

Witness Name: Jan Robert Holmes

Statement No.: WITN0460\_01

Exhibits: WITN0460\_01/1 to

WITN0460\_01/20

Dated: 3<sup>rd</sup> September 2022

## **POST OFFICE HORIZON IT INQUIRY**

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### **FIRST WITNESS STATEMENT OF JAN ROBERT HOLMES**

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I, JAN ROBERT HOLMES, will say as follows:

#### Professional Background

1. Following an early career in Information Technology in the Civil Service I left in 1985 and worked for a number of small IT companies until 1995 when I joined ICL Financial Services division based in Wilmslow. In 1997 I transferred to ICL Pathway in the role of Audit Manager. I am currently retired.
2. While in the Civil Service I attended a number of training events and study resulting in passing a post-graduate diploma equivalent qualification offered by

the Institute of Internal Auditors (IIA). In 1983 I became a Member of this organisation and in 1996 a Fellow. This qualification was to become important factor in my role within Pathway and my relationship with the BA and Post Office Auditor community.

### Pathway/Horizon Role

3. During my time on the Programme my role changed. In 1999, following the retirement of the then Quality Manager, the scope increased to include Quality Assurance and process definition. In 2000 I left the Programme to join Propel, a central ICL Improvement Project, but returned in 2001 with a broader responsibility for Programme Assurance including development risk management. I left the Programme in 2008.
  
4. The Audit Manager role acted as the user interface to the Horizon Audit Solution. This was the part of the Pathway/Horizon system involved with generating, gathering, providing secure storage and distributing audit data extracts to the Benefits Agency (BA) and Post Office (PO) at their request. It was also the organisational interface to the Internal Audit departments of BA and PO where my IIA qualification linked into the professional qualification requirements of those departments. Documents that describe each of these functions were produced and are associated with this Statement. They are 1.) Post Office Account Internal Audit Manual (WITN0460\_01/1). and 2.) Horizon System Audit Manual CSR+ (WITN0460\_01/2).

## Reporting and Escalation

5. In 1997 the Audit Manager role was part of a broader Quality and Risk Management (QRM) Group run by Martyn Bennett, who was on the Pathway Senior Management Team and reported to the Managing Director, John Bennett (no relative). The QRM held monthly group meetings where issues and concerns were aired and shared. If matters raised at this forum required escalation Martyn Bennett, as Head of QRM, would take them to the Senior Management Team as part of their regular review. At a detailed audit level each Audit Report had an associated Corrective Action Plan (CAP) which was updated periodically to show progress towards closure of audit observations and recommendations. WITN0460\_01/3 is an example of a CAP.

6. Visibility of audit issues was achieved through Audit Reports and CAPs having a Distribution List that included those people involved with the audit and the Senior Management Team.

7. WITN0460\_01/4 is an Assessment Report of the Pathway audit function by ICL Group Quality and provides an external perspective of how the audit function was operating – “ quis custodiet ipsos custodies” .

## Audits

8. The following paragraphs concern audits.

- a. Section 5 of WITN0460\_01/1 identifies the need for an annual audit plan and how that plan is produced and authorised.
- b. Part of the plan production process is the identification of the potential audits via an audit needs assessment.
- c. As the sole auditor in 1998 I was responsible for all aspects of the audits, their identification, planning, execution and reporting.
- d. Paragraph 5.2.5 of WITN0460\_01/5 actually refers to ' competing assignments in Q3' which was to do with my own competing assignments in Q3, for example EPOSS PinICL Task Force.
- e. I have been asked what the ' competing priorities' referred to were, I have addressed this in the paragraph above.
- f. I have been asked whether I consider that POCL/POL were sufficiently involved in providing requirements prior to the roll out of Horizon. I do not fully understand the question. However, if the Inquiry is referring to WITN0460\_01/5 then I doubt that POCL/POL/BA had any input to the list. The audit function was very immature, as was the relationship between it and the corresponding functions in POCL/POL/BA. If you are referring to the Horizon Audit System they would have been enshrined in the contract and developed in the Audit Trail Functional Specification (WITN0460\_01/6) [Note that this is v6 of the document for the B13 Release in 2002. I do not have access to earlier versions of this document but I believe v4.0 would be the most appropriate for Release CSR+].

g. The responsibility for providing business requirements rested with the customer who made specific demands for functionality or more general demands with regards to performance, speed, turnaround, security etc. which would be for the supplier to respond to through a proposed solution. For example, you would not normally expect a customer to demand a specific computer model on which to run their system. With regard to Pathway much of this activity had taken place before I joined and it would be wrong of me to speculate as to the adequacy or otherwise of that work.

9. Exhibits WITN0460\_01/7, WITN0460\_01/8 & WITN0460\_01/3

- a. WITN0460\_01/8 and WITN0460\_01/3 are the Audit Report and Corrective Action Plan for an audit of the CSR+ Development activity conducted in 1999. Document WITN0460\_01/9, the Audit Plan and Resume for 1999 identified a number of discrete Mid Stage Quality Audits across the development lifecycle but these were combined into a single Report and CAP. Para 6.2.6 of document WITN0460\_01/9 explains the rationale. Document WITN0460\_01/7 is the Audit Report produced following the completion of the EPOSS PinICL Task Force.
- b. As described in the Report, the PinICL Task Force was a dedicated team assembled to address the significant backlog of EPOSS PinICLs that had started to accumulate between June and August 1998. It also carried out some additional tasks, again described in the Report.

- c. My role was to bring this team together, agree on a set of working procedures, liaise with other non-Task Force teams on the Programme, manage the workflow and attempt to achieve the objectives set in the original Briefing Paper : ‘ That objective was to reduce the PinICL count to zero or low tens by the cut-off date and the target set by dividing the current PinICL count by the number of days available.’
- d. The successes and failures are well documented in WITN0460\_01/7 and in truth there are more failures to report than successes. However, if you take a step back from the negative detail it is fair to say that the Task Force was a success insofar it vindicated the Programme’ s decision to address the EPOSS PinICL problem ‘ head-on’ and while the quantitative objective of zero or low tens was not met the Report must have stimulated action on the Programme as EPOSS was accepted by POCL/POL less than two years later. Once the Task Force was complete I was released back to my normal duties.
- e. I had not previously worked on such a large or complex project so did not have a view on this other than they existed, nor could I pass an opinion as to whether the number of PinICIs or equivalent logs was excessive.
- f. The concerns expressed fell into two categories: 1.) The technical accuracy and structure of the code when written, 2.) The impact of continual change to existing code to fix problems and/or insert new functionality. Of the two I felt that the second carried the most risk as change can generate code instability

and the potential for downstream problems when the impact of changing code is not fully recognised.

- g. If you look at the Distribution Lists at the front of each Audit Report and associated Corrective Action Plan you will see that, for the most part, the entire Senior Management Team is identified. Other individuals are included if they have a specific interest in the content or they are identified as actionees. Table 4 of WITN0460\_01/3 identifies, for each action, who is responsible for addressing the action 'Owner' and which Management Team Member MTM has oversight. The degree of SMT direct involvement was dependent on the nature of the observation. For example in para 9i below I have referenced a CAP entry that has 2 members of the SMT directly responding.
- h. A later version of this document (WITN0460\_01/10) dated May 2000 shows all Corrective Actions Closed with the rationale for closure.
- i. Action 015/04 of WITN0460\_01/10 dated May 2000 contains the following text generated between November 1999 and May 2000 [abbreviations explained in text] :

17/11 : This action falls within Development but requires higher level drive.

Has links with CS and BD. MJBC to speak with TPA direct.

*CS : Customer Services Department*

*BD : Business Development Department*

*MBJC : Mike Coombs (Programme Director)*

*TPA : Terry Austin (Development Director)*

25/11 : Work on AI298 identified that majority of problems (~80%) were to do with error and printer error handling. Daily meetings had been instigated. TPA of view that while original code had not been good it would be difficult to justify the case for re-writing now.

25/11 : Email issued by TPA :-

“ We have not formally closed down the recommendation that we re-engineer the EPOSS application due to its inherent instability. Since this recommendation was made, a number of events/actions have taken place. We embarked upon a major maintenance exercise for LT2 which targeted several known stability issues. In parallel, we carried out a defensive testing activity which identified a number of faults which were addressed. The intensive exercise designed to remove acceptance incident 298 resulted in many substantial improvements to the error handling, messaging and printing aspects of the product. We finally introduced improved unit and link testing and more disciplined configuration control. Finally, the maintainability and enhanceability of the product has been proven by the speed and quality of the SIP 16 and EPOSS Reconciliation developments.

We will of course continue to monitor the PINICL stack for the next few months and if necessary re-evaluate this decision. Would Jan please close this issue formally using the rationale described.”

08/12 : JH requested statistics on fixes delivered to live from RM. Also informed TPA that requires agreement of MJBC before this can be closed.

*RM : Release Management*

08/12 : MJBC confirmed that unless RM statistics contradicted reports provided by PJ the recommendation could be closed.

*PJ : Peter Jeram (CSR+ Project Manager)*

07/04 : Email to MJBC, TPA & PJ providing details of RM EPOSS fixes to live. Asked for confirmation that matched PJ reports. If does then will close.

03/05 : Reminder email sent to above seeking early response. Chased on same day.

10/05 : Following response received from MJBC : “ As discussed this should be closed. Effectively as a management team we have accepted the ongoing cost of maintenance rather than the cost of a rewrite.

Rewrites of the product will only be considered if we need to reopen the code to introduce significant changes in functionality. We will continue to monitor the code quality (based on product defects) as we progress through the final passes of testing and the introduction of the modified CI4 codeset into live usage in the network. PJ can we make sure this is specifically covered in our reviews of the B&TC test cycles. Closed.

Under the circumstances, and given the senior management involvement with the resolution, I considered this to have been adequately resolved at the time.

- j. During the EPOSS Task Force activity I formed the opinion that developers working on the EPOSS product were caught in a ‘ test error-identify bug-code

- fix-re test' cycle and, because of the time and number of PinICLs, were not able to pause and take a wider view of what was happening. For example, I was not aware, nor made aware, of any Root Cause Analysis work being undertaken. This could result in rushed defect analysis, not identifying all defects to be fixed in a single pass, rushed coding resulting in poor quality code even if it worked. One element of the EPOSS Task Force was to address the effectiveness of the bug fixing activities and I was satisfied that the Task Force achieved this.
- k. WITN0460\_01/7 identified that 44 man weeks of effort was required and that after absences, leave, inexperience with the EPOSS product and other reasons only 25 man weeks was effectively delivered. However, it should be remembered that while the Task Force was made up by ring-fencing existing members of the Development team, overall progress and activities continued on the Programme, and some staff had to be diverted to maintain this progress. The Programme did not stop just because the EPOSS Task Force was operating. Individuals of note include Dave McDonnell who was instrumental in analysing to code quality and Steve Warwick who, if my memory serves me well, was the EPOSS Product/Project Manager and who provided a lot of historical context.

10. Testing : Exhibits WITN0460\_01/4, WITN0460\_01/8 & WITN0460\_01/11

Schedule A15 para 1.14.4 : ‘ The contractor shall provide proof of sufficient and satisfactory preparation for the implementation of a Release. This shall include testing the implementation, reversion and regression from the Release.’

- a. The evidence offered in WITN0460\_01/8 indicates that there were shortfalls in compliance with development (including test) processes and standards. The ‘ OLS’ referred to in WITN0460\_01/8 are the Pathway Online Standards, which were developed during 1997/8 and was an attempt to establish a Quality Management System and present it to the project in a way that was easy to access and use. WITN0460\_01/8 identifies the patchy nature of the take-up of the QMS by the Programme. However, testing was undertaken at a number of levels and scrutiny of the relevant Project Plan will show what actually took place.
- b. WITN0460\_01/8 also offers some insight into why this was happening. The Management Summary at Section 3 is pertinent and I cannot add anything further 24 years after the event.
- c. Please see b.) above.
- d. I was not made aware of any staffing issues at the time of the CSR+ Audit. If I was they would have been presented in WITN0460\_01/8.
- e. WITN0460\_01/8 resulted from an internal audit into CSR+ Development. As such the report and its content would have been made know to ICL Pathway management only. I cannot recall any requests for a broader circulation of the

report being made. Internal Audit Reports were not usually made available to the customer.

- f. This was through the associated Corrective Action Plan WITN0460\_01/3 and was measured in two ways, 1.) Whether the recommendation was accepted by management and 2.) How long it took to address it and bring it to a conclusion. All Corrective Actions identified in WITN0460\_01/3 were closed by May 2000 some 6 months after the report was issued. This was not an unusual timeframe to close a CAP bearing in mind that some actions may have had significant work required to close.

11. Customer Services : Exhibits WITN0460 01/12, WITN0460 01/13, WITN0460 01/14 & WITN0460 01/15

- a. WITN0460\_01/12 is the Audit Report resulting from an audit of Pathway Customer Services. It was identified in WITN0460\_01/5 and completed in January 1999.

WITN0460\_01/13 is the Audit Report resulting from an audit of the Horizon System Helpdesk. It was identified in the Internal Audit Plan 2000 (WITN0460\_01/16) and completed in April of that year.

Document WITN0460\_01/14 is the Audit Report resulting in a further audit of Pathway Customer Services. It was identified in WITN0460\_01/16 and completed in April of that year. While the Terms of Reference identifies that I would be conducting the second Customer Services audit it was in fact conducted by a representative from Group Quality and Business

Effectiveness. I cannot recall why this substitution was made. This audit was a follow-up to the audit reported in WITN0460\_01/12 but concentrated on the key management processes :

- i. Incident Management and Problem Management
- ii. Business Incident Management
- iii. Change Management – Release Management
- iv. Change Management – Reference Data
- v. Operational Test

WITN0460\_01/15 is the ICL Pathway Monthly Progress Report for February 2000. I was not privy to this document, or other reports at this level within the Programme.

- b. My view of the adequacy or otherwise of Customer Services and the Horizon System Helpdesk are documented in WITN0460\_01/12 and WITN0460\_01/13 in the reports and I can add nothing further here.
- c. All Audit Reports and their associated Corrective Action Plans were circulated within the Pathway Programme and a level consistent with their content and also widely across the Management Team.
- d. In keeping with other CAPs I was satisfied that my concerns were being addressed. Occasionally the lack of urgency was frustrating but by-and-large corrective actions were addressed and disposed of.
- e. As previously stated I was not privy to the ICL Pathway Monthly Report as this was output from the Monthly Senior Management Team Meeting so had not seen WITN0460\_01/15 before, even though I am mentioned in it. I have

no recollection of the meeting although the report says it went well. I suspect my invitation was attributable to Pathway doing the right thing by inviting the Audit Manager as an observer.

## 12. Various PinICL Documents

- a. As the Pathway ' user interface' of the Audit Solution, PinICLs (fault reports) that were raised against the Audit Solution would be routed to me for initial analysis and, at the end of the required work, to check on any proposed closure. Generally speaking those of a technical nature were re-routed to the relevant technical authorities. However, on occasion I would raise a PinICL to highlight an operational issue that required rectification. One such example is WITN0460\_01/17 where the absence of an Attribute Grammar Catalogue was causing difficulties when constructing the R-Query statements to conduct audit data extractions.
- b. I was not aware of any pressures to close issues and attribute them to ' user error' . Indeed I cannot see what benefit this would bring since attributing a fault to user error when it wasn' t would likely generate more debate and wasted time trying to resolve with the user.  
  
However, there would be times when it was perfectly valid to close an issue as user error. For example, in live running if it was brought about by ignorance (lack of training, coaching or supervision) or a deliberate act by the user to try and game or cause the system to fail, or because in a test situation that was the purpose of the test – to simulate a user error.

General

13. The audits that were undertaken during 1998, 1999 and 2000 were planned and took account of various risk factors relevant at that time. These are identified in each of the Plans. Some audits were conducted because there were interest over how an activity was being carried out, for example CSR+ Development (WITN0460\_01/8); some were conducted as a 'readiness review' for key activities that were soon to be undertaken, for example Implementation (WITN0460\_01/18); some were conducted to confirm that activities instigated by Pathway Management were appropriate and would be likely to generate the expected outcome, for example 11 Week Plan Review (WITN0460\_01/19). Audit Plans were subject to Pathway Management Scrutiny before being approved and being used as a basis for work planning by Internal Audit (me).

In terms of importance and relevance to the Inquiry I would say that :

- i. The CSR+ Development Audit (WITN0460\_01/8) with its scope set on the CSR+ development activities that would lead to acceptance by the Post Office;
- ii. EPOSS Task Force Report (WITN0460\_01/7) with its focus on the EPOSS product and management's attempt to identify and solve a major product quality concern;
- iii. The Implementation Audit (WITN0460\_01/18) with its focus on the state of readiness for the major roll-out to the Post Office estate;

would be the three primary pieces of work.

14. I believe my work was valued at all levels, as evidenced by the acceptance of Audit Reports and the willingness to contribute and respond to Corrective Action Plans.

15. The number of audits conducted was, to some extent, resource limited to me. However, extra resource was recruited as my personal workload expanded into other areas. I was not aware of any other auditors elsewhere in ICL/Fujitsu conducting audits that went much beyond the scope of ISO9000 compliance and looking at the 'what' and not just the 'how'. In that context I consider that the audits I conducted were sufficient, timely and relevant.

### SPM Prosecutions

16. Requirement 829 in WITN0460\_01/11, Page 54, para 1.133.2) establishes, inter alia, that audit data shall be retained to support live investigations and prosecutions and that it would be evidentially admissible. It did not present specific requirements that the Post Office would need or request any further support in investigations or prosecutions. However, the nature of the Horizon System Audit solution (WITN0460\_01/2) meant that direct support would be required of Pathway to enable that access. Consequently Pathway implemented an Audit Data Retrieval process that was used by the Post Office to request audit data. I provided this service as part of my audit role until 2000 when I left the Programme. On my return in 2001 this function had passed to Customer Services under the Security banner.

17. The use that the data was put to by the Post Office was of limited interest to Pathway, unless it pointed to a deficiency in the overall solution. It was extracted and delivered to Post Office for them to use at their discretion.

18. However, it was known that Post Office ' investigations' were often into unusual occurrences in a Branch that might point to, or prove, criminal activity and as such I was aware that the Post Office were conducting prosecutions of SPMs.

19. Because of my role as Audit Manager I was involved in a number of them and this involvement was from undertaking simple data extractions to producing Witness Statements and, on one occasion, being invited to attend Court to give testimony in support of a Witness Statement. In the end this case was, I believe, settled out-of-court and I was not needed. This happened in 2004 although the allegations against the Post Master dated back to 2000 and was documented in the Audit Report on Cleveleys Post Office (WITN0460\_01/20).

#### Balance Discrepancies

20. I was not aware of the ' balance discrepancy' issue, nor its potential link to defects, so did not have a view or opinion.

Other Matters

21. This was an extremely busy, complex and challenging Programme. One of the largest non-military projects in the UK at the time, and working on it was a pleasure and a privilege.

22. My role as Audit Manager gave me insight into how the Programme was progressing, good or bad, and I was able to influence in a number of areas. Many Audit Reports were produced between 1998 and 2000 and these reflect a snapshot of what was found at that time and the opinions and conclusions drawn in those reports were all valid at the time. Hindsight may show that some were misguided or simply wrong but all were made with the interests of the Programme at heart.

23. Completing this Witness Statement has caused me to open and read documents from 20 to 24 years ago and I have tried hard not to influence my statements with knowledge of how the Programme eventually secured acceptance from the Post Office – I was directly involved in the acceptance of the audit solution – or of what has been happening subsequently elsewhere.

Statement of Truth

I believe the content of this statement to be true

Signed :

**GRO**

Dated :

3rd September 2022

**Index to First Witness Statement of JAN ROBERT HOLMES**

<b><u>No</u></b>	<b><u>Exhibit Number</u></b>	<b><u>Document Description</u></b>	<b><u>Control Number</u></b>	<b><u>URN</u></b>
1	WITN0460_01/1	IA/MAN/003 Post Office Account Internal Audit Manual		WITN04600101
2	WITN0460_01/2	IA/MAN/005 Horizon System Audit Manual CSR+		WITN04600102
3	WITN0460_01/3	ICL Pathway Schedule of Corrective Actions: CSR+ Development Audit	POINQ0085954F	FUJ00079783
4	WITN0460_01/4	Assessment Report of the Pathway audit function	POINQ0086866F	FUJ00080695
5	WITN0460_01/5	ICL Pathway Internal Audit Plan: 1998	POINQ0085951F	FUJ00079780
6	WITN0460_01/6	CRFSP006 Audit Trail Functional Specification (BI3)		WITN04600103
7	WITN0460_01/7	ICL Pathway Report on EPOSS PinICL Task Force v 1.0 14/05/01	POINQ0086861F	FUJ00080690
8	WITN0460_01/8	ICL Pathway CSR+ Development Audit v 1.0 28/10/99	POINQ0085953F	FUJ00079782
9	WITN0460_01/9	ICL Pathway Internal Audit Plan: 1999 v 2.0 04/05/00	POINQ0085955F	FUJ00079784
10	WITN0460_01/10	IA/CAP/008 SCR+ Development Audit Corrective Action Plan		WITN04600104
11	WITN0460_01/11	Contract between Post Office Ltd and	POINQ0006243F	FUJ00000072

		Fujitsu Services Ltd dated 28 July 1999 v.11		
12	WITN0460_01/12	ICL Pathway Audit of Customer Service v 2.0 09/03/99	POINQ0085957F	FUJ00079786
13	WITN0460_01/13	ICL Pathway Audit of the Horizon System HelpDesk v 1.0 28/04/00	POINQ0086852F	FUJ00080681
14	WITN0460_01/14	ICL Pathway Audit of Customer Service v 1.0 17/04/00	POINQ0086854F	FUJ00080683
15	WITN0460_01/15	ICL Pathway Monthly Progress Report February 2000	POINQ0064361F	FUJ00058190
16	WITN0460_01/16	IA/PLA/003 Internal Audit Plan 2000		WITN04600105
17	WITN0460_01/17	PinICL Ref PC0027346 Opened 01/07/1999	POINQ0067186F	FUJ00077598
18	WITN0460_01/18	ICL Pathway Audit of Implementation v 1.0 08/09/99	POINQ0085959F	FUJ00079788
19	WITN0460_01/19	ICL Pathway Implementation 11 Week Plan Review v 1.0 15/02/00	POINQ0086849F	FUJ00080678
20	WITN0460_01/20	IA/REP/047 Report on Cleveleys Post Office		WITN04600106