

Horizon Issues with Notes for Expert Meeting of 11/04/18

No.	Issue	GPOC (and Reply) citations	Generic Defence citations	Charteris Preparation Notes (not shared with the Claimants)	Jason Coyne (JC) suggested examination plan/ensuing discussion on 11 April 2018
1	<p>To what extent was it possible or likely for bugs, errors or defects of the nature alleged at §§ 23 and 24 of the GPOC and referred to in §§ 49 to 56 of the Generic Defence to have the potential to (a) cause apparent or alleged discrepancies or shortfalls relating to Subpostmasters' branch accounts or transactions, or (b) undermine the reliability of Horizon accurately to process and to record transactions as alleged at §24.1 GPOC?</p> <p>[GPOC §23 and 24; Defence §§49 to 56]</p>	<p>23. However, the Claimants aver that there were a large number of software coding errors, bugs or defects which required fixes to be developed and implemented. There were also data or data packet errors. There was a frequent need for Fujitsu to rebuild branch transaction data from backups, giving rise to the further risk of error being introduced into the branch transaction records. The Claimants understand that Fujitsu maintained a 'Known Error Log' relating to some or all of these issues which was provided to the Defendant, but which has not been disclosed.</p> <p>24. Further, the Claimants aver and rely upon the following:</p> <p>24.1. Insufficient error repency in the system (including sufficient prevention, detection, identification and reporting of errors), both at the data entry level and at the data packet or system level (including data processing, effecting and reconciling transactions, and recording the same);</p>	<p>49. As to paragraph 22:</p> <p>(1) If and to the extent that the Claimants wish to assert that any of the shortfalls for which they were held responsible were Horizon-generated shortfalls, it is for them to make that distinct allegation and seek to prove it. Post Office notes that they do not make the allegation in the GPOC. It further notes that, in paragraph 20 of their solicitors' letter to Post Office's solicitors dated 27 October 2016, the Claimants make it clear that they do not allege that there is a systematic flaw in Horizon or indeed any flaw which has caused any Claimant to be wrongly held responsible for any shortfall.</p> <p>(2) It is denied that Post Office has unreasonably or otherwise failed to provide "obviously relevant disclosure" in relation to bugs, errors or defects in Horizon. There has been no order or application for disclosure and, in the premises set out above, there appears to be no basis for providing such disclosure.</p> <p>50. Paragraph 23 is embarrassing for its lack of particularity, in that (amongst other things) it does not identify the errors, bugs or defects on which the Claimants rely or</p>	<p>GPOC 24.1 introduces error repency.</p> <p>Should the experts agree a definition of the term?</p> <p>If so, should the definition apply specifically to the types of bug identified in issue (1) - i.e. those which cause shortfalls or poor reliability?</p> <p>Should the definition attempt to clarify the classes of error described in 24.1?</p> <p>Should we classify 'shortfalls' into:</p> <ul style="list-style-type: none"> transient shortfalls permanent shortfalls? <p>(this is quite a big question whether to reveal our thinking here)</p> <p>Should the experts agree the scope of Horizon?</p> <p>Does JC consider that certain parts of Horizon were particularly prone to these errors, and if so which parts are they?</p> <p>Does JC think the answer to issue 1 depends on:</p>	<p>Attendees: James Hartley (JH); Imogen Randall (IR); Andy Parsons (AP); Jonny Gribben (JG); Robert Worden (RW) and Chris Emery (CE).</p> <p>JC - we need to understand how bugs were recorded. In JC's experience, bugs are identified in two ways:-</p> <ul style="list-style-type: none"> by testing; and by users. <p>In both cases, we need to know where records of the bugs are stored.</p> <p>RW – we aren't looking at all types of bug, we need to focus on narrow set that could have caused discrepancies. JC agreed.</p> <p>JC – we can strip out bugs relating to anything that didn't go live, but if an issue has been recorded with live running software (internally or externally) the testing in respect of that software will be relevant.</p> <p>RW – even stripping that out, still a lot to look at. Instinct would be to look at bugs from the start – is this a thing that could have impacted on branch accounts? Need to keep that focus.</p> <p>CE – for example, I wasn't able to connect to the data centre, fixed in half an hour. Not relevant. JC agreed – is there a track for looking into issues (we do have Peak numbers – need to look at them)?</p> <p>JC - I'm interested in the Peak system, which comes after the helpdesk system (description from EDQ = "If</p>

		<p>24.1A bugs and/or errors and/or defects in Horizon and any data or data packet errors had the potential to produce apparent shortfalls which did not represent a real loss to the Defendant;</p> <p>24.2. Horizon is imperfect and has the potential for creating errors (as the Defendant has admitted in pre-action correspondence, in the Letter of Response, dated 28 July 2016, at paragraph 1.3);</p> <p>24.3. bugs and/or errors have on some occasions produced discrepancies and/or apparent shortfalls (as the Defendant has admitted in pre-action correspondence, in the Letter of Response, Schedule 6) and such shortfalls may also have arisen from data or data packet errors; and, further</p> <p>24.4. the Defendant sought and/or recovered such alleged shortfalls from Subpostmasters (as is presently understood to be admitted by the Defendant in the Letter of Response, Schedule 6, paragraphs 4.1 to 4.5).</p>	<p>how "large" their number was or the period in which they are said to have occurred and nor does it identify the transaction data that Fujitsu is alleged to have rebuilt, how "frequent" was the need to rebuild it or the extent of the "risk of error" which is said to have been introduced. In the premises, Post Office cannot plead to the first three sentences of this paragraph.</p> <p>However:</p> <p>(1) All IT systems experience software coding errors or bugs which require fixes to be developed and implemented. As is noted in paragraphs 53 and 54 below, there are robust measures in place in Horizon for their detection, correction and remediation.</p> <p>(2) All IT systems involving the transmission of data over the Internet experience data or data packet errors during transmission and such systems routinely have protective measures in place to prevent such errors creating any difference between the data transmitted and the data received and retained by the recipient. Horizon has robust controls making it extremely unlikely that transaction data input in a branch would be corrupted when being transferred to, and stored in, Post Office's data centre in a manner that would not be detected and remedied.</p> <p>(3) Like all IT systems, Horizon has backups to guard against any loss of data due to local hardware failure. Where hardware fails, the data on that hardware is recovered from the backup. Post Office takes the term "rebuild" to refer to the situation before the introduction of</p>	<ul style="list-style-type: none"> • software design and code? • development practices? • tests and test results? • in-service history? • checks which would reveal the presence of such errors? 	<p><i>Fujitsu identifies an issue in Horizon or Horizon Online that requires a programmatic fix then it is logged in its database, the Peak System, and labelled as a 'Peak'.</i>)</p> <p>JC - there are several diagrams of the Horizon system in the technical documents. To assist the Court, we could produce a flowchart of the relevant ones.</p> <p>AP - do you see bugs that impacted SPMRs but not any of the claimants, in or out of scope? JC – will produce a table that has the bugs and a column which says yes, no or potentially. JC – if we can say they are not relevant to the 500 claimants.</p> <p>AP - this is not a general enquiry into Horizon; consideration must be given to relevance.</p> <p>RW - we need to look at "shortfalls". The system contains lots of stuff to ensure that mistakes (e.g. human error) are detected. Are we looking at transient or permanent shortfalls? JC – not saying we need to agree an outcome, trying to agree a method for us to provide a joint opinion. RW – trying to think about how filtering the "peaks " works. JC – with your knowledge of the system, should be able to assist us with keyword searches, glossary etc. to identify relevant material.</p> <p>JC - I have seen the KELs. and if the peak system is the same, we should be able to make progress quickly.</p> <p>JH - discussion(s) between experts needs to start earlier than 22 June.</p> <p>AP - you need to tell us what you are looking for. JC – shortfall, error or whatever the code words. AP: that still feels general – diff products, processes etc. – there is a logic in focusing search by reference to issues. This is not a general enquiry.</p> <p>JC: we don't need to be specific – we have been ordered to look for issues.</p> <p>AP - I expected to hear that you've spoken to 561</p>
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			<p>recorded.</p> <p>(3) At the point of a basket being accepted by Horizon, it is assigned a unique sequential number (a "JSN") that allows it to be identified relative to the other baskets transmitted by that branch. This reduces greatly the risk of recording duplicate baskets or there being a missing basket.</p> <p>(4) Each basket is also given a digital signature, i.e. a unique code calculated by using industry standard cryptography. If the data in the basket were to change after the digital signature was generated, this would be apparent upon checking the digital signature.</p> <p>(5) Initial data integrity checks are undertaken when baskets are received at the Post Office data centre from a branch. Baskets are then copied from the central database to the Audit Store where a digital seal is then applied (the "Audit Store Seal"). If the baskets and/or the data within the baskets were altered after the application of the Audit Store Seal, this would be apparent when the baskets are extracted from the Audit Store.</p> <p>(6) Horizon and the above controls are themselves subject to various audits and checks including audits carried out by third parties.</p> <p>54. Further as to paragraph 24.1A, in addition to the technical controls referred to above, there are several operational procedures and practices conducted by Post Office and Subpostmasters that serve to increase the reliability of the data stored in</p>		<p>put the call in and go down to understand.</p> <p>RW – need to look at the KEL first and we would both have a better understanding of where we need to go. JC - we have been told that the KEL doesn't have everything (just what has/hasn't been resolved).</p> <p>1.29.5 – need to know where the KEL ends and Peak begins.</p> <p>1.30 experts review system and attempt to agree if the discrepancies and shortfalls have been considered and impact assessed.</p> <p>JC envisages Peak records saying something was likely to lead to a shortfall or, as a programmer, looked at it and won't lead to any shortfalls. RW – looking at peak, expect to see list of acronyms.</p> <p>1.50 – the Defence para. 50(2) talks about robustness. RW – robustness is elsewhere.</p>
2	<p>Did the Horizon IT system itself alert Subpostmasters of such bugs, errors or defects as described in (1) above and if so how?</p> <p>[GPOC §23 and 24; Defence §§49 to 56]</p>		<p>What kinds of alerts are envisaged here?</p>	<p>2.10 – did the SPMR get reports of bugs via Horizon (if release notes are given to SPMRs)?</p> <p>JG - Ask the Claimants; JC agreed.</p> <p>JH sees it as an extension of the demo. Guidance and insight from someone that understands the system (e.g. Dave). AP - Dave unlikely to know about that.</p> <p>JC - we know that there were two specific bugs (local suspense and receipts and payments mismatch) – could take those as specific examples.</p> <p>2.20 – Post Office ISO driven – is there a defined process for this?</p> <p>AP - does this extend beyond the scope? JC agreed.</p>	
3	<p>To what extent and in what respects is the Horizon System "robust" and extremely unlikely to be the cause of shortfalls in</p>		<p>Should the experts agree a definition of 'robust'?</p>	<p>3.10 what is a "shortfall" (JH – also "discrepancy") (AP – may make sense to produce an agreed terms dictionary - agreed).</p>	

	<p>branches? [GPOC §23 and 24; Defence §§49 to 56]</p>		<p>the central data centre as an accurate record of the transactions entered on branch terminals. These currently include the following:</p> <ol style="list-style-type: none"> (1) For many transaction types, Post Office compares its own transaction record against the corresponding records held by Post Office clients. If an error in Horizon were to result in the corruption of transaction data, this should be revealed by the comparison. (2) There are detailed procedures in place to address the risk of data loss resulting from interrupted sessions, power outages or telecommunications failures in branches. These are set out in the "Recovery —Horizon Online Quick Reference Guide" and Horizon guides the system user through the recovery process (which include completing any transactions that are cut short). These procedures should prevent any data errors arising from interrupted sessions, power outages and telecommunications failures. (3) The display of the transactions being effected on-screen at the branch terminal allows the user of the system to identify any inconsistency between the information shown on the screen and the transaction that the user has keyed into the system. If, for example, a hypothetical bug in the terminal were to cause a key-strike on number 5 to be recorded as an input of number 6, this would be detected rapidly by system users, given the large number of system users and the huge number of transactions effected on Horizon. (4) The accounting and record-keeping 	<p>For shortfalls, see against issue (1) above</p>	<p>3.20 – once we have agreed what a shortfall is, need to map out what the possible causes of it are. E.g. user error (miskey) – not a systematic shortfall. RW – list? Bad reference data? Could come up with useful headings. Logically need to compartmentalise, start to create boxes to put individual claims in.</p> <p>3.30 – review design documents – mechanism to detect shortfalls. Every accounting system has a trial balance. RW – loads of checks and balances, cataloguing them is non-trivial. JC – doesn't need anything in addition to the technical documents he is going to be getting for this.</p> <p>3.40 review protective measures, procedures and controls to prevent data or data packet errors during transmission. JC – don't need any further info.</p> <p>3.50 Charles McLaughlin report mentions SPMR's previously used to receive a discrepancy report; these are no longer available. How was the discrepancy report was made up, why replaced and by what mechanism?</p>
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			<p>and that no Subpostmaster was ultimately held responsible for any resultant shortfalls.</p> <p>(3) Paragraphs 4.1 to 4.5 of Schedule 6 to the Letter of Response relate to the so-called Suspense Account Bug. Without prejudice to the burden of proof, none of the branches affected by the Suspense Account Bug are branches for which the Claimants were responsible.</p> <p>(4) None of the Subpostmasters whose branches were affected by the Suspense Account Bug were ultimately held responsible for the shortfalls that it generated. The Claimants are therefore wrong to understand Post Office as having admitted that it "recovered such alleged shortfalls from Subpostmasters". Where Subpostmasters in the affected branches had made good or settled centrally shortfalls that were later corrected, those Subpostmasters received a payment or credit in the amount of the shortfall.</p>		
4	<p>To what extent has there been potential for errors in data recorded within Horizon to arise in (a) data entry, (b) transfer or (c) processing of data in Horizon?</p> <p>[GPOC §§5, 14-15, 24.1, 24.1A, 94A, 95; Defence §§35(2), 36, 38(1), 50(1), 52-54; Reply §41</p>	<p>5. In each branch it is the Defendant which determines the products and services which must be made available. Over time, the Defendant has increased the number and complexity of the products and services which it has required to be provided through its branch network.</p> <p>14. As particularised further below, the introduction and imposition of Horizon in 1999/2000:</p> <p>14.1. significantly changed how Claimants were required and able</p>	<p>35. As to paragraph 14:</p> <p>(2) Post Office cannot meaningfully plead to paragraph 14.1A since neither the errors, nor the data entry, nor the "sufficient error repellency" alleged are identified. However, it is denied (if it be alleged) that Horizon had poor checks and controls for data errors.</p> <p>36. Paragraph 15 is embarrassing for lack of particularity. In the absence of any indication as to the actual changes the Claimants intend to rely on and as to the effects) each such change is alleged to have had, Post Office cannot plead to this</p>	<p>Does issue 4(a) data entry include manual errors?</p>	<p>JC – need to look at design documents/technical control documents. Defence para. 16. JC – has the starting point.</p> <p>"Horizon is not perfect" , need to see when the controls are triggered (links back to previous issue).</p> <p>"Error repellency" = protections against user error.</p>
5	<p>How, if at all, does the Horizon system itself compare transaction data recorded by Horizon against transaction data from sources outside of Horizon THAT PROVIDE TRANSACTIONAL DATA INTO HORIZON?</p>				<p>5.10 – identify what sources are outside of Horizon; CE – quite a long list. AP – do you mean data that has fed back in? JC – yes.</p> <p>AP: where do you draw your line? JC – there is a batching layer – all transactions (e.g. national rail) get</p>

	<p>[GPOC §§5, 14-15, 24.1, 24.1A, 94A, 95; Defence §§35(2), 36, 38(1), 50(1), 52-54; Reply §41</p>	<p>to work in their branches from the position previously and, in particular, the position which prevailed at the date the terms of the 1994 SPMC were introduced;</p> <p>14.1 A introduced the potential for errors to be made during data entry and/or failed to introduce any or sufficient error repency (as at paragraph 24.1 below);</p> <p>14.2. limited Claimants' ability to access, identify, obtain and reconcile transaction records; and</p> <p>14.3. limited Claimants' ability to investigate apparent shortfalls, particularly as to the underlying cause thereof.</p> <p>15. Further or alternatively, subsequent changes to it and/or changes to products and services which the Defendant required to be offered had the aforesaid effects on the Claimants.</p> <p>24.1. Insufficient error repency in the system, including sufficient prevention, detection, identification and reporting of errors), both at the data entry level and at the data packet or system level (including data processing, effecting and reconciling transactions, and recording the same);</p> <p>24.1A bugs and/or errors and/or defects in Horizon and any data or data packet errors had the potential to produce apparent shortfalls which did not represent a</p>	<p>paragraph. However, Post Office notes that, on the Claimants' pleaded case, any changes in the Claimants' ability to access records and investigate shortfalls caused by the introduction of Horizon or by subsequent changes to Horizon or to products and services offered has no apparent relevance to any of the breaches of contract or other claims advanced in the GPoC. As regards such changes, paragraph 35 above is repeated, <i>mutatis mutandis</i>.</p> <p>38. As to paragraph 17:</p> <p>(1) Save for the "others" referred to, whom the Claimants do not identify, the first sentence is admitted. The processes for transferring transaction data from branch to Post Office's central data centre, and the controls ensuring the accuracy of that data transfer, are discussed in paragraphs 53 and 54 below.</p> <p>50(1) See above.</p> <p>52 - 54 See above</p>	<p>Issue 6 asks to what extent</p>	<p>put together. CE – there are common gateways. RW – expects that in every case where POL has a business relationship with a claimant, there will be some reconciliation.</p> <p>CE – does Horizon itself (APS, DRS – the parts of Horizon that have reconciliation).</p> <p>AP – do you mean messages on a transaction by transaction basis or periodic accounting?</p> <p>JH - can we agree in principal that the experts will be working in parallel – same amount of information. AP - absolute parity v. difficult. AP – needs a mechanism for obtaining parity. JH – could have a document listing what docs the experts have requested/accessed. JH – significant things e.g. meeting with FJ/PO person for a day, Freeths would say they should have access. AP: this will cut both ways - we would want access to Claimants.</p> <p>5.20 reconciliation (e.g. DRS).</p> <p>5.12 batching service says it sends and receives info from XXX.</p> <p>5.13 - key to answering question about how it compares = how does it agree with differences? RW = huge question. Will be discrepancies being detected all over the place. JC – does that difference end up on the branch account?</p> <p>AP – the reconciliation (human bit) is outside of the scope of Horizon (gap is out of scope – all agreed). JH – judge trying to keep it narrow, no factual evidence. JH – judge needs to understand what happens in that space, markers need to be put down.</p> <p>5.13 – a need to look at ATM declarations. (branch operating book describes that process).</p> <p>JC – lots of other things will come out</p> <p><u>6A – data entry errors</u></p>
6	To what extent did measures and/or controls				

<p>that existed in Horizon prevent, detect, identify, report or reduce to an extremely low level the risk of the following:</p> <ol style="list-style-type: none"> data entry errors; data packet or system level errors (including data processing, effecting, and recording the same); a failure to detect, correct and remedy software coding errors or bugs; errors in the transmission, replication and storage of transaction record data; and the data stored in the central data centre not being an accurate record of transactions entered on branch terminals <p>In all cases above, the issue is limited to errors, failures etc. that have the potential to create shortfalls.</p> <p>[GPOC §§5, 14-15, 24.1, 24.1A, 94A, 95; Defence §§35(2), 36, 38(1), 50(1), 52-54; Reply §41</p>	<p>real loss to the Defendant;</p> <p>94A. The Defendant failed to provide a system which was reasonably fit for purpose, including and or adequate error repellency (as at paragraph 24.1 above).</p> <p>95. By reason of bugs and/or errors or otherwise, the Defendant failed properly to execute and reconcile all transactions which the Claimants initiated or effected and/or to record and maintain accurate transactional records in relation to such transactions.</p> <p>Reply 41. As to the allegedly robust controls pleaded variously at paragraphs 16, 50 and 52 to 54 of the Defence:</p> <p>41.1. the Defendant's case that <i>"Its design and technical controls, when supplemented by the various accounting and cash controls applied in branches, make it very unlikely indeed that an error in Horizon could affect a Subpostmaster's financial position and go undetected"</i> (Defence paragraph 16, emphasis added), implicitly accepts that Horizon is likely to be the cause of discrepancies or apparent or alleged shortfalls in branches, unless detected by Claimants;</p> <p>41.2. the Defendant has failed to plead to any material variations in the operation of Horizon and its control measures over the period of the Claimants' claims, and has</p>		<p>measures and controls in Horizon prevented certain errors, of categories (a) - (e).</p> <p>For each of the categories (a) - (e), is it to be understood that the 'errors' include only those errors identified under issue (1) - i.e. errors which cause shortfalls or apparent shortfalls?</p> <p>Reply 41.2 addresses the possible variability of the level of controls in Horizon over the period of the claim.</p> <p>Has JC identified particular periods he intends to focus on?</p> <p>Does JC endorse the argument put</p>	<p>6.10 – need to look at design documents to see if the design considered these things.</p> <p>6.12 – we have specific reports of accounts being mis-keyed and then cancelled which might need to shortfalls, need to look at this as a specific example. Might help us to understand iterative design process.</p> <p>6.20 – search of data entry error entries in helpdesk, give a view as to whether there is a problem. How many data entry errors do you expect? AP – the scale of the exercise; not sure records are keyword searchable. JC – bet that one of the codes (A04) is a miskey error). AP - sampling?</p> <p>RW – there will be guides re user interface that deal with data entry errors. Helpdesk search would have to be on a sample basis.</p> <p>AP – input from the Claimants would be useful.</p> <p>JC –how to guides get bigger as mistakes are spotted.</p> <p>JH – management info in Post Office. JC – not sure of relationship between PO and FJ – mechanism for FJ suggesting improvements. JH - meetings between Federation and Post Office (website re report branch) – query what was done with all of that. CE – out of scope? JH – need Post Office to help us ID documents re errors. JC – specific measures and controls in the system – design comes from Post Office's desires, presumably they are introducing new measures and controls. Understanding the interface.</p> <p>RW – are we concerned with process of improving H? JC – we can look at today's version, in 2009 what controls and measures were in place. Source = what the parties were talking about. If there is a different way of doing it, happy to understand it. RW – presumably user guidance material over time. CE – documentation re actual controls built in. JC – process of what got in out of scope, changes in scope. CE – must be formal procedure for controls. RW – development team of several 100s over several</p>
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		<p>refused the Claimants' RFI in this respect, pleading only to the current operation of Horizon (and responding to the RFI only that '<i>in general terms, the basis processes and practices set out in paragraph 54 of the Generic Defence have been in place since the introduction of Horizon</i>');</p> <p>41.3. as to the Defendants' pleaded current position, the Defendant is in any event put to strict proof of:</p> <p>(a) the 'robust measures in place in Horizon' for the 'detection, correction and remediation' of software coding errors or bugs (paragraph 50(1)), what these measures are, when they were introduced and their efficacy; and</p> <p>(b) the pleading that "Horizon has robust controls" in respect of data packet and other data transfer and storage errors (paragraph 50(2)), what these controls are, when they were introduced and their efficacy;</p> <p>(c) the pleaded "robust controls, procedures and practices" (paragraph 52), what these controls are, when they were introduced, and their efficacy;</p> <p>(d) the pleading That "Horizon has at all material times included technical control measures to reduce to an extremely low level the risk of an error in the transmission, replication and</p>		<p>forward in Reply 41.2?</p> <p>Reply 41.3 puts PO to strict proof on aspects of the robustness of Horizon, in various respects.</p> <p>Has JC identified any of the respects (a) - (d) in which he thinks that proof cannot be provided?</p> <p>Reply 41.5 appears to raise factual issues about the KEL, rather than expert issues.</p> <p>How does JC intend to investigate the KEL?</p>	<p>years. Need to do prelim survey first and get that right.. JC – proper change management system in place.</p> <p>JH – concerned we are not nailing anything down.</p> <p><u>6B data packet or system level errors</u></p> <p>RW – funny conjunction. JC - understand that there is system level logging (net call logs) (FJ at the model office – record hardware and communication at the windows NT box) – what did H do with these logs? FJ talked about communication, monitoring the condition of disk platters.</p> <p>6.20 – how did Horizon deal with system logging (asking for information)?</p> <p>RW – Q6 as a whole – is the scope any old error or errors which lead to shortfalls. JC – errors that have the potential to lead to shortfalls.</p> <p>JC – by speaking to someone, can understand this.</p> <p>JH – in pleading this, presumably talked to someone in PO/FJ? AP – not prepared to discuss production of pleading – privileged. JH – is POL going to help experts where the information is stored. AP – part of a larger question. You clearly want information via emails.</p> <p>RW starting from a different position – floodlight, waiting for you to put the spotlight on it. AP - are you asking if there is a person that could answer it? Hope so, don't know who. And how we deliver that information to you.</p> <p>RW – meeting could be about sources of information, not delivery of information. Meetings = pointers on documents, not information.</p> <p>JC – if we had an hour with X (head of helpdesk at an operational level), they will see there are X documents. CE – if we ask where the documents are in a meeting.</p>
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		<p>storage of the transaction record data" (paragraph 52), when each of the measures pleaded at subparagraphs (1) to (6) was introduced, what if any measures they replaced and, in each case, their efficacy;</p> <p>41.4. further, in respect of the alleged `robust measures in place in Horizon' for the `detection, correction and remediation' of software coding errors or bugs (paragraph 50(1)), the Claimant denies that these were effective, including on the basis that two of three errors or bugs admitted by the Defendant (in Schedule 6 to the Letter of Response, referred to at paragraph 56 of the Defence) were not identified through Horizon's own in-built checks and balances designed to identify the same (as to which the Defendant has refused to answer the Claimants RFI - Responses 34 to 36);</p> <p>41.5. in respect of the Known Error Log (Defence, paragraph 50(4)):</p> <p>(a) it is denied that the Known Error Log is not in the Defendant's control;</p> <p>(b) the Claimants note Defendant's refusal to admit whether data derived from the Known Error Log is in its possession or control, and refusal to identify whether the Defendant is contractually entitled to the Known Error Log or any report or data derived from it</p>		<p>Reply 41.7 on recovery procedures: does JC endorse this para? Has he seen evidence that recovery procedures were unclear or ineffective?</p> <p>Reply 41.8: How does JC understand the term 'screen calibration error'?</p> <p>Reply 41.9 balances changing overnight: can the experts address this question without considering factual evidence about individual claimants, which is out of scope for the Horizon trial?</p>	<p>JH to provide his list of points. Documents information and inspection. RW uncertain about right ordering of the process of these documents, information and inspection requests.</p> <p>RW – meeting not the best way to kick off, might be part of the process.</p> <p>JC – matrix – his issues (methods of investigation)</p> <p>6.20 understand the system level log in and how Horizon dealt with these</p> <p>6.21 [...]</p> <p>RW – numbering system has gone awry. JC to revisit.</p> <p><u>6C – software coding problems.</u></p> <p><u>6D and E - difficult to separate.</u></p> <p>6.40 data seals. JC – something to do with transmission?</p> <p>RW private/public key inscription ; seals</p> <p>JC – specifically looking at measures and controls.</p> <p>JH – working back from deadlines in the order, if experts have an agreed timetable it will be useful for legal teams /how it will play out .</p> <p>Replication = OK with it</p> <p>6.42 – audit reports and checks carried out by third parties. Need to have a look at those.</p> <p>6.44 – JSN checks. Not clear if they are executed when we have a discrepancy. JC - if there is a dispute about discrepancy/shortfall, are the experts able to. CE – you're asking if any failed checks are logged and if so where are they.</p> <p>JC – baskets, still don't understand, cash is handed</p>
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		<p>(Responses 26 and 27 to the RFI);</p> <p>(c) the Defendant is put to strict proof of the matters asserted at Defence paragraph 50(4) 'to the best of Post Office's knowledge and belief' (as to which the Defendant has also refused to answer the Claimant's RFI); and</p> <p>(d) the Claimants will provide voluntary particulars on this issue after full access to the Known Error Log has been facilitated and analysed by the Claimants' experts.</p> <p>41.6. paragraph 54(1) is wholly ambiguous as to which transaction types upon which the Defendant carried out such a comparison, the process and timeliness thereof, and its efficacy (including the statement, '<i>if an error in Horizon were to result in the corruption of transaction data, this should be revealed by the comparison</i>');</p> <p>41.7. it is denied that the recovery procedures which the Defendant pleads '<i>should prevent any data errors arising</i>' (Defence paragraph 54(2)) were sufficiently clear or effective to prevent such errors, or indeed did prevent them, and it is averred that the processes in place were in fact ambiguous and/or otherwise difficult to follow or execute;</p> <p>41.8. the Defendants' pleading as to key strike errors (Defence</p>			<p>over, if you then have a basket error and the transaction doesn't go to Horizon because... (RW is this recoverable transactions).</p> <p>Status of JSN checks – do they correlate with discrepancies? RW – v interesting Q. JC – if there is a report of a shortfall and a failed JSN check... What does H do with them? RW – next reconciliation, it comes out in the wash.</p> <p>6.44 when does that check happen?</p>
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		<p>paragraph 54(3)) wrongly proceeds on the basis that such problems would be the result of a system wide bug rather than a screen calibration error;</p> <p>41.9. paragraph 54(4) is denied in so far as it is intended to amount to a defence and in any event, breaks down for Claimants where balances change overnight without any transactions by the Claimants, which often occurred;</p> <p>41.10. the Defendant is put to strict proof of the alleged wholly unparticularised '<i>industry standard processes for developing and updating Horizon and for investigating and resolving any identified potential system errors</i>', what those potential system errors were, and what and when a resolution was introduced.</p>			
6					
7	<p>Were Post Office and/or Fujitsu able to access transaction data recorded by Horizon remotely (i.e. not from within a branch) TO MODIFY DATA?</p> <p>[Defence §7; Reply §9]</p>	<p>Reply 9. At paragraph 7, the Defence materially understates the Defendant's knowledge of what happens in branches (in so far as material to this case) and overstates the knowledge of Claimants. In that respect, paragraph 7 is denied. (The Claimants plead below, at section A.2, in respect of the information available to Claimants after the introduction of Horizon.) As to the knowledge and access of the Defendant:</p> <p>9.1. the Defendant and/or Fujitsu had access to all transaction data,</p>	<p>7. Subpostmasters run Post Office branches on behalf of Post Office. They have day-to-day operational control over those branches and they and/or their Assistants have direct knowledge of what happens in them. By contrast, Post Office's knowledge is largely based on the accounts, cash declarations and other information from Subpostmasters.</p>	<p>Issue 7 has a syntactic ambiguity. We assume 'remotely' refers to 'access', not to 'recorded'.</p> <p>If so, it seems the answer is trivially yes.</p>	<p>7.10 FJ accept that they did on at least one occasion. We need to understand what was the need for that remote access. AP – lack of clarity re access (some mean reading data, some mean writing data). JC - Only interested in modifying data. JH – still need to deal with both meanings.</p> <p>AP – 10 deals with modifying.</p> <p>7.20 – is the transaction flagged in a particular way?</p> <p>Look at the record of FJ amending to understand what the impact on transaction was. AP – why is it relevant? JC – if they inserted it because there was a missing record, H has lost a record. Will help us to understand. Will be an indicator – JC second question is how many BTs have there been (will use data from</p>

		<p>including a detailed stream of transaction data (XML data) and all transactions affecting the accounts of individual branches, including transactions linked to individual users, system generated transactions, and those initiated by the Defendant and/or Fujitsu;</p> <p>9.2. the Defendant admits that from the introduction of Horizon Online in 2010, transactions were effected through real time exchanges of data from branches to a central Post Office data centre (Defence, paragraph 33);</p> <p>9.3. the Defendant and/or Fujitsu had access to overnight cash holding ('ONCH') data (further pleaded at paragraph 22.4 below);</p> <p>9.4. the Defendant and/or Fujitsu had access to the Known Error Log and/or other similar logs or records of system bugs and errors;</p>			<p>record to frame search).</p> <p>AP – do you want disclosure of that transaction record? JC – yes.</p> <p>7.30...</p> <p>7.40 need to understand architecture of back end database and understand who at FJ has access. When FJ made this change to database, they inserted a BT.</p> <p>JC – we know they were able to do this through a BT, possible that any database administrator could do that through uncontrolled access. CE – that would be no logging access.</p> <p>7.50 – there was reports of transaction reversals. These use system/user ID. Went through with SPMR's user ID. How was that done? AP – is that part of a bigger question – can someone at FJ pretend to be a SPMR?</p> <p>RW – worth drilling down on these and forming a view as to what they involve.</p>
8	<p>What transaction data and reporting functions were available through Horizon to Post Office for identifying the occurrence of alleged shortfalls and the causes of alleged shortfalls in branches, including whether they were caused by bugs, errors and/or defects in the Horizon system?</p> <p>[Defence §7; Reply §9]</p>	<p>9.5. for the avoidance of doubt, all such data and/or reports as were available to the Claimants on Horizon, as the Defendant contends at paragraphs 38(2) and (3), were in any event also available to the Defendant;</p> <p>9.6. the Claimants infer, and will invite the court to infer, that the Defendant was able to access data and use reporting functions, which were not available to the Claimants:</p> <p>PARTICULARS OF MATTERS RELIED UPON</p>	<p>In Issue 8, the use of the word 'alleged' seems inappropriate, since the process of 'identifying the occurrence' typically took place before litigation or allegations.</p> <p>Should 'alleged' be replaced by 'apparent'?</p> <p>The answer to issue 8 would appear to be an extensive list, including for instance audit, data warehouse, etc.</p> <p>Should it be regarded as a factual issue rather than an expert issue?</p> <p>Do the claimants intend to catalogue the list exhaustively?</p>		<p>RW – reading it as apparent shortfalls.</p> <p>JC – root is whether Post Office had reports available to ID...</p> <p>8.10 – is there a shortfall report?</p> <p>8.11 – on that report, does it set out the causes?</p> <p>JH – definitions – can have experts, lawyers or a combination? JC – simplistically, a shortfall leads to a TC... JH – potential for confusion. Nervous about definitions involving Horizon data.</p> <p>JH – clause 12.2 talks about a "loss" – potentially important distinction between shortfall/loss. JC – if we can set them out in an agreed document, we can refer to a key in a document.</p>

		<p>(a) the Defendant admits that it and/or Fujitsu could investigate apparent shortfalls: paragraphs 46(4) and 54(5);</p> <p>(b) the Defendant contends that <i>'more extensive transaction data was provided, and further data was provided outside [the 42 or 60 day] periods, where this was necessary'</i>: paragraph 136(2);</p> <p>(c) the Defendant admits that <i>'Fujitsu provided a telephone advice service to Post Office in relation to technical problems with the Horizon system or equipment'</i>: paragraph 48(8);</p> <p>(d) the Defendant contends that it had a process for the escalation of disputes including a <i>'team responsible for investigating branch matters' which 'undertakes a further investigation into the disputed amount, seeks to identify the reason for it arising and communicates with the Subpostmaster concerned'</i>: paragraph 46(4)(b);</p> <p>(e) the Defendant had the discretion and contractual right to request further data and/or reports from Fujitsu (limited to a specific number of requests and/or at some cost to the Defendant), both as to the working of the system generally, including bugs, errors and fixes therein, and as</p>			<p>JH and AP to come up with list of 4 or 5 scenarios</p> <p>RW – concern – answer = lists of pieces of data and functions; verges on factual list (to what extent is expert commentary required). JC – when we investigate specific scenarios with claimants – was the report run and who was it run by.</p> <p>JC - can we obtain a list of shortfall reports?</p> <p>8.20 – when discrepancies are discovered, is part of the review process to consider if a bug, error. AP – out of scope. JC – if out of scope, scenario is that you identify a shortfall, there is a report saying a shortfall but can't see what Post Office did with it. Abstract.</p> <p>CE – lead cases. JH – relevant factual context.</p>
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		to particular transactions or branch accounts —further voluntary particulars of which will be provided once the Claimants have been afforded access to the Horizon system and unredacted versions of the contract with Fujitsu; and the Defendant contends that 'For many transaction types', the Defendant is able to compare its own transaction record against the corresponding record held by its clients: paragraph 54(1).			
9	<p>At all material times, what transaction data and reporting functions (if any) were available through Horizon to Subpostmasters for:</p> <p>a) identifying apparent or alleged discrepancies and shortfalls and/or the causes of the same; and</p> <p>b) accessing and identifying transactions recorded on Horizon?</p> <p>[GPOC §§14.2-14.3, 17 and 19.3; Defence §§38(2)(b), 38(3), 46(2); Reply §15.2-15.3]</p>	<p>14. As particularised further below, the introduction and imposition of Horizon in 1999/2000:</p> <p>14.2. limited Claimants' ability to access, identify, obtain and reconcile transaction records; and</p> <p>14.3. limited Claimants' ability to investigate apparent shortfalls, particularly as to the underlying cause thereof.</p> <p>17. Horizon operated such that transactions entered by Claimants or others onto terminals in branches were transmitted to the Defendant's central data centre where they were processed, recorded, reconciled and retained. Claimants were subsequently able to access transaction data, as recorded on the system, for a limited period (42, and after the introduction of Horizon Online, 60 days) and in limited report form by requesting reports to be generated by Horizon. These reports were generated from transaction records</p>	<p>38. As to paragraph 17:</p> <p>(1) Regarding the second sentence:</p> <p>(b) While such transaction data is available, Subpostmasters can search for, identify, organise and analyse data by means of a wide range of reports, including a transaction log report which identifies each and every transaction undertaken in the relevant branch in the entire period. This report can be focused in a variety of ways if desired, including by reference to date ranges, transaction types, stock items, value ranges and even particular users or terminals.</p> <p>(2) Horizon provides Subpostmasters with tools for searching, checking and reviewing the transactions undertaken in the branches for which they were responsible.</p> <p>46. As to paragraph 19.3:</p> <p>(2) It is denied that Subpostmasters are unable to carry out effective investigations into the disputed amounts. So is the allegation that there</p>	<p>Issue 9 also has the flavour of a factual issue rather than an expert issue. Its answer is a list rather than an opinion.</p> <p>The parties might prepare factual evidence, and the experts are then asked to endorse that it is accurate and answers the question.</p> <p>Reply 15, particularly (f) and (g), seem to hinge on factual evidence about individual claimants which is out of scope for the Horizon trial.</p>	<p><u>9A</u></p> <p>Branch operating manual.</p> <p>Technical docs.</p> <p>Also covered by the demo.</p> <p>9.05 review Branch Operating Manual to determine.</p> <p>Scenario 10 – what receipts are printed (reporting function) – two different receipts (one of customer one for SPMR).</p> <p>9.10 – customer</p> <p>9.11 SPMR</p> <p>If the figures are different? SPMR's doesn't have the value on it. May be. Reporting function – later told that the report was £100 but you gave them £1,000.</p> <p>JC – might be right, only SPMR receipt is of relevance.</p> <p>CE – a factual question.</p> <p>JC - is the individual amount retained on the slip? If it is, will help them, if it isn't, they might struggle.</p>

		<p>held by the central data centre.</p> <p>19. The importance of the accuracy of Horizon was accentuated by the following.</p> <p>19.3. Disputing 'shortfalls': Claimants seeking to dispute apparent shortfalls did not have an option within Horizon to do so, and were required to contact the Helpline to seek assistance (see paragraph 29 below). Claimants who contacted the Helpline were in any event required to settle any disputed amounts centrally, albeit collection was in some cases suspended, apparently pending an investigation by the Defendant. Claimants were themselves unable to carry out effective investigations into disputed amounts because of the limitations on their ability to access, identify and reconcile transactions recorded on Horizon and the lack of any or adequate report-writing features in Horizon (as repeatedly raised by Mr Bates). There were no provisions, nor was there any or sufficient guidance in the Operations Manual as to the procedure or process for disputing discrepancies or apparent or alleged shortfalls. The Defendant failed to carry out any, or any fair or adequate investigations into disputed amounts.</p> <p>Reply 15. Further, as to Claimants' access to transaction data and reports:</p> <p>15.2. as to the '<i>extensive range of</i></p>	<p>were unspecified "limitations" on Subpostmasters' ability to access, identify and reconcile transactions in Horizon and that Horizon had no "adequate report-writing feature". As indicated in paragraph 38(2) above, Horizon provides Subpostmasters with tools for searching, checking and reviewing the transactions undertaken in the branches for which they are responsible.</p>		<p><u>9B</u></p> <p>9.20 were error logs sent to SPMRs/were they visible in branch?</p>
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		<p><i>other reports</i>', the <i>'wide range of reports</i>' and <i>'tools for searching and reviewing'</i> averred, at paragraphs 35(3), 38(2)(b) and 38(3):</p> <p>(a) the <i>'transaction log report'</i> was in fact a print out on narrow till paper, such that even a week's worth of transactions would produce 20 to 30 feet of paper;</p> <p>(b) like the <i>'Balancing Snapshot'</i>, the <i>'transaction log report'</i> only showed one side of fine transaction, so that the cause of alleged shortfalls could (usually) not be identified;</p> <p>(c) the Defendant has failed to particularise what the available reports and tools were and has refused to provide the information sought in the Claimants' RFI relating to these paragraphs — no admissions are made that there are any such reports (or any that would materially assist Claimants in identifying the true cause or details of any alleged shortfall);</p> <p>(d) the Claimants note the Defendant's admission at paragraph 38(2)(b), that whatever reports were available, were only available to Claimants via Horizon during the 42 or 60 day period above;</p> <p>(e) after the 42 or 60 day period above, Claimants had no access to transaction data, tools or reports (subject to paragraph 16 below) as the Defendant</p>			
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		<p>implicitly admits at Defence paragraphs 38(2)(b) and 136(2);</p> <p>(f) when alleged shortfalls were raised, by way of Transaction Corrections or otherwise, outside the 42 or 60 day period above, requests for provision of the information which would have been available to the Claimants during that period were often refused;</p> <p>(g) when a Claimant was suspended, Claimants had no access to the same (subject to paragraph 16 below) and had no access to personal records held at their branch, as the Defendant also admits at paragraph 136(3);</p> <p>15.3. the Defendant is put to strict proof of the practical utility of the 'line by line' data and/or any transaction data or reports available or provided to the Claimants, for the purpose of the Claimants trying to investigate discrepancies or apparent or alleged shortfalls — as to which the Claimants contend that what they had was of limited utility and did not enable the Claimants to carry out their own effective investigations;</p>			
10	<p>Whether the Defendant and/or Fujitsu have had the ability/facility to: (i) insert, inject, edit or delete transaction data or data in branch accounts; (ii) implement fixes in Horizon that had the potential to affect transaction data or data in branch accounts; or (iii) rebuild branch transaction data:</p>	<p>21. Pending full disclosure, the Claimants understand that Fujitsu's role included:</p> <p>21.3. managing coding errors, bugs, and fixes so as to prevent, manage or seek to correct apparent</p>	<p>48. As to paragraph 21:</p> <p>(3) Paragraph 21.3 bundles together several different concepts and uses language that is open to different meanings and/or misleading. However:</p>	<p>The answer to issue 10(ii) seems to be trivially yes. It was obviously necessary for Fujitsu from time to time to implement fixes, and this could not have required the knowledge or consent of subpostmasters.</p>	<p>Change control process (see above). JC – were they following process?</p> <p>(iii) – Richard Roll – Post Office having to reverse engineer/rebuild. AP - Are you going to call him as a witness? JH – haven't decided yet. Depends where JC gets to. JH – on witnesses, do you have in mind</p>

	<p>a. at all; b. without the knowledge of the Subpostmaster in question; and c. without the consent of the Subpostmaster in question.</p> <p>[GPOC §§21.3, 23, 25; Defence §§48(3), 50, 57]</p>	<p>discrepancies in the data (including between the said systems), in a manner which would potentially affect the reliability of accounting balances, statements or other reports produced by Horizon; and</p>	<p>(a) Fujitsu's role included identifying and remedying coding errors and bugs in Horizon.</p> <p>(b) To the extent that the phrase "correct apparent discrepancies in the data" is intended to mean that Fujitsu implemented fixes that edited or deleted specific items of transaction data, that is denied.</p>	<p>The answer to 10(i) is less trivial but would seem to require an assessment of the controls on that ability, if and when it existed.</p>	<p>calling witnesses? AP – can't work out what Judge meant by "barest of factual evidence". JH – should make decisions by linking in to the factual matrix. Our thinking is the Judge didn't have a view – all he was bothered about is focus being on expert evidence. Risk is it escalates. All sorts of factual witnesses in POL that we would love to examine.</p>
<p>11</p>	<p>If FJ did, did the Horizon system have any permission controls upon the use of the above facility, and did the system maintain a log of such actions and such permission controls?</p> <p>[GPOC §§21.3, 23, 25; Defence §§48(3), 50, 57]</p>	<p>23. However, the Claimants aver that there were a large number of software coding errors, bugs or defects which required fixes to be developed and implemented. There were also data or data packet errors. There was a frequent need for Fujitsu to rebuild branch transaction data from backups, giving rise to the further risk of error being introduced into the branch transaction records. The Claimants understand that Fujitsu maintained a 'Known Error Log' relating to some or all of these issues which was provided to the Defendant, but which has not been disclosed.</p> <p>25. Further, the Defendant was, by itself and/or via its agent Fujitsu, able to alter branch transaction data directly and carry out changes to Horizon and/or transaction data which could affect branch accounts.</p>	<p>(c) It is denied that Fujitsu has implemented fixes that have affected the reliability of accounting balances, statements or reports.</p> <p>(d) Save as aforesaid, if Post Office understands it correctly, the general thrust of paragraph 21.3 is denied.</p> <p>50. See above</p> <p>57. Paragraph 25 appears to be concerned with the editing or deletion of transaction data input by or on behalf of a Subpostmaster without his or her consent. Accordingly, Post Office assumes that it is not concerned with transactions such as Transaction Corrections which are sent to branches but must be accepted by or on behalf of the Subpostmaster before forming part of his or her branch account. As to the circumstances in which such transaction data can be edited or deleted without the consent of the Subpostmaster:</p> <p>(1) Neither Post Office nor Fujitsu has the ability to log on remotely to a Horizon terminal in a branch so as to conduct transactions.</p>		<p>RW – understand 11 to apply to 10(i), not (ii) or (iii). We can talk about it in all three categories, but different.</p> <p>JC – is there a log of such actions and how did the permission control work?</p> <p>11.10 – what are the specific authorisation requirements (Defence 57(3) – sounds like a transaction put in to change data)?</p> <p>11.11 – how many occasions?</p> <p>11.12 did any of the above have the potential to affect the claimants</p> <p>11.20 – how did FJ go about tracing these effects/how did they ID bug in first place w/o amending transactions?</p> <p>RW – 11 refers back to 10, 10 doesn't refer to bugs.</p> <p>11.30 – what is the process?</p> <p>11.32 – how are these BTs readily identifiable?</p> <p>11.40 – JC - I have seen a statement that PO has "never consented" to the use of this.</p> <p>AP – if you want to go down this route, need to properly plead your case on fraud. AP – a statement by PO after the event is not a governance question. JC – I need to ask that in a different way.</p>

			<p>(2) A Post Office employee with "global user" authorisation can, when physically present at a branch, use a terminal within the branch to add a transaction into the branch's accounts. The purpose of "Global User" authorization is to allow access to the systems for during training and/or audits. Any transactions effected by a Global User are recorded against a Global User ID and are readily identifiable as such.</p> <p>(3) Fujitsu (and not Post Office) has the ability to inject transactions into branch accounts (since the introduction of Horizon Online in 2010, transactions of this sort have been called "Balancing Transactions"). These transactions do not involve any removal or amendment of the transactions entered at the branch. Their intended purpose is to allow Fujitsu to correct errors or bugs in Horizon by cancelling the effect of an error or bug on a branch's data. They may be conducted only by a small number of specialists at Fujitsu and only in accordance with specific authorisation requirements. They are rarely used. To the best of Post Office's information and belief, only one Balancing Transaction has ever been made so as to affect a branch's transaction data, and this was not in a branch operated by a Claimant. A Balancing Transaction is readily identifiable as such.</p> <p>(4) There are a small number of Fujitsu specialists who have certain privileged user access rights which they could in theory use to amend or delete the transaction data for a branch. The intended purpose of privileged user</p>		<p>11.16 – a log of issues in Richard Rolls where the cause of the discrepancy could not be determined. Did FJ make changes to Horizon on those particular questions? AP – we need to understand what Richard told you.</p> <p>JC – a separate log/source of data (excel spreadsheet called issues where we can't determine).</p> <p>Do FJ have a record of the branches where the branch was told to stop using the equipment when remote access was used?</p> <p>11.71 JC – as I understand it, branch account needs to be static when change being made</p>
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			<p>rights is system support, not the alteration of branch transaction data. To have abused those rights so as to alter branch transaction data and conceal that this has happened would be an extraordinarily difficult thing to do, involving complex steps (including the writing of sophisticated computer programmes and circumvention of sophisticated control measures) which would require months of planning and an exceptional level of technical expertise. Post Office has never consented to the use of privileged user rights to alter branch data and, to the best of its information and belief, these rights have never been used for this purpose.</p> <p>(5) Post Office cannot conceive of a reason why any Fujitsu personnel would have sought to add, inject, amend or delete any transactions in any branch accounts so as to create a false shortfall. It would for all practical purposes be impossible for any of them to generate significant shortfalls without detection and, even if they were able to do so, they would be unable to take the benefit of such shortfalls for themselves.</p>		
12	<p>If the Defendant and/or Fujitsu did have such ability, how often was that used, if at all?</p> <p>[GPOC §§21.3, 23, 25; Defence §§48(3)(c), 57]</p>		<p>48. As to paragraph 21:</p> <p>(3) Paragraph 21.3 bundles together several different concepts and uses language that is open to different meanings and/or misleading. However:</p> <p>(c) It is denied that Fujitsu has implemented fixes that have affected the reliability of accounting balances, statements or reports.</p> <p>57. See above</p>	<p>Issue 12 appears to be a factual issue rather than an expert issue.</p>	<p>12.10 Get the one BT</p> <p>RW – feels like a factual question.</p> <p>JH – we have agreed it.</p> <p>Number of KELs that might help us (e.g.) – makes reference to something that can be done.</p> <p>AP – KELs in general (8k) – what are we going to do with those? Going to review and pull out relevant ones. ID shortfall, then split them into buckets. Identify Peaks referred to and see what they relate to. Once you start delving into them, can't get through</p>

					relatively quickly (nightmare is abbreviations; a look up table will accelerate the process)
13	To what extent did use of any such facility have the potential to affect the reliability of Branches' accounting positions? [GPOC §§21.3, 23, 25; Defence §§48(3)(c), 57]				JC - if FJ can show us what they do re BT, we can inject one into the model office. Make enquiries.
14	How (if at all) does the Horizon system and its functionality: a. enable Subpostmasters to compare the stock and cash in a branch against the stock and cash indicated on Horizon? b. enable or require Subpostmasters to decide how to deal with, dispute, accept or make good an alleged discrepancy by (i) providing his or her own personal funds or (ii) settling centrally? c. record and reflect the consequence of raising a dispute on an alleged discrepancy, on Horizon Branch account data and, in particular: i. does raising a dispute with the Helpline cause a block to be placed on the value of an alleged shortfall; and ii. is that recorded on the Horizon system as a debt due to Post Office? d. enable Subpostmasters to produce (i) Cash Account before 2005 and (ii) Branch Trading Statement after 2005? e. enable or require Subpostmasters to continue to trade if they did not complete a Branch Trading Statement; and, if so, on what basis and with what consequences on the Horizon system? [Defence §§42-46; Reply §§17.1-17.2, 21]	Reply 17. As to the Defendant's case as to the balancing process and branch trading periods at paragraph 42: 17.1. the Defendant admits that a purpose of the balancing process (paragraphs 19.1 of the GPOC and 43(1) of the Defence) was to ' <i>ensure the early identification and correction of any errors and defaults relating to the transactions and/or to the cash and stock field in the branches for which the Subpostmasters are responsible</i> '; 17.2. the Defendant admits that the requirement to perform a balancing process was initially weekly, but was changed in 2005 to ' <i>Post Office specified periods of 4 or 5 weeks</i> ' (Defence, paragraph 43(1)); 21. As to paragraph 12, 39, 40, 45 and 46 of the Defence in respect of Transaction Corrections issued by the Defendant and affecting branch accounts: 21.1. the Defendant's characterisation of the process as offering a " <i>choice</i> " to Claimants whether to accept a Transaction Correction, and in particular the Defendant's pleading at paragraph	<i>Branch Trading Statements, making good and disputing shortfalls</i> 42. As to the first sentence of paragraph 19, it is denied that the matters addressed in paragraphs 19.1 to 19.3 "accentuated the importance of the accuracy of Horizon". Paragraph 19 addresses requirements whose purpose is to ensure the proper discharge of the Subpostmaster's contractual and common law duties to account to Post Office for the transactions they entered into on its behalf and for the cash and stock it entrusted to their care. Such requirements are to the mutual benefit of Subpostmasters and Post Office in that (amongst other things) they ensure the early identification and correction of any errors and defaults relating to the transactions carried out and/or to the cash and stock held in the branches for which the Subpostmasters are responsible. 43. These requirements are as follows: (1) Subpostmasters are required to perform a regular " balancing process ", which involves counting all stock and cash at their branches, comparing it with the cash and stock indicated on Horizon and producing (and confirming) an account of the transactions undertaken since the last balancing process and of the cash and stock held. Initially, Subpostmasters	Issue 14 appears to be a set of factual questions, with possible expert commentary on the answers. Therefore, two expert reports may not be the best way to address it. GPOC 21 raises a number of factual issues concerning what actually happened over several years, rather than what was documented in some Horizon manuals. Several sub-paras of 21 seem to depend on individual claimants and are therefore out of scope for the Horizon trial. Similarly, Defence 43 is largely about factual history of business processes outside Horizon.	AP – (if at all) present because POL says it doesn't do some of those things. 14.10 Is there a stock transaction/movement report (or similar?). 14.20 – examples of one-sided transactions – not clear if SPMR had evidence or if SS found them somewhere? AP - SS had a theory that it happened, but could never evidence it. JH – PO didn't say it doesn't happen ; AP – obviously, RW explained that it does earlier. JC – one of the first KELs talks about banking transactions in E26 (inconsistent state where bank has half). DO1 = a reversal fail. RW – high likelihood – errors for the guy at the till. RW – bank agrees to £50 being paid out, transaction doesn't go through, JH – complicating factor. £50 withdrawal, transaction fails, they are given the £50 – should the SPMR have given out the £50. Branch JC – difference between evidence JH – good example of complexity; a number of ways to get to shortfall. AP – could sit down and postulate 1000s of

		<p>39(4) that "A Transaction Correction notification sent by Post Office to a branch is a proposal, not an instruction, and it does not take effect unless accepted by the Subpostmaster concerned" and that "[o]n receiving a Transaction Correction. the Subpostmaster can either accept the correction or dispute it" (and similar pleading at paragraph 12) is misleading and denied;</p> <p>21.2. in fact, Horizon operated such that Claimants were required to accept Transaction Corrections and there was no option within Horizon to dispute an alleged or apparent shortfall (as admitted at Defence paragraph 46(1));</p> <p>21.3. Transaction Corrections were not proposals, rather the Defendant instructed Claimants in the Branch Trading Manual that Transaction Corrections were 'necessary when branch transaction data does not align with client or supplier data ... Transaction Corrections are basically electronic Error Notices informing you of transactions that have been carried out incorrectly on the Horizon Online™ system and not been corrected' and 'they must be processed before the last stock unit in a branch balances, otherwise Branch Trading Period rollover cannot take place';</p> <p>21.4, the option to 'settle centrally' in respect of amounts over £150 (Defence paragraph 39(5)) was not known about by all Claimants, but</p>	<p>were required to do this weekly, but since 2005, they have been required to do so at the end of each "Branch Trading Period" (Post Office-specified periods of 4 or 5 weeks, of which there are 12 in the year and which, for convenience, are referred to herein as "trading periods").</p> <p>(2) Where this process discloses a shortfall and the Subpostmaster accepts liability for the shortfall, he or she is required to make it good (1) by providing his or her own personal funds to the branch or (2) if the amount involved is £150 or more, by settling it centrally. This election is made on the Horizon terminal in branch. By "settling centrally", a separate entry is added to the branch accounts which offsets the value of the shortfall, thereby bringing the derived cash figure on Horizon in line with the actual cash on hand figure. The amount of the shortfall is transferred to the Subpostmaster's personal account with Post Office. Arrangements can then be made to pay off the shortfall.</p> <p>(3) Where the Subpostmaster disputes liability for the shortfall, he or she is required to raise a dispute by calling the Helpline and in the meantime (if the amount involved is less than £150) to provide it from his or her own funds pending resolution of the dispute or (if the amount is £150 or more) to settle it centrally, thereby bringing the branch accounts into balance. Raising a dispute causes a block to be placed on the value of the shortfall that has been transferred to the Subpostmaster's personal account with Post Office. The blocked value is not (and is not treated</p>		<p>possibilities; only ones that go to a peak. A peak and a fix is made. JC – for me it is where they go to peaks ultimately.</p> <p><u>14 B, C and D</u> – questions of fact – ask the questions.</p> <p><u>14 E 14.90</u> – can they continue to trade?</p> <p>14.91 – how long for?</p> <p>14.92 can you submit a branch trading statement?</p> <p>CE – answers likely to be in the operating manual</p>
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		<p>for the avoidance of any doubt, in any event the effect of this (on the Defendant's own case) was to incur an immediate liability to the Defendant:</p> <p>21.5. the limited option available to Claimants was to contact the Helpline to raise a dispute. This operation of the Helpline and advice provided was inadequate and ineffective for the reasons pleaded at GPOC and further herein, and the requirement for Transaction Corrections to be accepted as at paragraph 21.2 and 21.3 above applied even in cases where a dispute was raised, such that:</p> <p>(a) Claimants were in any event required to accept Transaction Corrections with an immediate effect on their accounts which they in fact disputed; and</p> <p>(b) the Defendant thereby operated a system which required Claimants to sign Branch Trading Statements when they could not or did not agree such statements as correct;</p> <p>21.6. the Claimants rely on the Defendant's description at Defence paragraph 39 as to how Transaction Corrections are generated (including specifically at subparagraph (1) that "<i>Post Office checks Horizon transaction data (i.e. data as keyed in to branch terminals by branch staff) against data taken from separate sources</i>"),</p>	<p>as) a debt due to Post Office.</p> <p>(4) These processes are addressed in pages 92 - 99 of the Branch Trading Manual. The same processes are followed where the Subpostmaster accepts or disputes a net gain, with the relevant transactions being the removal of cash from the branch or the creation of a credit on the Subpostmaster's personal account with Post Office.</p> <p>(5) Having followed these processes, Subpostmasters are required to produce and sign a statement setting out the quantities and values of the various receipt and payment transactions that have been carried out in the branch during the relevant period and the cash and stock held in the branch at the end of the trading period (called a "Cash Account" until 2005 and a "Branch Trading Statement" from 2005). Branch Trading Statements contain the following statement by the Subpostmaster: "<i>I confirm that the content of this balancing and trading statement is an accurate reflection of the cash and stock on hand at this branch</i>".</p> <p>(6) A branch cannot enter (or "roll over" into) a new trading period without the Subpostmaster declaring to Post Office the completion of the Branch Trading Statement as aforesaid. However, although Subpostmasters are required to produce Branch Trading Statements at the end of each trading period, if they do not do this, their branches can continue to trade within the previous trading period (although Post Office does not allow them to do so indefinitely).</p>		
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		<p>and the instructions in the Branch Trading Manual at paragraph 21.3 above as evidence that the Defendant did not consider or take into account the possibility that Horizon transaction data was affected by bugs, errors or remote alteration;</p> <p>21.7. paragraph 40(1) is denied for reasons aforesaid. Further, when there was an alleged or apparent shortfall, some Claimants were advised by Helpline operators that if Horizon was showing a loss, they were required to make it good/pay it immediately;</p> <p>21.8. without prejudice to above, it is admitted that the Defendant's current practice is generally to provide specific contact details of an individual employee (Defence paragraphs 39(3), 39(6), 40(2) and 46(4)), but denied this was previously the Defendant's practice, and in any event the Claimants will aver that where persons were identified they were frequently not available and/or could or did not deal adequately with the particular queries raised and/or did not do so prior to the obligation on Claimants to rollover into the next Branch Trading Period;</p> <p>21.9. in all or most cases, it is denied that the Defendant provided adequate information or evidence as to the reason for the correction so as to enable Claimants to carry out their own investigations into Transaction</p>	<p><i>Branch Trading Statements</i></p> <p>44. As to paragraph 19.1, subject to paragraph 43 above:</p> <p>(1) The first and second sentences are admitted.</p> <p>(2) The third and fourth sentences are denied. Paragraph 43(1) above is repeated as regards the comparison between the derived figures for cash and stock shown on Horizon and the actual cash and stock as counted by the Subpostmaster; paragraphs 43(2) and 43(3) above are repeated as regards bringing Horizon's figures into balance with the cash and stock as counted; and paragraph 43(6) above is repeated as regards the ability to continue trading without entering a new trading period.</p> <p><i>Making good</i></p> <p>45. Paragraph 19.2 appears to be intended to allege that, whenever there is a shortfall between Horizon's figures and the cash and stock counted by the Subpostmaster: (1) unless some special arrangement is made, the Subpostmaster is required to make good the difference; and (2) if he or she does so by settling centrally, the amount of the shortfall is treated as a debt due to Post Office. These allegations are specifically denied. As explained in paragraph 43 above, Post Office's procedures provide Subpostmasters with the opportunity to dispute liability for shortfalls.</p> <p><i>Disputing shortfalls</i></p> <p>46. As to paragraph 19.3:</p>		
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		<p>Corrections raised;</p> <p>21.10. the Defendant's response to the Claimants' RFI to identify material changes to the process in relation to the issuing of Transaction Corrections and process of disputing them is vague and inadequate (for example in not identifying the change in practice in the identification of a named contact, which is repeatedly relied on in the Defence) such that the Claimants are unable to identify what material changes have been made and when;</p> <p>21.11, the Defendant's account of the process of investigation and escalation at paragraph 46(4) of the Defence is hopelessly vague and the Defendant's response to the Claimant's RFI of this paragraph only obscures the Defendant's case further. The Defendant is put to strict proof of the process in fact adopted and material changes to it, and the scope and adequacy of the investigation and communication with Claimants. The Claimants will in any event aver that any such processes were inadequate, insufficiently timely, and insufficiently communicated to them and/or did not work in practice, including because of the requirement by the Defendant for Claimants to sign Branch Trading Statements and/or accept Transaction Corrections and/or move into the next trading period in order to continue trading and/or because the Defendant's approach was substantially to require</p>	<p>(1) It is admitted that there is no "option within Horizon" to dispute a shortfall, in the sense that the process of raising and resolving a dispute does not take place through the Horizon system. The process for disputing a shortfall requires the dispute to be lodged by calling the Helpline.</p> <p>(2) It is denied that Subpostmasters are unable to carry out effective investigations into the disputed amounts. So is the allegation that there were unspecified "limitations" on Subpostmasters' ability to access, identify and reconcile transactions in Horizon and that Horizon had no "adequate report-writing feature". As indicated in paragraph 38(2) above, Horizon provides Subpostmasters with tools for searching, checking and reviewing the transactions undertaken in the branches for which they are responsible.</p> <p>(3) There are provisions in Post Office's Operating Manual as to the process for disputing discrepancies (see, for example, page 34 of the Branch Trading Manual) and it is denied that these provisions give insufficient guidance regarding that process. In any event, the process involves calling the Helpline and, if further guidance is needed, it is available directly from the Helpline.</p> <p>(4) As to the last sentence of paragraph 19.3, it is denied that Post Office fails to carry out any, or any fair or adequate investigations into disputed amounts. Where a shortfall is disputed then the Claimants' first point of contact would be with the Helpline. In the case of a Transaction Correction, the dispute</p>		
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		<p>Claimants to prove why the Transaction Correction ought not to be applied in circumstances where Claimants had limited access to data and reports as aforesaid.</p>	<p>would first be raised with the individual within Post Office who issued the Transaction Correction notification and then (if necessary) with the Helpline. Disputes are generally resolved at this stage, by Post Office and the Subpostmaster reaching a common understanding of the position. But if this does not happen, the dispute can be escalated. The steps in the escalation process, and the Post Office teams involved, have changed over time and the specific escalation route can differ depending on the nature of the issue raised. However, in broad terms these would include:</p> <p>(a) After it is raised with the Helpline, the issue would generally be escalated to more experienced and senior personnel within the Helpline (or the team issuing the disputed Transaction Correction) for further investigation.</p> <p>(b) If not resolved, the matter would be referred to a senior person in a Post Office team responsible for investigating branch matters, which is currently the Support Service Resolution Team. This team undertakes a further investigation into the disputed amount, seeks to identify the reason for it arising and communicates with the Subpostmaster concerned.</p>		
15	<p>How did Horizon process and/or record Transaction Corrections?</p> <p>[Defence §§12, 39-40, 45-46; Reply §21]</p>	<p>Reply 21. See above</p>	<p>12. Post Office denies that Claimants could not effectively investigate losses in their branches. Subpostmasters had access to line by line data on the transactions they undertook. Moreover, they had access to training, operations manuals, helplines and in-branch support if they wanted. Post Office also undertook its own accounting</p>	<p>The technical issue of how Horizon processes transaction corrections is embedded in a matrix of facts about business processes (and how they actually operated), as pleaded at Defence 39.</p>	<p>Input (there is a gap)</p> <p>How do TCs enter the system and how do they influence a branches' accounts.</p> <p>JC – caught elsewhere?</p> <p>JH – practical and commercial reality = 100+ people</p>

			<p>reconciliations, where possible matching a Subpostmaster's records against other records provided by third parties, and then notifying Subpostmasters of discrepancies found and allowing them to choose whether to accept or dispute those discrepancies.</p> <p><i>Transaction Corrections</i></p> <p>39. Paragraph 18 refers to transaction corrections. One of the safeguards against errors by Subpostmasters (or their staff) is a process by which Post Office proposes corrections to a branch's accounts ("Transaction Corrections"). These are typically generated in the following way:</p> <p>(1) Post Office checks Horizon transaction data (i.e. data as keyed into branch terminals by branch staff against data taken from separate sources. For example, Post Office client banks provide their own records of transactions carried out in Post Office branches, which are transmitted directly from the chip and pin devices used in branches to the banks and Post Office compares these to the transaction data on Horizon.</p> <p>(2) Where there is a discrepancy between the two sets of data, Post Office reviews the available data with a view to determining whether the branch staff have probably made an error that requires correction (and it may contact the relevant Subpostmaster for further information to assist in that determination). Where this is the case, Post Office will generate a Transaction Correction notification which is sent to the relevant branch via Horizon. For example, where a cheque deposit into a</p>	<p>It would be useful if the experts could start with an agreed set of such facts, rather than dig them out individually.</p>	<p>crunching data.</p> <p>15.20 - In order for H to process a TC, what information is entered into it?</p> <p>JH – bigger point – SPMR the only data they get is from Horizon. They have other info (minds, safe, paperwork). Should there be more channels of data that link into reconciliation piece.</p> <p>JH – a TC must be accepted by the end of the month.</p> <p>JH – volume is roughly 12k per month, 10,000s per months. AP – this is why it is for another trial.</p> <p>JC – would like to see origins of TC</p> <p>JC – user error will explain the vast majority of cases, should be able to get rid of 99% of shortfalls this way</p> <p>JH - to what extent does inability to investigate X, Y and Z affect strength of opinion?</p>
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			<p>bank account is keyed in on Horizon as a £100 credit but the true amount of the cheque is £90, a Transaction Correction with a value of £10 debit is generated.</p> <p>(3) A Transaction Correction notification includes (i) a description of the transaction to be corrected, (ii) the contact details of an employee of Post Office who will provide further detail if required, (iii) typically, the outline reason for or nature of the correction, and (iv) sometimes, evidence substantiating the proposed correction.</p> <p>(4) A Transaction Correction notification sent by Post Office to a branch is a proposal, not an instruction, and it does not take effect unless accepted by the Subpostmaster concerned. On receiving a Transaction Correction notification, the Subpostmaster can either accept the correction or dispute it.</p> <p>(5) On the Horizon screen, there are two ways for a Subpostmaster to accept a Transaction Correction. He or she may "accept" the Transaction Correction: this immediately increases or decreases the cash or stock position (as appropriate) in the branch's accounts as recorded on Horizon. Alternatively, if the amount of the Transaction Correction is £150 or more, he or she may "settle it centrally": this causes the amount of the Transaction Correction to be transferred to his or her personal account with Post Office. Unless a dispute is lodged with Post Office (see below), he or she thereby accepts the validity of the Transaction Correction and Post Office will in due course pay or collect the relevant amount to or</p>		
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			<p>from the Subpostmaster. This process is addressed in page 30 of the operating manual entitled "Branch Trading: balancing and dispatch of documents" ("Branch Trading Manual").</p> <p>(6) If the Subpostmaster wishes to query or dispute the Transaction Correction, he or she should contact the person identified in the Transaction Correction notification.</p> <p>(7) This process is identified at page 34 of the Branch Trading Manual. If, having discussed the matter and reviewed any further information provided by the person identified, the Subpostmaster wishes to dispute the proposed Transaction Correction, he or she should accept it or settle it centrally and then lodge a dispute with the Post Office by contacting the Helpline. Where it is settled centrally, the amount of the Transaction Correction is transferred to the Subpostmaster's personal account with Post Office and a block is placed of the amount transferred to the personal account whilst the dispute is resolved.</p> <p>40. As to paragraph 18:</p> <p>(1) The first sentence is denied. Post Office does not require that a Transaction Correction be accepted unless proven. by the Subpostmaster not to be correct.</p> <p>(2) Save for the reference to "limited" reports (which is denied as indicated in paragraph 38 above), the second sentence is admitted. However:</p> <p>(a) every Transaction Correction</p>	
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			<p>comes with contact details for a person at Post Office who can provide more information and a Subpostmaster can in any event contact the Helpline referred to below to obtain more information;</p> <p>(b) depending on the subject matter of the Transaction Correction, the Subpostmaster may hold corresponding paper records in his or her branch which he or she can and should check; and</p> <p>(c) not all Transaction Corrections require further information (for example, a Transaction Correction could be generated for a missing cheque and the cheque might be found in the branch).</p> <p><i>Making good</i></p> <p>45. Paragraph 19.2 appears to be intended to allege that, whenever there is a shortfall between Horizon's figures and the cash and stock counted by the Subpostmaster: (1) unless some special arrangement is made, the Subpostmaster is required to make good the difference; and (2) if he or she does so by settling centrally, the amount of the shortfall is treated as a debt due to Post Office. These allegations are specifically denied. As explained in paragraph 43 above, Post Office's procedures provide Subpostmasters with the opportunity to dispute liability for shortfalls.</p> <p><i>Disputing shortfalls</i></p> <p>46. As to paragraph 19.3:</p> <p>(1) It is admitted that there is no "option</p>		
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			<p>within Horizon" to dispute a shortfall, in the sense that the process of raising and resolving a dispute does not take place through the Horizon system. The process for disputing a shortfall requires the dispute to be lodged by calling the Helpline.</p> <p>(2) It is denied that Subpostmasters are unable to carry out effective investigations into the disputed amounts. So is the allegation that there were unspecified "limitations" on Subpostmasters' ability to access, identify and reconcile transactions in Horizon and that Horizon had no "adequate report-writing feature". As indicated in paragraph 38(2) above, Horizon provides Subpostmasters with tools for searching, checking and reviewing the transactions undertaken in the branches for which they are responsible.</p> <p>(3) There are provisions in Post Office's Operating Manual as to the process for disputing discrepancies (see, for example, page 34 of the Branch Trading Manual) and it is denied that these provisions give insufficient guidance regarding that process. In any event, the process involves calling the Helpline and, if further guidance is needed, it is available directly from the Helpline.</p> <p>(4) As to the last sentence of paragraph 19.3, it is denied that Post Office fails to carry out any, or any fair or adequate investigations into disputed amounts. Where a shortfall is disputed then the Claimants' first point of contact would be with the Helpline. In the case of a Transaction Correction, the dispute would first be raised with the individual</p>		
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			<p>within Post Office who issued the Transaction Correction notification and then (if necessary) with the Helpline. Disputes are generally resolved at this stage, by Post Office and the Subpostmaster reaching a common understanding of the position. But if this does not happen, the dispute can be escalated. The steps in the escalation process, and the Post Office teams involved, have changed over time and the specific escalation route can differ depending on the nature of the issue raised. However, in broad terms these would include:</p> <p>(c) After it is raised with the Helpline, the issue would generally be escalated to more experienced and senior personnel within the Helpline (or the team issuing the disputed Transaction Correction) for further investigation.</p> <p>If not resolved, the matter would be referred to a senior person in a Post Office team responsible for investigating branch matters, which is currently the Support Service Resolution Team. This team undertakes a further investigation into the disputed amount, seeks to identify the reason for it arising and communicates with the Subpostmaster concerned.</p>		
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