Witness Name: Jane Smith

Statement No.: WITN05690100

Dated: *08* November 2024

THE POST OFFICE HORIZON IT INQUIRY

First Witness Statement of Jane Smith in the Post Office Horizon IT Inquiry

I, **JANE SMITH,** of 1 Future Walk, West Bars, Chesterfield, Derbyshire, S49 1PF, **SAY AS FOLLOWS:**

1. My name is Jane Smith. I was employed by Post Office Limited ("**POL**") (or its predecessors) between 10 February 1986 and 31 March 2024. I am now retired.

2. Except where I indicate to the contrary, the facts and matters contained in this witness statement are within my own knowledge. Where any information is not within my personal knowledge, I have identified the source of my information or the basis for my belief. The facts in this witness statement are true to the best of my knowledge and belief.

3. In this statement I use the term "Postmaster" broadly to refer to those people or entities that are responsible for operating post offices (but excluding those individuals employed by POL), rather than with any formal definition in mind. I

use the terms "Postmaster" and "Subpostmaster" interchangeably given their common usage. Nothing in this statement is intended to detract or differ from any definition adopted by POL.

4. This witness statement has been prepared in response to the request made by the Horizon IT Inquiry (the "**Inquiry**") pursuant to Rule 9 of the Inquiry Rules 2006, dated 24 August 2022 (the "**Rule 9 Request**").

5. In this witness statement, I address each of the questions set out in Appendix 1 to the Rule 9 Request regarding my career background at POL and my knowledge of and involvement with the following areas within POL:

    a. Advice and assistance;

    b. Training;

    c. Errors or issues with Horizon system; and

    d. Resolution of disputes.

6. I originally submitted my statement in draft to the Inquiry, in accordance with the Inquiry's Protocol on Witness Statements, on 8 November 2022. I was not asked to finalise it until 25 July 2024. Given the passage of time, I have updated my original draft to reflect any changes since it was submitted.

7. Where I refer to specific documents in this statement, copies of those documents are exhibited to this statement in a series of exhibits identified by the Inquiry's unique reference number for that document.

DEFINED TERMS

8. In this statement, I have used a number of acronyms and defined terms. I have set out a definition of each, as I have introduced them. However, for

convenience, I also set out the definitions of these acronyms and definitions below:

AP	Automated Payments
BSC	Branch Support Centre
BVT	Business Validation Testing
CAB	Change Authorisation Board
ECCO	Electronic Cash Registers on Counter
E2E	End to End
FSC	Financial Service Centre
Horizon	The Horizon IT System
HSD	Horizon Service Desk
Inquiry	The Horizon IT Inquiry
ITIL	IT Infrastructure Library
KBA	Knowledge base article
NBIT	New Branch IT system
NBSC	Network Business Support Centre (which later became the Branch Support Centre)
OBCS	Order Book Control Service
P&BA	Product & Branch Accounting

POca	Post Office card account
POEx helpline	Post Office External helpline for branch customers
POL	Post Office Limited
POLFS	Post Office Limited Finance System
SME	Subject Matter Expert
UAT	User Acceptance Testing
Rule 9 Request	The Inquiry's request pursuant to Rule 9 of the Inquiry Rules 2006, dated 24 August 2022

BACKGROUND

1. Please set out an overview of your role(s) within the Post Office

9. My most recent role at POL, which I held from May 2022 until I retired in March 2024, was Product and Support Consultant for the New Branch IT system ("**NBIT**") which is replacing the Horizon IT System ("**Horizon**"). In this role, my primary responsibilities included:

    a. Introducing and executing Business Validation Testing ("**BVT**"), from early 2023 onwards. BVT ran alongside End to End ("**E2E**") testing, which was carried out by a separate team within the project. E2E testing was conducted to validate the NBIT system build against system and branch requirements and to ensure that data entered into the system was recorded in each relevant part of the system. I set up BVT to ensure the system had been built to meet the expectations of a branch user.

The BVT team were all hand-picked by myself due to their knowledge and experience of working in a Post Office branch and/or the Branch Support Centre ("**BSC**"). My tasks included:

i. creating test scripts;

ii. executing testing;

iii. identifying defects, applying a prioritisation status of 1-4 (with 1 being the most severe and 4 being a minor or cosmetic issue);

iv. representing the team on daily defect calls where each defect was discussed with other stakeholders and a final priority agreed;

v. retesting fixes;

vi. full regression testing following a fix release (which was a run through of the entire suite of tests and not just the area where a fix had been applied); and

vii. providing test scripts and support to branch users during User Acceptance Testing ("**UAT**"). Test scripts should have been produced by a third-party company brought in to manage UAT. However, after I reviewed their test scripts, it was evident their lack of branch knowledge had rendered the scripts unusable. I escalated my findings to the programme's head of Release Management (Andy McCallister) and it was agreed BVT test scripts would also be used for UAT purposes.

b. Representing the Branch Support Centre (the "**BSC**") on the NBIT project and providing input on the Service and Support workstream, which concerns the transition of support services from Horizon to NBIT;

c. Supporting the development of acceptance criteria in relation to the Service and Support workstream;

d. Analysing and reviewing proposed screen layouts for NBIT, and providing feedback from a business support perspective to improve the quality of the presentation to branch users and minimise 'how do I?' type calls to support centres;

e. Reviewing (in conjunction with the knowledge manager) support articles relating to NBIT created and updated for use by BSC staff and postmasters for accuracy, ease of understanding and suitability for use in support environments;

f. Contributing to the selection criteria for a replacement knowledge management system; and

g. Developing the support capabilities needed for the initial counter pilot of NBIT.

2. Please describe any qualifications you had

10. I obtained an IT Infrastructure Library ("**ITIL**") Practitioner (Managers) Certificate in 2003, which concerned IT service management and service delivery. I then gained an accounting qualification (AAT Technician NVQ Level 4 Diploma) in 2010 from Chesterfield College and a management business

leadership qualification (NCFE Level 5 NVQ Diploma in Management and Leadership) in 2019. All of these qualifications were funded by POL.

11.   Prior to joining POL, I obtained O-Levels and an A-Level in maths.

3. Please set out any training you received

12.   When I began work as a counter clerk, I attended a 7-week training course at Sheffield Crown Office. This was prior to the implementation of Horizon. Since then, most of the training I received during my time at POL has been "on the job" training, though I have also received training on specific systems relevant to my role, such as training on the POL Finance System ("**POLFS**").

4. Please describe any career progression within the Post Office

13.   I have held many different roles during my time at POL.

14.   I first joined Post Office in February 1986 as a counter clerk in Chesterfield at the Crown Office branch. I did this for 11 years. In addition, I provided maternity cover as branch manager. During my time there, Chesterfield Crown Office was one of the pilot branches for Electronic Cash Registers on Counter ("**ECCO**"), an electronic point of sales system that could be described as the predecessor to (but a separate system from) Horizon. As a result, I developed a good working knowledge of ECCO and the way in which the system worked. I was then seconded for six months to the automation project in or around 1996, which was the project to introduce ECCO to the branch network. My role involved implementing ECCO in other branches, and providing them with onsite support in using the system once installed. I believe ECCO was installed in all Crown offices at the time but not in many other branches (perhaps around 100) as they would have had to pay to have it installed.

15. In October 1997, I moved to the Product & Branch Accounting ("**P&BA**") division and began working in the Transaction Accounting Procedures team. My work there related to Royal Mail and Automated Payment products and involved preparing feasibility studies for new products, developing existing products and preparing accounting instructions for those products.

16. During my time in the Transaction Accounting Procedures team, in or around early 1999, I was seconded to work on the benefits encashment system that later became Horizon (after the Benefits Agency pulled out of the project). My role involved checking balancing receipts and other paperwork from test rigs to ensure that products and accounts had been mapped correctly and that transactions were accounted for as intended. I was not working on the test rigs themselves and was sat in a separate room in Fujitsu's office in Feltham checking the balancing paperwork.

Service Delivery

17. In July 1999, I moved into the Service Delivery division and began working as a change implementation manager. This role involved conducting an impact assessment on changes to products (including the introduction of new products) and preparing and reviewing communications to branches on such changes (explained further at paragraph 35 below). Horizon was rolled out to branches during my time in this role.

18. In April 2001, I joined the Operations Control team and became a business analyst working on the Network Banking project, which introduced the Post Office card account ("**POca**") and online banking. In this role I supported the Post Office External ("**POEx**") helpline (which provides support to branch

customers) and the Network Business Support Centre ("**NBSC**") helpline (which provides support to those working in branches) to deal with any questions arising from branches and customers relating to network banking products during their pilot and go-live phases.

19. In July 2003, I became a problem manager. I primarily managed the resolution of POca-related problems (for example, customers unable to access their card account), liaising internally and externally to implement a solution and monitor whether the solution was successful. I also ensured there was 24/7 cover for the Post Office Service Continuity team, which involved logging calls related to system failures from all suppliers within the IT infrastructure domain, identifying the domain responsible for fixing problems and managing the problem until it was resolved, and liaising with all parties (both internal and external) to provide updates relating to the system failure.

20. In April 2005, I became a change readiness manager. This role involved reviewing documents (such as incident and escalation processes for the Service Delivery team) prepared in connection with system changes (for example, minor software releases and updates to Horizon) and carrying out impact assessments for the NBSC and the Service Continuity team before changes were implemented. I was also involved with pro-active problem prevention, highlighting any potential problems that might inadvertently be caused by a system change and ensuring these were resolved before the change was implemented.

21. From March 2006 to June 2006, I was briefly a Contact Centre service improvement analyst. This involved managing and monitoring Ingenico's

provision and performance on the Paystation helpline against Service Level Agreements, through which Ingenico answered queries from branches about Paystation terminals (which Ingenico supplied to POL).

Product & Branch Accounting / Financial Service Centre

22. In June 2006, I moved back into the P&BA division in Chesterfield to become a POLFS and control manager. POLFS was POL's accounting system at the time (now known as the Core Finance System). This role involved investigating instances where Horizon data was missing from POLFS and identifying and resolving the cause(s). For context, at this time, Horizon data remained on individual terminals until it was collected through telephony lines at the end of each day, in a process known as "polling". If the telephony lines were down for any reason, the Horizon data would not be collected and would be missing until the cause(s) was resolved. The data was needed to reconcile the general ledgers on POLFS so we would work to resolve the cause(s) as quickly as possible. I also helped other staff in the P&BA division to understand how data passed from Horizon to POLFS (based on my prior experience of Horizon), which reports to check and why data might be missing from POLFS.

23. In August 2008, I became a business analyst in the Branch Reconciliation team. My primary responsibilities involved preparing the P&BA division for new systems and products (including POLSAP, Horizon Online, and Paystation+). This involved providing training to the whole division on double entry accounting on Horizon, and recovery procedures on Horizon Online.

24. In September 2011, I became a senior team leader in the Automated Payments team. By this time, the P&BA division was known as the Financial Service

Centre ("**FSC**"). In this role I was responsible for training and coaching a team of 8. The team was responsible for investigating queries and/or errors with bill payments raised by a customer or a branch, or investigating under- or over-payment enquiries received via the NBSC from a branch, and liaising with the client through to resolution. For instance, a branch might say a bill had been paid, even though the system said it had not been paid, so we had to investigate the transaction with the bill provider.

Strategy and Change

25. I became a business analyst for the Front Office project in May 2014. The Front Office project involved POL procuring a replacement for Horizon from IBM (though this was later shelved). I was involved in the procurement and design phases and was responsible for consulting different stakeholders on perceived deficiencies with Horizon and potential improvements that could be made. These suggested improvements were then compiled in a log and sent to IBM (POL00105420). I also produced low-level requirements for accounting and bill payment products and attended product design sprint meetings, in which IBM would show us what they had designed and ask what improvements we wanted to see. There was an initial meeting with IBM for us to ask questions and raise these suggested improvements, followed by a second meeting in which IBM came back with any proposed changes to the design. During these sprint meetings I acted as a subject matter expert ("**SME**") for the FSC, product managers and Post Office branches, explaining how current processes worked and discussing improvement opportunities to be included in the new system.

Contact Centres

26. In May 2016, I became operations manager at the Customer Support Centre (formerly the POEx helpline). I led a team of 9 team leaders, each of whom led teams of support service advisors who dealt directly with customer calls and complaints. My role was to ensure that quality, productivity, utilisation, employee and customer service targets were met in line with business goals.

27. I then became operations manager at the IT Service Desk in July 2018, where I was tasked with bringing the IT service desk fully in-house (it had previously been outsourced to ATOS). I led two team leaders, each of whom led a team of support service advisors who provided technical support to POL and the branches. I also provided support on the rollout of Branch Hub.

28. After that, I became the BSC operations manager in July 2021. I led a team of 5 team leaders, each of whom led teams of support service advisors who dealt directly with calls from branches through the BSC helpline. As with my previous operations manager roles, I was responsible for the performance of the helpline and meeting business targets. I remained in this role until May 2022, when I moved into the role on the NBIT project before retiring in March 2024.

ADVICE AND ASSISTANCE

5. Please provide an overview of what contact you had with subpostmasters or managers and assistants working in Post Offices, if any

29. The first direct contact with postmasters that I recall having was during a pilot of Horizon in 1999, when I was helping out with the Horizon Service Desk ("**HSD**") during weekly balancing. This was during my time in the Transaction Accounting Procedures team. This involved travelling down to Fujitsu's office in

Stevenage on Wednesday afternoons, answering queries from postmasters and giving advice to them through the HSD on Wednesday evening and Thursday morning, and then returning home on Thursday afternoon. I was asked to assist as I had a lot of experience with ECCO (as explained at paragraph 14 above), and the balancing processes on ECCO and Horizon were very similar. I had also gained some knowledge of Horizon through my time on secondment at Fujitsu (see paragraph 16 above).

30. As a senior team leader in the Automated Payments team, I would not typically have had direct contact with branches, but my team would have been in contact with them. The initial query would generally come via the NBSC, POEX or client helplines, and then my team would investigate the issue with a bill payment. This would require direct contact with the branches, both as part of the investigation and in communicating the outcome.

31. Part of my role as a business analyst on the Front Office project was collating suggested improvements from stakeholders, including branches. In order to obtain postmaster feedback, I attended Branch User Forums. These were meetings between POL and around half a dozen postmasters, who would pass on feedback from other branches.

32. As an operations manager in the various contact centres, I was generally two steps removed from direct contact with branches, as this was handled by support advisors who reported into team leaders, who in turn, reported into me. At the customer support centre, the support advisors may have needed to contact branches in some scenarios, for example to investigate a serious complaint from a customer about a particular branch. At the IT service desk,

the support advisors would receive calls directly from branches in relation to technical issues, while at the BSC the support advisors would receive calls directly from branches in relation to operational issues.

33. In my most recent role as Product and Support Consultant for NBIT, my main contact with branches was with the two directly managed branches involved in the NBIT pilot. The pilot related only to Drop & Collect transactions, so no cash was being taken. I spent two days in branch when the pilot was launched to provide onsite support, and later took calls from the branches if they had any issues to report, or queries on how to use the system.

6. Please describe whether you were responsible for providing subpostmasters or Post Office branches with advice or assistance

34. In addition to advice and assistance provided through direct contact with postmasters (as set out above), I have been involved in preparing written materials for the benefit of those working in branches in a number of my roles.

35. During my time in the Transaction Accounting Procedures team, I was involved in writing accounting instructions for branches on Royal Mail and automated payments products. Those instructions were typically included in communications to branches, such as Counter News articles.

36. As a change implementation manager, I reviewed and amended Counter News articles informing branches of changes that were being made to new and existing products, adding instructions on how the change would be reflected on Horizon to the articles. The team was also responsible for the creation and release of memoviews, which were instant messages sent directly to Horizon terminals. I also assisted Fujitsu with preparing knowledge base articles

("**KBA**s") for use by the HSD when answering queries during the rollout of Horizon.

37.   As a business analyst in the Banking Project team, I was responsible for preparing KBAs relating to Post Office card account, banking and debit card acceptance for use by the NBSC helpline staff. Similarly, as a change readiness manager, I helped to prepare KBAs for the NBSC on upcoming changes, such as minor software releases.

38.   As the operations manager at the IT Service Desk and then the BSC, one of my responsibilities was making sure that the support advisors were well equipped to provide branches with the advice and assistance they needed. If a change was particularly significant, we would generally arrange face-to-face training for the support advisors, whereas more minor changes (such as a new issue of stamps) might be communicated by email and by arranging for the relevant KBAs to be updated. On occasion, particularly obscure or difficult queries from branches might be escalated to me and I would make suggestions to the team leader or advisor on how to approach the issue, and, if appropriate, make the rest of the BSC aware of the issue in case it arose again.

7. When issues were raised, how did you escalate these difficulties?

39.   In all of the teams to which I belonged, I would have followed the escalation process in place for that team at the time. This would typically involve escalating the issue to my line manager if senior involvement was needed, and then it would be up to the line manager to decide whether to escalate it further. Or it might involve escalating the issue to a different team or an external supplier if their assistance was needed to resolve the issue.

40. For example, when I was a problem manager, I might be informed that the card account service was not working. This would initially have been reported to the NBSC and then passed onto me. I would then escalate the issue to Fujitsu and the provider of the card account. I would arrange a call with the relevant suppliers and work to get the issue fixed as soon as possible to minimise its impact on branches and customers. If it was a really serious issue, such as the entire card account system going down, the Business Protection team would be convened, comprising representatives from different areas of POL's business. We had around 3 big card account outages in a 12-month period while I was a problem manager, though these typically affected customers more than branches.

8. Please specify, if you have not already done so, how often any difficulties involved the Horizon system

41. The card account outages that I mention at paragraph 40 above were largely unrelated to Horizon. At paragraph 45 below, I explain how connection failures affecting Horizon were more frequent during the Horizon Online pilot than initially anticipated, and how this was addressed. There were also some localised outages during my time as an operations manager at the IT Service Desk and at the BSC, and the major incident process was followed on each occasion. However, I cannot recall every difficulty that arose, and so I cannot say how often they involved the Horizon system.

9. Were there any steps that you thought should have been taken in response to any concerns that you raised that were not?

42.   There was one occasion that I recall where I raised concerns when working on the introduction of Horizon Online in or around 2010. Although steps were not taken immediately to address my concerns, they were taken subsequently, once the scale of the issue became apparent.

43.   As explained at paragraph 22 above, prior to the introduction of Horizon Online, Horizon data was collected from branches through overnight polling. On Horizon Online, data was collected from branches through telephony lines in real-time. Certain transactions, such as a banking withdrawal, required third-party authorisation before the transaction could be continued. But if there was a subsequent connection failure with the datacentre, the transaction could not be completed, causing confusion in branch as to whether or not to pay out funds to the customer. POL did not initially train postmasters on what to do in the event of such a failure, and though I did raise concerns with the project managers about this, it was considered that connection failures would not be frequent enough to make training on it worthwhile. I recall this information on the frequency of connection failures came from Ian Trundell, who worked as a solutions architect on the project. I cannot be sure where Ian got this information from, but I believe it may have been Fujitsu.

44.   I cannot recall which of the project managers specifically I spoke to about my concerns regarding the lack of postmaster training on connection failures, however I can recall that Claire Hurrell, Debbie Johnson and Will Russell all worked on the project management team for this project. I believe I would have raised the concerns with one or more of these individuals. I do not recall what their exact job titles were. I think that Debbie Johnson may have used a different

surname at that time, but I cannot recall what that was. NBSC helpline and P&BA staff had already been trained on what to do in the event of a connection failure; I was involved in delivering this training together with Alina Lingard.

45.   Once the Horizon Online pilot began, it became apparent that connection failures were happening more frequently than expected (with one or more branches affected on a daily basis), and I believe the pilot was paused as a result. I recall that the effect of this pause was that Horizon Online was not rolled out to any new branches, however those branches which had already migrated to Horizon Online continued to use it rather than reverting to legacy Horizon. Alina Lingard (who I believe was a training manager at the time) and I then worked on preparing materials for branches to explain what to do in the event of the connection failure, which were sent out to branches shortly thereafter. Further, I recall that any branches that had already been migrated to Horizon Online were visited to receive additional training on what to do during a system outage or when the system went offline.

46.   The pilot was then resumed once the issues with connectivity had been resolved – I believe this was several months after it was paused. My recollection is that whilst it was not possible for the issue to be resolved completely, the frequency of connectivity failures had reduced compared to before the pilot was paused. I believe that the initial decision to resume the pilot would have been taken by Will Russell. It would then have received sign-off from the Change Authorisation Board ("**CAB**"), which would have consisted of more senior stakeholders from all areas of the business. However, I do not recall which particular individuals were part of the CAB at that time.

10. Was there anyone who you felt could have done more to assist or make things better for subpostmasters

47. One way in which I think advice and assistance may have been improved is if support staff in the NBSC and the P&BA/FSC had been given Horizon training. Typically, the focus for support staff in the P&BA/FSC was on accounting systems such as POLSAP, so their language and understanding were grounded in those systems, whereas postmasters used the language of Horizon: item IDs and balancing processes. If support staff were given Horizon training, it may have made it easier for them to understand the difficulties that postmasters were having.

48. Another way in which I think advice and assistance may have been improved was in the processing of pension payments. Before POca was introduced in or around 2001, the Order Book Control Service (the "**OBCS**") was used to process pension dockets by scanning a barcode on the dockets. If the OBCS was down, branches were expected to pay out to the customer, and then put the pension dockets to one side until the OBCS was up and running again and the dockets could be scanned. However, a branch might forget to scan the dockets once the OBCS was back online, leaving the branch with a loss. The branch would then send the dockets to a POL location in Lisahally together with a Pension and Allowance report. POL conducted routine checks to see if any dockets had not been accounted for in the Pension and Allowance report, but did not carry out checks on every occasion, which may have helped to identify losses suffered by branches.

49.   I also think there was room for improvement with Horizon Online Help, the Help system available through Horizon. While preparing this statement, I was shown (by Herbert Smith Freehills) a Business Solution Design document for Enhanced Help and User Support (POL00105419), that I had put together in 2016 while working on the Front Office Project. It looks like I prepared this document shortly after a decision was taken to retain Horizon, though consideration was still being given to replacing Horizon Online Help. I was only briefly involved with looking at Enhanced Help and User Support, as a colleague had been responsible for looking at Horizon Online Help for most of the Front Office Project (before they moved on), and I moved to the Customer Support Centre shortly after. The document is incomplete but its contents would have mostly been taken from other documents (such as the improvements log mentioned at paragraph 25 above), and collated into a single document specifically about replacing Horizon Online Help.

50.   I think the Business Solution Design document is an accurate description of the shortcomings of Horizon Online Help, as it was quite clunky and not particularly user friendly, so branches would ring the NBSC instead. There were quite a few areas for improvement. However, the introduction of Branch Hub has enabled branches to obtain relevant information more quickly, as a lot of similar information is available on Branch Hub, which can be accessed on the internet rather than through Horizon. At the time that I left POL, I believe POL was also looking to replace Horizon Online Help as part of the NBIT Project, though work on the NBIT Help function was still in its early stages.

TRAINING

11. If you were responsible for managing the contracts of subpostmasters, set out what steps you took to ensure that individuals felt confident with using Horizon

51.   I was not responsible for managing the contracts of postmasters.

12. If someone said that he or she did not feel wholly confident with using Horizon, what steps did you take to assist them?

52.   At the BSC there is a process in place for support advisors to request additional training for a branch, either at the branch's request or where the support advisor considers it necessary based on their conversation with the branch.

53.   If a colleague (such as a support advisor or a colleague from a different team at POL) said to me that they were not confident or did not understand how something on Horizon worked, I would sit them down and try to explain it to them, using either the training kit or the live Horizon kit at 1 Future Walk (the POL office in which I was based) to demonstrate where appropriate.

13. Please explain whether you thought that any improvements could have been made to the training received by subpostmasters

54.   Postmaster training is not my area, but I have generally felt that more training could be given to postmasters on what to do when things go wrong, and how to investigate and resolve issues themselves. I think training tends to focus on how the system works and the processes to follow, rather than on rectification. I also think that it is important to understand the "double entry" nature of accounting on Horizon (i.e. that every accounting entry has a debit and a credit

which balances to zero), which is why I delivered training on this topic to the whole P&BA division back in 2008. I think more training could also be given to postmasters' employees and assistants. However, I also recognise that training is constrained by both time and funding, and that budget cuts may impact what can be delivered.

ERRORS OR ISSUES WITH HORIZON SYSTEM

14. Please explain whether you were aware of any issues or problems with the Horizon system

55. During my time at POL I was aware of some issues or problems with Horizon as with any IT system, but none that I thought were particularly significant or recurring, nor do I remember many details of them. However there are two issues which I recall being involved in resolving.

56. The first was when I was POLFS and control manager. Following a software release, there was an issue with local suspense accounts affecting some branches. The local suspense account records losses and gains each time you balance a stock unit, and holds the net loss/gain once all stock units have been balanced. I do not recall the details of the issue, but my understanding was that the issue was preventing negative numbers (i.e. losses) from being properly recorded in the local suspense account. I recall that this resulted in shortfalls for some branches and surpluses for others.

57. The branches affected by this issue were identified by Fujitsu, and I believe a list of the branches affected was shared with Andy Winn. I am not aware of how Fujitsu was able to identify these branches, nor who it was at Fujitsu that shared

the list. My recollection is that Fujitsu then rectified the issue at the back end, however I do not know how they did this. Because of the nature of the issue, transaction corrections could not be issued to remedy the losses and gains, so instead any branch that suffered a loss was sent a cheque, and any that had a gain was sent a letter confirming that the issue had been resolved and that they could keep the gain. I recall that it took around 2 weeks to resolve the issue. My recollection is that Andy Winn was managing the impact of the issue on branches, and I helped Andy by explaining to him how the error had manifested itself.

58. The second was when I was a senior team leader in the Automated Payments team. One of the members of the team issued a transaction correction using the affected branch's Paystation ID, rather than their Horizon ID, by mistake. This meant that the branch could neither accept the transaction correction nor complete the balancing process. Fujitsu were able to rectify the issue, which to my recollection took around a week to resolve. My understanding was that the issue did not prevent the branch from trading.

15. If so, please set out who you received this information from or how you came to be aware of these issues and how widely known you consider them to have been

59. In respect of the local suspense account issue, I believe this information came to Andy Winn however I am not aware of whether he learnt of it from branches or if it was identified by Fujitsu. I became aware of the issue from Andy Winn. I believe the Problem Management team would have been managing this with Fujitsu from a system resolution point of view and I think Gary Blackburn was

in charge of that team at the time. I believe Andy Winn would have alerted more senior people in P&BA of the issue, including Rod Ismay and Alison Bolsover. I do not know whether the issue would have been more widely known within POL beyond that.

60. In respect of the Paystation transaction correction issue, the affected branch would have called the team member who issued the transaction correction, who would have then escalated the issue to me. Other than involving Fujitsu, I do not think I escalated the issue as it only affected one branch and was resolved quickly.

16. How did this knowledge impact upon how you dealt with subpostmasters or Post Office managers or assistants working in Post Office branches

61. In all my dealings, I always tried to have the postmaster's best interests at heart and tried to make sure they got the best resolution as quickly as possible. In respect of the local suspense account issue, I tried to ensure that it was rectified and that no branch suffered a loss. In respect of the Paystation transaction correction issue, I made the team aware not to use Paystation IDs when issuing transaction corrections, and to be careful when issuing transaction corrections in general.

RESOLUTION OF DISPUTES

17. Please explain whether you were involved in or party to any disputes between the Post Office and subpostmasters regarding any alleged shortfalls of money

62. When I was senior team leader in the Automated Payments team, the team was responsible for issuing transaction corrections in relation to automated payments. If any transaction corrections were disputed, the team would then have to investigate. I do not recall any incidents where we were unable to explain to the branch why a transaction correction was issued.

63. In terms of shortfalls, a common issue with bill payments was where the branch had made a mistake and recorded the customer as having paid, say £50, when in fact the customer had only given them £5. The BSC would then fill in an automated payment mis-key form, and then my team would contact the bill provider to ask for the money back. The bill provider would then contact the customer, but if the customer had been given a receipt by the branch stating that they had paid £50, the customer could rely on that receipt, and the branch's loss could not be recovered.

64. I have been asked by the Inquiry to consider POL00090779. I do not recall the letter from the postmaster, nor the emails between myself and Andy Winn in relation to the same. My impression based on my reading of the document now is that the issue described by the postmaster would have arisen from a mis-key on Horizon when processing a gift card. It appears from my emails with Andy Winn that the postmaster was incorrectly advised by an NBSC advisor to contact the gift card company, when in fact they should have advised the Postmaster to file an Automated Payments ("**AP**") mis-key form. The AP mis-key form was typically used by the NBSC when a bill payment or top-up had been under- or over-stated by a branch in error.

65. The reason the NBSC advisor gave the postmaster the incorrect advice may have been due to an omission in the options available to the NBSC advisor on Remedy, when they were seeking to categorise the issue raised by the postmaster. If that was the case, the NBSC advisor would not have been able to identify the relevant knowledge base article which would have contained the correct solution to be passed on to the postmaster. As noted above, I do not recall the letter from the postmaster or the emails between myself and Andy Winn, but my impression now on reading the document is that in saying, "*the advisors are just making it up*", I was assuming that the advisor's proposed solution (i.e. to call the gift card company) was given spontaneously rather than following guidance contained in any knowledge base article.

66. I recall that around this time I tasked Tracy Middleton (who worked in an advisor role and was junior to me) with a review of the guidance to NBSC advisors on the AP mis-key process and incorporated the solutions for all the different products into one knowledge base article. We also updated the categorisation options available to the NBSC advisors when searching for knowledge base articles to help them to find to the correct article.

67. A particular issue arose with a supplier of a pre-loadable debit card. Customers were able to deposit money onto these debit cards at POL branches, but could not withdraw money, although sometimes a customer would still try to withdraw money in-branch. A postmaster might try to process it as a withdrawal, but it would in fact be a top-up transaction, resulting in a double loss for the branch. My team would then seek to recover that loss from the card supplier, however there were a few occasions where the supplier took the funds from the customer

account without seeking their approval first. If the customer later raised a complaint with the supplier, the supplier then asked POL for the money back. In those instances, POL wrote off the loss, rather than ask the branch for the money. We also sent communications to all branches to remind them that POL did not offer withdrawals on that debit card to try to avoid the issue reoccurring.

18. If so, please describe the process by which any disputes were raised and resolved. Please specify any individuals you know to have been involved

68.   I have set out the process by which those disputes were raised and resolved in response to question 17.

19. Please describe whether you are aware of any contact or input from Fujitsu in the resolution of any disputes. If so, please provide details including the names of relevant individuals from Fujitsu

69.   I do not recall any contact with Fujitsu in respect of the disputes described in response to question 17 above.

20. Please give your view on whether there could have been any improvement in this process. Please identify who would have been responsible for implementing any improvement you suggest

70.   Historically, when a branch reported that losses were due to system issue(s), POL expected the branch to prove this and provide evidence. However, I think POL could have been more proactive and helped the branch with the investigation. I am not sure who at POL would have been responsible for implementing such an approach. However, POL had access to different tools and teams which would have given us an advantage over the branch in gathering data about the issue(s). For example, HORice gave some individuals

at POL access to branch data going back 90 days, whereas branches could only look at their transaction data going back 42 days. HORice was a licensed software and there were only a limited number of licences available for individuals within POL. If I needed specific branch data, I typically requested it from someone who had access to HORice. I cannot recall which teams or individuals had access to HORice; I believe a couple of people in P&BA may have had access. I believe I may have had access at some stage, but given the limited number of licences I would have given it up to a more frequent user.

21. Are there any other matters that you consider the Chair of the Inquiry should be aware of?

71. Having seen some of the evidence which has come to light in the Inquiry, I wish to make the Chair aware that during my time as a problem manager (July 2003 – April 2005), I became aware that Fujitsu had the capability to access and make amendments to branch data in the Messagestore. My understanding was that Fujitsu only used this capability as part of the routine problem management process by which problems with Horizon were fixed and with written authorisation from POL. One example of an issue which I understood would be resolved as part of the routine problem management process is the Paystation issue mentioned in paragraph 58 above. I was not aware of Fujitsu using this capability for other purposes, or without the authorisation of POL or the relevant postmaster. I am not aware of anyone within POL having been able to amend branch data on the Messagestore.

Communications to NBSC helpline

72. I recall that in or around 2011, after the rollout of Horizon Online, when I was working as a team leader in the Automated Payments team, there was a communication to NBSC helpline and P&BA staff which said that when a postmaster called the NBSC helpline to raise an issue with Horizon, staff should not use the phrase "system issue" when speaking about Horizon. Due to the passage of time, I cannot recall who specifically sent this communication. However, my recollection is that the message from senior individuals within POL at the time was that Horizon was robust and there were no issues with it.

NBIT

73. As noted in paragraph 9 above, my most recent role at POL prior to retiring in March 2024 was Product and Support Consultant for NBIT. Whilst I was in this role, I became aware of various issues which I wish to bring to the Chair's attention.

74. As an overarching comment, in my experience, the project and technical development teams on NBIT were typically more focussed on meeting target deadlines for getting the system live in branches, rather than on the quality of the system and the end-user (i.e. branch) experience. My impression was that the technical development teams, who were responsible for building the technical requirements of NBIT, had limited knowledge of how branches operate in practice. I was concerned about this and wanted to ensure that the system was fit for use in branches. Otherwise, it appeared to me that there was a risk of history repeating itself – i.e. that the issues arising out of Horizon would be repeated with NBIT.

75. In Summer 2022, I began to raise concerns with my Service and Support Pillar Lead, Nick Ravenscroft, who in turn escalated them to the NBIT Programme Director, Gareth Clark. I recall raising concerns with Nick and others on a more or less daily basis thereafter, in relation to the quality and design of the system and its readiness for use in branches. I refer to specific examples of these discussions below.

Release plan

76. In Summer 2022, Nick Ravenscroft asked me to review the release plan for NBIT. The plan was for NBIT to be rolled out to pilot branches incrementally, with new functionalities being introduced over the course of five releases (together, the "**Release[s]**"). Once all Releases had been deployed, and all functionalities were live, rollout of the system to the remainder of the branch estate would commence. On reviewing the release plan, I noticed that functionalities which needed to be introduced together from an end-user (i.e. branch) perspective had been separated into different Releases. For example, cheque acceptances (i.e. the functionality for a branch to accept a cheque for payment of goods/services) were planned for Release 3, but cheque dispatch (when cheques received by a branch are sent to the bank's clearing house to be paid) was planned for Release 5. My recollection is that there could have been up to 12 months between the scheduled rollout of Release 3 and Release 5, whereas ordinarily cheques should be sent for clearing on the same or next working day after acceptance. On the basis that cheques are typically valid for 6 months from when they are dated, they may have become invalid by the time

the branch received the functionality to send them for clearing. In any event, delaying the clearing of cheques would have caused delays in POL's cash flow.

77. I reviewed multiple iterations of the release plan during my time in the NBIT team.

Release 1 testing

78. Around the same time, in Summer 2022, I asked Nick Ravenscroft if I could be involved in UAT for Release 1 of NBIT. UAT involves testing for ease of use, accuracy and suitability from an end-user perspective. I recall Nick telling me that at the time, UAT was not part of the NBIT release plan.

79. There was an E2E test team (see paragraph 9(a) above) for NBIT. However, the E2E team was responsible for ensuring that data flowed through the NBIT system properly, for example, ensuring that a completed counter transaction flowed into POL's Management Information and Accounting systems, and that the correct data was included in the relevant client files. The E2E team would not be focussed on testing for issues that could arise in-branch. Additionally, the individuals in the E2E team did not appear to have experience of how processes worked in a branch in practice - they had been hired externally and specifically for NBIT, and they were based offshore.

80. In light of these concerns, Emma Hibberd (who was in my team at the time) and I obtained access to the NBIT test environment and created test scripts to carry out testing from an end-user perspective, seeking to identify any aspects of the system which may have caused confusion or errors when operated in-branch.

81. Emma Hibberd and I identified multiple defects, inconsistencies and potential issues from an end-user perspective. By way of example, I asked a product

owner (I cannot recall who this was specifically) at what point during a transaction a certificate of posting would be produced on the NBIT system. On discussing this with David Gemmel, Technical Manager, I was told that the NBIT system mirrored Horizon in this regard, and that as such the certificate of posting was printed at the same time as the mails label. It would, however, have made more sense for the certificate of posting to be produced later in the transaction, after payment was taken from a customer and the basket was settled. Otherwise, there is a risk of the certificate being printed and then the basket being cleared without payment having been taken from the customer, which in turn presents a risk of the customer making a fraudulent lost mail claim to Royal Mail. Whilst it is true that this is how the transaction operates on Horizon, it appeared to me that the introduction of the NBIT system was an opportunity for improvement on Horizon, rather than Horizon simply being replaced like-for-like.

82. In September 2022, I asked Nick Ravenscroft to invite the NBIT Programme Director, Gareth Clark and David Gemmel to Chesterfield for a demonstration of how the system scheduled for rollout in Release 1 was operating in practice. I recall that Nick Beal also attended this meeting. It was agreed within 20 to 30 minutes of me commencing the demonstration that Release 1 should be postponed until the high priority defects had been resolved and re-tested. The BVT team was established following this meeting, in February 2023.

The BVT team

83. The BVT team was established partly due to the concerns that I had been raising in relation to NBIT. The team was set up to be responsible for testing

from an end-user perspective. We were given the same level of access as the E2E test team and processes were put in place for us to provide feedback on the system to the E2E test manager, Steve McFarlane. We created test scripts or amended and enhanced test scripts created by business analysts, covering numerous ways in which the system could create issues for branches – we looked at how the system should behave normally, as well as how it should behave if an error arises.

84. In my time in the BVT team, I attended daily defect calls. These calls were attended by representatives from the other pillars in the project, including David Gemmel. The purpose of the calls was to discuss any defects with the system that had been identified during testing, and to discuss any fixes which had been identified. All defects were recorded on Confluence, the agile project management tool used by all areas of the project, with a video recording to demonstrate the error. Once fixed, a recording was also added to the defect record by way of proof it had been tested, prior to the closure of the defect.

85. My experience when working in the BVT team was that I frequently saw the same or similar kinds of issues recurring across the code that was shared with us for testing. Some of the issues that I encountered included:

    a. The sale of stamps was scheduled to be released on NBIT without any stock management functionality. This meant that branches would not have the capability to rem in, rem out or reverse a sale on the NBIT system if an error was made. This meant that all stamps reconciliation would need to be done manually by the branch by completing a spreadsheet, leaving room for human error and meaning that stock

would have to be managed manually rather than on the system. I raised concerns about this and had many discussions with the product owner, Nik Gill, and a Business Analyst in the Mails pillar, Busayo Sonuga. It was then decided that the workaround solution would be that branches should not make a mistake in the first place. I do not recall who made this decision, but I recall that it was captured and disseminated by Busayo.

b. I challenged the length of time it took to navigate between screens on NBIT, which on some occasions took up to five minutes. I was told by David Gemmel that the system had been built in this way and to update it would cost millions of pounds. Horizon moves between screens in seconds and I would have expected NBIT to do the same – not be a degradation.

c. When cash was introduced as a payment method on NBIT, there was no way for the test branches to record cash movement in order to cross-check it against the figures being produced by NBIT and verify if the figures were adding up correctly. The BVT team therefore produced a spreadsheet for the test branches to record cash movement within each of their cash drawers. No other team in the project had realised this needed to be done - they were trusting the figures produced by NBIT. I wanted to be absolutely certain NBIT could at least make accurate calculations.

Release 2 testing

86. During Release 2 testing in early 2023, I recall that the programme team brought in a third-party supplier, Qualitest, to manage UAT. Given that this was an external company with no experience of working in-branch, and no prior knowledge of NBIT, I spent weeks assisting the Qualitest representative, Peter Donohoe, to prepare a plan for how UAT should be conducted. I was then given early access to review Qualitest's test scripts and found them to be inaccurate and of poor quality. Following this, Gary Saddler (who was the Service and Support Pillar Lead for BVT at that time) had a meeting with the Release 2 manager, Andy McAlister, to share our observations and to recommend that the BVT team's test scripts be used for UAT testing in Release 2 instead of Qualitest's, as they were more accurate and user-friendly.

87. Overall, during my time working on the NBIT project, in particular as part of the BVT team, I experienced regular pushback from the people responsible for managing the technical development of the system when I raised concerns or issues. However, I would say that by the time I retired in March 2024, things were starting to improve. There was more engagement with the BVT team at an early stage, the BVT team's recommendations were being taken on board, and there was less pushback when defects were raised – it felt like there was no longer a fight in order for the BVT team to be heard. I believe that this was, at least in part, due to the dedication of the BVT team, which was determined to vocalise the importance of the NBIT system working for postmasters.

Statement of truth

I believe the content of this statement to be true.

Signed: GRO

Dated: 08. 11. 2024

Index to the exhibits to the First Witness Statement of Jane Smith

No.	Document Description	URN	Control Number
1	Front Office Project Improvements Log	POL00105420	POL-0091326
2	BTTP / Enhanced Help and User Support – Business Solution Design dated 15 April 2016	POL00105419	POL-0091325
3	Communications regarding Allesley Gift Card	POL00090779	POL-0090300

Witness Name: Jane Smith

Statement No.: WITN05690100

Dated: 08 November 2024

THE POST OFFICE

HORIZON IT INQUIRY

WITNESS STATEMENT OF JANE SMITH

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