given to each audit. There are three main types of audit I can recall, a Financial (FAA) audit, a compliance audit and a follow up audit. An FAA audit is a full cash, stock and compliance audit. In a compliance audit you would look at the audit report and concentrate on any recommendations from the previous audit to ensure actions had been discharged whilst completing all compliance tests. A follow up audit would be as a result of the previous audit and only the actions highlighted in the previous audit report would be carried out.

27. Should the audit discover a shortage the sub-postmaster would be asked to verify our figures. They would be given as much time as they needed to check stock and cash amounts to check they are correct. The sub-postmaster may provide an explanation for the shortage, such as stock that had not been counted as it had been put in a different place or a clerk having placed coin in the wrong bag. Where this was the case we would re-verify the count and update our figures.

28. Where the sub-postmaster was unable to account for the shortage, they would be asked to make good the shortage on completion of the audit. If the shortage was made good a receipt would be given to the sub-postmaster and a copy retained in our receipt book. The audit report would then state that the shortage was made good, and a receipt was given.

29. If there was a large shortage, I would contact my line manager to advise him and await further guidance. My line manager may then ask me to raise this with the Contract Manager and/or Security and Investigations Team. They may also ask me to request the sub-postmaster to make good the shortage.

30. We would not make any further enquires with the sub-postmaster as to the reasons for the shortage and this would be left for the Investigations team to consider as appropriate.

31. During the audit we would communicate information to the sub-postmaster to update them during the audit. The sub-postmaster would be advised on our

arrival that we were there to perform an audit and we would give him an outline of what we would be doing. He would be asked to remain in the secure area (the area behind the Post Office counter) with us or a member of staff to be present when we were in the secure area counting the cash. The sub-postmaster could raise any issues during the audit with the Lead Auditor. If they could not be resolved by them they could be taken away and the sub-postmaster contacted by the Lead Auditor later with an answer.

32. I have been asked by the Inquiry whether it would be possible to conduct a branch audit in circumstances in which it was not possible to access the Horizon IT system. If there was no access to the Horizon IT system, it would be virtually impossible to complete a full audit. I can remember occasions when a branch had been burgled or robbed and the Horizon equipment damaged. Where this happened and we could secure the cash and stock on site we would delay the audit and go back when the equipment was up and running. Where the cash and stock could not be secured a collection would be arranged and we would try and balance the stock and cash against the previous branch trading statement and daily reports. This would involve us making assumptions on sales and we would normally need to cancel the audit and ask for it to be rearranged.

33. The audit process would vary depending on the type of branch we were auditing. Crown offices would have 50% of counter stocks and stocks with

cash in excess of 25k audited. A large shortage in excess of £1,000 would be reported to the Crown Area Manager and Security team. Any shortages were made good by POL. WH Smith would have 2 or 3 stocks checked along with the main safe, full bureau and main stock. Franchise/multiple offices and Sub-Post Offices would have all cash and stock checked. The franchise/multiple office partners would be asked if they would have a representative on hand during the audit or whether the Officer in Charge ("OIC") would be sufficient and we could relay all the details to them by the OIC. A full report would still be sent to the Post Office Controller i.e. the relevant Franchisee and partners.

34. Auditors had a global user account which enabled us to get onto the Horizon system when no clerk with managers access was available to put us onto the system using their credentials. The POL helpline would be contacted for a one-shot password to be provided which allowed us to access the office system through the global user account. This would enable us to produce the reports needed to complete the audit. I am not aware of any audit measures that were in place regarding global user accounts but do remember that the password could only be used once and the auditor login would be removed from the system on completion of the audit.

35. The Inquiry has asked me to describe any involvement Fujitsu had in the audit process. As far as I was aware Fujitsu had no involvement in the audit process.

36. The Inquiry have asked me to consider POL00084211 which documents the testing of the new P32 system. I was asked to provide feedback on Tier2 P32. From what I can remember we tested the actual figures from a specific office by inputting them into the new P32 system. If the figures were input correct and the new p32 system configured them correctly then they would agree with the actual office figures. We gave feedback on what it was like to use, what we thought of the layout and what changes we would like to make. I seem to recall that we tested the system and then met up in groups to give our views. I cannot remember who asked me to get involved in the system testing and feedback.

Prosecution of Mrs Susan Rudkin

37. I cannot recall the exact circumstances that led to the scheduling of the audit at Ibstock Post Office on 22 September 2004 or the specific details of this audit. However, to assist the Inquiry I have provided my best recollections of these events and the general process that would have been followed for audits between 2004 and 2006.

Previous Audits of Ibstock Post Office

38. I do not recall but would presume that I would first have been made aware of the audit at Ibstock Post Office on 22 September 2004 when I was issued with an audit plan for the following week. This would confirm who was leading the audit and who would be assisting on the audit.

39. I do not recall the exact details of this audit but generally all audits would be conducted in the same way. We would arrive at the office make our presence known and after being invited inside I would speak to the sub-postmaster and explain we were here to perform an audit. After introducing my colleagues I would ask the sub-postmaster to show us where the cash and stock was located. From my memory cash and stock would be counted in the secure area and compliance questions were asked in the sorting office after the postmen and postwomen left on their deliveries. We may ask questions of staff in the secure area when the office was not busy but only if this would not affect the serving of customers.

40. I cannot recall but can see from the Audit Report, dated 24 September 2004 (POL00061734) that the audit identified a shortage of £1109.48 due to an unknown error. Under instructions from Paul Hemley, Retail Line Manager, £1000.00 was to be put in suspense account for 6 weeks to see if any error notes were issued later relating to the shortage. The remaining audit shortage

of £528.87 (£400.12 shortage from this period and £128.75 the shortage from the previous period) was made good.

41. I also cannot recall the details of the 2006 audit and am reliant on the Audit Report, dated 11 December 2006 (POL00060449) which has been provided to me by the Inquiry. I would presume the same process would have been followed as the 2004 audit given this was normal practice and I would have been notified of the audit by the weekly plan which I would have received the week before.

42. I can see from the Audit Report (POL00060449) that the 2006 audit revealed a shortage of £94.34 this was made good on completion of the audit.

43. As far as I can remember both Mr and Mrs Rudkin were in attendance at both of the audits.

Audit of Ibstock Post Office 20 August 2008

44. The audit conducted in 2008 would have been scheduled in the same way as previously described. I was the Lead Auditor and I was assisted on this audit by Mr Kevin Watkins. I gained access to the Horizon system and produced the reports that we would need during the audit. Mr Watkins may also have been

added onto the system to produce relevant reports although I cannot recall if this was the case.

45. I was approached by Mrs Rudkin and she asked if she could speak to me privately. She informed me that the office was going to show a shortage in the cash. I asked what value and she replied £40k. I immediately asked her not to say anything else as she would need to discuss this with an investigator. I wrote down what Mrs Rudkin had said and asked her to sign it. A copy of this document is contained at POL00045243. This was normal practice as we were required to keep a record of any comments made by the sub-postmaster or their staff, however, I was trained not to ask any further questions or make any enquiries as this was outside of our role and was the responsibility of the investigator.

46. Mrs Rudkin said that Mr Rudkin did not know about the shortage and she seemed nervous that she would now have to tell him. I asked Mrs Rudkin if she would like me to accompany her to tell her husband. **GRO**

GRO I believed that he had been late in from a Sub-postmaster meeting or Federation meeting. **GRO**

GRO spoke to him and said we were here to do an audit and Mrs Rudkin had advised me there was going to be a shortage. During my time away from the secure area Mr Watkins started counting cash and stock in the presence of a member of staff. Upon my return I contacted the necessary

people i.e. POL Helpline to inform them the office would remain closed until further notice. I tried to keep both Mr and Mrs Rudkin updated during the audit and asked where various items would be found. We looked at the cash declarations from the previous days that would have shown similar end of day cash holdings.

47. As we were not investigators, as soon as Mrs Rudkin admitted the shortage, I spoke to the Security section and asked what they required from us. They replied branch trading statements, cash declaration and anything we could find behind the counter to show cash inflation.

48. Kevin Watkins and I checked all the cash and stock in the presence of a member of staff in the secure area and found the shortage. I cannot recall the exact cash figure we were initially short but it was approximately what we were advised. We would then have adjusted any discrepancies found in the stock and arrived at the overall shortage of £43,894.15. I reported the shortage to Dave Pardoe from the Security team and Paul Williams the Contracts Advisor as I believe Mr Glenn Chester, Contracts Advisor, was on annual leave.

49. In my experience the shortage was rather high. I have experienced higher shortages since but I believe this to be my first large shortage. I did not have

any concerns regarding the shortage as Mrs Rudkin had informed us that there would be a large shortage.

50. Paul Williams, the Contract Advisor asked me to suspend Mr Rudkin which I did. I do not consider that this was part of my normal job role as an Auditor. I completed this task on the instruction of the Contract Advisor who told me what to say to Mr Rudkin.

51. Reports were sent to the Contracts Manager Glenn Chester, the Investigations Manager and Investigation Team Manager, the Network Compliance Audit Manager, the Outlet Intervention Team and, at the request of Glenn Chester, a copy was also sent to Paul Hemley Business Development Manager.

52. The Inquiry have asked me if ARQ logs were sought by POL from Fujitsu and if not, why not? I do not know whether ARQ logs were requested and this would not have been something I would have been made aware of in my role. I did not have any awareness of ARQ logs when I was an auditor and am only now aware through the information that has been provided by the Inquiry.

53. The Inquiry has also asked me if I was aware that Mr Rudkin had been on a visit to Fujitsu's Bracknell site on 19 August 2008 and whether I was aware that Mr Rudkin had raised concerns following his visit. As mentioned above, I

recall GRO either Mr Rudkin or Mrs Rudkin mentioned that he had been at Fujitsu the previous day where he had raised some concerns. I was not made aware of what these concerns were and did not ask any questions regarding Mr Rudkin's visit. I would expect any concerns would have been raised and discussed with the relevant people in the business rather than myself.

54. The only further involvement I had in this case prior to proceedings being issued was speaking to the Security team to advise them of the audit result.

POL v Ms Susan Rudkin

55. To the best of my knowledge I had not been involved in any other proceedings against sub-postmasters, their managers or assistants or Post Office employees involving shortfalls shown by the Horizon IT system before this case.

56. I gave a statement on the day of the audit on the request of the Security team but I cannot remember providing a further statement. I have no knowledge of the investigation or prosecution and I do not know the outcome of the case against Ms Rudkin. As an Auditor I would not expect to be involved in the investigation or prosecution and in my experience my only involvement has

been limited to providing a statement setting out the details of the audit. It would only be on a rare occasion that this was requested.

Prosecution of Ms Janet Skinner

57. I have little recollection of this audit. I can see from the Offender Report dated 4 August 2006 (POL00044639) that an intervention visit was completed the day before that showed a shortage in the cash. I would presume that a call was made to the Audit team to request an urgent audit so the cash shortage from the intervention visit could be verified.

58. I cannot recall this audit but can see from my Witness Statement (POL00047362) that I attended the audit with Mrs Lynne Eastwood. I was to lead the audit and was assisted by Lynne with the cash and stock. I would have produced any necessary balance snapshots and any other reports as requested. We would look for cash declarations completed by any member of staff and ascertain how many stock units there were. This was the standard audit procedure.

59. Although I cannot recall this audit, I can see from the Audit Report dated 31 May 2006 (POL00047997) that the audit revealed a shortage in the cash of £58,942.41 and a shortage in the stock of £274.02. The figures would have been double checked by me and Lynne. I cannot recall but the sub-

postmistress may also have been asked to verify our figures as was the usual process. The shortfall discovered is on the high side but is not unusual. I undertook no further investigation to ascertain the cause of the shortfall.

60. I have been asked by the Inquiry whether ARQ logs were sought by POL from Fujitsu and if not, why not? As noted above, I do not recall the term ARQ logs from when I was working in the Audit team and would not have known whether they were requested or why they were being requested.

61. I can see from my Witness Statement (POL00047362) that the audit result was reported to Diane Hoyles, Rural Support Officer, who was present at the audit, and to Diane Matthews, Investigation Manager.

POL v Janet Skinner

62. Following the audit, I was asked to provide a witness statement which can be seen at POL00047362. I cannot remember who asked me to provide this statement or the nature of the discussions I had with them on the statement.

63. I have no knowledge of the investigation or prosecution that was completed which was outside of my remit as an Auditor. I do not know the outcome of the case against Ms Skinner.

General

64. From the audits I was involved in I do not recall there being a challenge to the integrity of the Horizon system. It was common for sub-postmasters to provide reasons for discrepancies. Where this was the case, this would be noted in the audit report. However, my concern was with completing the audit rather than any reasons that were provided as I expected this to be investigated by the Security team.

65. I did not challenge the integrity of Horizon as I had no reason to believe it was not a robust system. All checks regarding the integrity of the system were completed by more experienced and computer literate individuals than me. I do not recall ever being made aware of any bugs, errors or defects in the system whilst I was an Auditor.

66. I do not know what investigations were carried out by Post Office and Fujitsu into bugs errors and defects so therefore I cannot comment on what was said by whom and to whom.

67. There are no other matters that I would like to bring to the Chair's attention, and I do not have anything further to raise in regard to the Inquiry's Terms of Reference.

Statement of Truth

I believe the content of this statement to be true.

Signed

GRO

Dated: 17 October 2023.

Index to First Witness Statement of Paul Field

No.	URN	Document Description	Control Number
1	POL00084211	Testing of proposed new p32 system	POL-0081269
2	POL00061734	Audit Report, dated 24 September 2004	POL-0058213
3	POL00060449	Audit Report, dated 11 December 2006	POL-0056928
4	POL00045243	Handwritten note, dated 20 August 2008	POL-0041722
5	POL00044639	Offender Report dated 4 August 2006	POL-0041118
6	POL00047362	Witness Statement dated 9 November 2006	POL-0043841
7	POL00047997	Audit Report dated 31 May 2006	POL-0044476