

Witness Statement

(CJ Act 1967, s9; MC Act 1980, ss 5A(3)(a)
and 5B, MC Rules 1981, r 70)



Statement of Penelope Anne Thomas

Age if under 18 Over 18 (If over 18 insert 'over 18')

This statement (consisting of pages each signed by me) is true to the best of my knowledge and belief and I make it knowing that, if it is tendered in evidence, I shall be liable to prosecution if I have wilfully stated in it anything which I know to be false or do not believe true.

Dated the day of 2009

Signature

I have been employed by Fujitsu Services, Post Office Account, formally ICL Pathway Ltd since 20 January 2004 as an Information Technology (IT) Security Analyst responsible for audit data extractions and IT Security. I have working knowledge of the computer system known as Horizon, which is a computerised accounting system used by Post Office Ltd. I am authorised by Fujitsu Services to undertake extractions of audit archived data and to obtain information regarding system transactions recorded on the Horizon system.

Horizon's documented procedures stipulate how the Horizon System operates, and while I am not involved with any of the technical aspects of the Horizon System, these documented processes allow me to provide a general overview.

At each Post Office there are counter positions that have a computer terminal, a visual display unit and a keyboard and printer. This individual system records all completed transactions input by the counter clerk working at that counter position. Clerks log on to the system by using their own unique password. The transactions performed by each clerk, and the associated cash and stock level information, are recorded by the computer system in a stock unit. Once logged on, all completed transactions performed by the clerk must be recorded and entered on the computer and are accounted for within the user's allocated stock unit.

The Horizon system provides a number of daily and weekly records of all completed transactions input into it. It enables Post Office users to obtain computer summaries for

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individual clients of Post Office Limited e.g. Alliance & Leicester. The Horizon system also enables the clerk to produce a periodic balance of cash and stock on hand combined with the other transactions performed in that accounting period, known as a trading period.

Where local reports are required these are accessed from a button on the desktop menu. The user is presented with a parameter driven menu, which enables the report to be customised to requirements. The report is then populated from transaction data that is held in the local database and is printed out on the printer. The system also allows for information to be transferred to the main accounting department at Chesterfield.

The Post Office counter processing functions are provided through a series of counter applications: the Order Book Control Service (OBCS) that ascertained the validity of DWP order books before payment was made, this application ceased in June 2005; delete this for data post June 05 the Electronic Point of Sale Service (EPOSS) that enables Postmasters to conduct general retail trade at the counter and sell products on behalf of their clients; the Automated Payments Service (APS) which provides support for utility companies and others who provide incremental in and out payment mechanisms based on the use of cards and other tokens and the Logistics Feeder Service (LFS) which supports the management of cash and value stock movements to and from the outlet, principally to minimise cash held overnight in outlets. The counter desktop service and the office platform service on which it runs provides various common functions for transaction recording and settlement as well as user access control and session management.

Information from counter transactions is written into a local database and then replicated automatically to databases on all other counters within a Post Office outlet. The information is then forwarded over ADSL (Asymmetric Digital Subscriber Line) or other communication service, to databases on a set of central Correspondence Servers at the Fujitsu Services data centres. This is undertaken by a messaging transport system within the Transaction Management Service (TMS). Various systems then transfer information to Central Servers that control the flow of information to various support services. Details of outlet transactions

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are normally sent at least daily via the system. Details are then forwarded daily via a file transfer service to the Post Office accounting department at Chesterfield and also, where appropriate, to other Post Office Clients.

An audit of all information handled by the TMS is taken daily by copying all new messages to archive media. This creates a record of all completed outlet transaction details including its origin - outlet and counter, when it happened, who caused it to happen and the outcome. The TMS journal is maintained at each of the Fujitsu Services Data Centre sites and is created by securely replicating all completed transaction records that occurred in every Outlet. They therefore provide the ability to compare the audit track record of the same transaction recorded in two places to verify that systems were operating correctly. Records of all transactions are written to audit archive media.

- 1 With Horizon counters, the mechanism by which Data is audited has always worked on the principle that it is acceptable to audit the same data more than once – in particular if in doubt as to whether or not it has been previously audited successfully. The Mechanism used on Horizon to retrieve the data took this into account and only presented one instance of such duplicate data in the ARQ extracts.

In January 2010 a new HNG-X application was introduced to filter transaction records for presentation to Post Office Limited. It has recently been noticed that this HNG-X retrieval mechanism does not remove such duplicates. An enhancement to the extraction toolset will be developed, tested and deployed and will remove such duplicate data in the future. However until this enhancement is deployed, there is a possibility that data is duplicated. The reliable way to identify a duplicate transaction is to use the <Num> attribute that is used to generate the unique sequence numbers. This will be included in all future transaction record returns until the retrieval mechanism is enhanced. A semi-automated process to copy the returned data, and then to identify and remove any duplicated records which may be present from this copy by using the <NUM> attribute, has been agreed with Post Office Limited for use in the interim period.

- 2 It is emphasised that the duplication of audited records has not, in any way, affected actual physical transactions recorded on any counter at any outlet. The duplication of records has occurred during the auditing process when records were in the process of being recorded purely for audit purposes from the correspondence servers to the audit servers.

The system clock incorporated into the desktop application on the counter visual display units is configured to indicate local time. This has been the situation at (INSERT PO), Branch Code (INSERT) since (INSTALLATION DATE) when the Horizon system was introduced at that particular Post Office.

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The Horizon system records time in GMT and takes no account of Civil Time Displacements, thus during British Summer Time (BST) (generally the last Sunday in March to the last Sunday in October), system record timings are shown in GMT – one hour earlier than local time (BST).

There was, however, one exception which related to the category of transactions 'Transfer In' where events recorded in the Transaction Logs, were shown in local time. This meant that during the designated summer months 'Transfer In' log entries were recorded in BST instead of GMT and showed a one hour forward displacement in time from other transactions being recorded in the logs. This anomaly was corrected during the winter months prior to BST 2005 since when 'Transfer In' log entries have been recorded in GMT, consistent with all other transactions being recorded in the logs. – Delete this for data post Oct 2004.

When information relating to individual transactions is requested, the data is extracted from the audit archive media via the Audit Workstations (AWs). Information is presented in exactly the same way as the data held in the archive although it can be filtered depending upon the type of information requested. The integrity of data retrieved for audit purposes is guaranteed at all times from the point of gathering, storage and retrieval to subsequent despatch to the requester. Controls have been established that provide assurances to Post Office Internal Audit (POIA) that this integrity is maintained.

During audit data extractions the following controls apply :

1. Extractions can only be made through the AWs which exist at Fujitsu Services, Lovelace Lane, Bracknell, Berkshire and Fujitsu Services, Sackville House, Brooks Close, Lewes, East Sussex. These sites are both subject to rigorous physical security controls appropriate to each location. All AWs are located in a secure room subject to proximity pass access within a secured Fujitsu Services site.
2. Logical access to the AW and its functionality is managed in accordance with the Fujitsu Services, Post Office Account Security Policy and the principles of ISO 17799. This includes dedicated Logins, password control and the use of Microsoft Windows

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NT security features.

3. All extractions are logged on the AW and supported by documented Audit Record Queries (ARQs), authorised by nominated persons within Post Office Ltd. This log can be scrutinised on the AW.
4. Extractions are only made by authorised individuals.
5. Upon receipt of an ARQ from Post Office Ltd they are interpreted by CS Security. The details are checked and the printed request filed.
6. The required files are identified and marked using the dedicated audit tools.
7. Checksum seals are calculated for audit data files when they are written to audit archive media and re-calculated when the files are retrieved.
8. To assure the integrity of the audit data while on the audit archive media the checksum seal for the file is re-calculated by the Audit Track Sealer and compared to the original value calculated when the file was originally written to the audit archive media. The result is maintained in a Check Seal Table.
9. The specific ARQ details are used to obtain the specific data.
10. The files are copied to the AW where they are checked and converted into the file type required by Post Office Ltd.
11. An automated macro has been developed to search for and identify duplicate records based on the <NUM> field. Duplicated records are removed and an additional worksheet is created; the <NUM> field is also removed from this worksheet, providing POL with BAU records. The original worksheet, including any duplicated records identified and the <NUM> field, is retained in the workbook, providing a full audit trail
12. Windows Events generated by the counters within the branch/timeframe in question are checked to ensure the counters were functioning correctly.
13. The requested information is copied onto removal CD media, sealed to prevent modification and virus checked using the latest software. It is then despatched to the Post Office Ltd Casework Manager using Royal Mail Special Delivery. This ensures that a receipt is provided to Fujitsu Services confirming delivery.

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ARQ(NUMBER) was received on (DATE) and asked for information in connection with the Post Office at (NAME), Branch code (NUMBER). I produce a copy of ARQ(NUMBER) as Exhibit (INITIAL/NUMBER). I undertook extractions of data held on the Horizon system in accordance with the requirements of ARQ(NUMBER) and followed the procedure outlined above. I produce the resultant CD as Exhibit (INITIAL/NUMBER). This CD, Exhibit (INITIAL/NUMBER), was sent to the Post Office Investigation section by Special Delivery on (DATE).

The report is formatted with the following headings:

- ID – relates to counter position
- User – Person Logged on to System
- SU – Stock Unit
- Date – Date of transaction
- Time – Time of transaction
- SessionId – A unique string relating to current customer session
- TxnId – A unique string relating to current transaction
- Mode – e.g. SC which translates to Serve Customer
- ProductNo – Product Item Sold
- Qty – Quantity of items sold
- SaleValue – Value of items sold
- Entry method - Method of data capture for Transactions (0 = barcode, 1 = manually keyed, 2 = magnetic card, 3 = smartcard, 4 = smart key)
- State – Relates to OBCS
- IOP - Order Book Number – OBCS only
- Result – Order Book Transaction Result – OBSC only
- Foreign Indicator – Indicates whether OBCS payment was made at a local or foreign outlet (0- Local, 1- Foreign). The foreign indicator defaults to a '0' for all manually entered transactions - OBCS only

The Event report is formatted with the following headings:

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Groupid – FAD code

ID – relates to counter position

Date – Date of transaction

Time – Time of transaction

User – Person Logged on to System

SU – Stock Unit

EPOSSTransaction.T – Event Description

EPOSSTransaction.Ti – Event Result

(FOR MULTIPLE DATA PROVIDED BOTH BEFORE AND AFTER 24 JANUARY 2006
(FROM ARQ562/0506) INCLUDE THE FOLLOWING PARAGRAPH. FOR DATA
PROVIDED WEF 24 JANUARY 2006 AND FROM ARQ562/0506 DELETE THIS PARA
BUT INCLUDE THE ADDITIONAL HEADINGS BELOW)

In January 2006 a change was made to the original extract query to include additional records from the raw audit data. In particular, this refined query now includes details of Inactivity Logouts, Authority Logouts and Failed Logins. It should be noted that no changes were made to the original Audit data but just to the selection of records from the Audit for presentation to Post Office Limited in the ARQ Spreadsheet. ARQs LIST have this additional data.

Type – Inactivity Logout noted

Logout Authority – User who logged out the account

SecurityEvent.User – User who failed to log in

There is no reason to believe that the information in this statement is inaccurate because of the improper use of the system. To the best of my knowledge and belief at all material times the system was operating properly, or if not, any respect in which it was not operating properly, or was out of operation was not such as to effect the information held within it.

Any records to which I refer in my statement form part of the records relating to the business of Fujitsu Services. These were compiled during the ordinary course of business from

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information supplied by persons who have, or may reasonably be supposed to have, personal knowledge of the matter dealt with in the information supplied, but are unlikely to have any recollection of the information or cannot be traced. As part of my duties, I have access to these records.

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Track Changes

1	Insert	<i>Penny Thomas, 07/07/2010 09:05 AM</i>
2	Insert	<i>Penny Thomas, 07/07/2010 07:42 AM</i>
3	Insert	<i>Penny Thomas, 07/07/2010 07:57 AM</i>