

IRH DRAFT 1

Meeting with MPs – Second Sight Briefing Document

Second Sight Support Services Ltd (“Second Sight”) was appointed in July 2013 in order to conduct an independent investigation into various matters relating to the Horizon computer system used by Subpostmasters (“SPMRs”) in Post Offices throughout the United Kingdom and Northern Ireland. Second Sight is a consultancy firm specialising in investigations within the financial services sector.

The terms of reference for the investigation were set out in a document titled *“Raising Concerns with Horizon”* issued jointly between the Post Office Limited (“POL”) and the Justice for Subpostmasters Alliance (“JFSA”) in December 2012. The full agreement between POL and the JFSA was published on the JFSA website in December 2012 and SPMRs were invited to submit relevant cases to the JFSA, or directly to Second Sight, by 28 February 2013. In addition, all 11,800 SPMRs were notified about these arrangements by POL in an article in *Branch Focus* in January 2013. *Branch Focus* is a POL publication sent to all SPMRs.

The *“Raising Concerns with Horizon”* document provided certain assurances concerning actions by POL regarding cases submitted by SPMRs and also described the remit of the investigation as follows:

“to consider and to advise on whether there are any systemic issues and/or concerns with the "Horizon" system, including training and support processes, giving evidence and reasons for the conclusions reached”.

As of 28 February, the cut-off date agreed between POL and the JFSA, approximately 60 enquiries from SPMRs had been received by the JFSA, mainly by telephone, but a number of these enquiries were general questions about the enquiry procedure. This process resulted in 20 cases from SPMRs being submitted via the JFSA route. In addition to these arrangements, a further 29 cases were submitted by SPMRs via constituency MPs to the Office of the Rt Hon James Arbuthnot MP.

This total of 49 cases is from a total population of approximately 11,800 Post Office Branches.

Second Sight has conducted a *fast track* review of all cases that have been submitted and has requested relevant documents from POL and in some cases third parties such as Fujitsu who manage the Horizon system. A number of SPMRs have been interviewed and telephone contact has been made with other SPMRs in order to clarify the issues raised.

This *fast track* review process has identified the following 7 issues as being a significant feature in one or more of the cases submitted:

1. Transaction anomalies following communications or power failures;
2. “Rogue” transactions not entered by SPMR or staff;
3. Missing or duplicated transactions associated with Postage Labels, Phone Cards, GIRO payments, ATMs or Cheques;
4. Training and Support issues;
5. Loss of Transaction Audit Trail available to SPMRs;
6. Accounting issues at the end of the trading period; and
7. The contract between POL and SPMRs.

Whilst Second Sight will continue to investigate all relevant cases, in order to progress the review as quickly as possible, Second Sight is proposing to give priority to the top 3 issues listed above with the aim of issuing

a report on at least those issues by the start of the Parliamentary recess on 18 July 2013. The support of Members of Parliament in this regard will be appreciated.

The investigation is progressing well. A number of difficult issues have been satisfactorily resolved and an excellent working relationship has been established with both the JFSA and POL. Second Sight has regular meetings with senior representatives of POL and is grateful for the support POL is providing. The investigation is complex and involves looking at events that occurred over a long period of time – in some cases 7 or 8 years. We are still at the evidence gathering stage, particularly for cases submitted in the last few weeks, and it is too early for us to reach even preliminary conclusions on the matters under review. This is a fact based investigation involving complex information technology and it is important to allow all relevant parties to submit evidence on the matters under review.

Second Sight is determined to get to the bottom of the issues under review and believes that it will do so.