

**Norman Lamb MP**

Minister for Employment Relations,  
Consumer and Postal Affairs

Edward Garnier QC MP  
House of Commons  
London  
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Our ref: 283952

February 2012

Thank you for your recent letter, enclosing correspondence from your constituent Mr Kamaljit Kooner who is a former subpostmaster requesting that you attend a meeting about subpostmasters who had their contracts with Post Office Ltd terminated as a result of accounting irregularities.

It is not for me, or any other member of the Government to comment on or make recommendations about who you meet. Furthermore, operational matters, which include the Horizon IT system is the responsibility of senior management at Post Office Ltd. The Government, as shareholder, does not play a role in operational matters

However, I am aware of a small number of incidents where subpostmasters' contracts have been terminated, and in some cases court action has subsequently been taken, following the identification of financial discrepancies and shortages. However, neither I, nor the Department are able to comment on, or intervene in individual cases concerning operational and contractual matters. It may, however, be useful if I provide some background information about the Horizon IT system.

Post Office Ltd continues to express full confidence in the integrity and robustness of the Horizon system. They base this on the fact that Horizon has been operating for over 10 years and typically processes 230 million transactions a month from over 30,000 counter positions in around 11,800 post office branches.

The system and the processes around it offer a very high level of security and resilience and are designed to ensure that should part of the system or equipment fail that the integrity of the accounting records is always maintained. The system has proved to be very robust since its introduction.

The Horizon system was fully tested at the time of the nationwide implementation and all new software releases are also subject to rigorous testing prior to going live in order to assure the accuracy of the accounting processes. For example, the testing for a recent upgrade to the system was independently assured by Wipro as being 'best practice' (Wipro is amongst the largest global IT services companies in the world and recognised experts for Product Engineering and Testing).

As regards ongoing performance, the Horizon information security management systems are accredited to industry standards and there are extensive controls to ensure data validation and reconciliation. A transaction log is available for every branch and full audit logs of all system and user activity and transactions are securely sealed, backed up and retained to provide an evidential and investigative repository.

Post Office Ltd also categorically states that there is no remote access to the system or to individual branch terminals which would allow accounting records to be manipulated in any way. In addition, I understand that all system activity, down to the individual key stroke, is also recorded into a separate vaulted transaction file with every record encrypted and written to the log and with each record having a unique incrementing sequence number. This log is retained on a separate server independent of Horizon, is retained for at least seven years, cannot be altered in any way and all access to it is securely controlled. This approach is consistent with that of banking systems and provides a fully secure audit file which can show all system activity down to a single keystroke in a particular branch.

Ensuring that subpostmasters receive appropriate training to perform their duties is vitally important. It is not in the interests of the taxpayer, the customer, or the company for subpostmasters to be making costly and avoidable errors as a result of a lack of training. Post Office Ltd has assured me that all new subpostmasters are given extensive training, typically including both classroom training and in branch supervision and guidance from a Post Office Ltd manager. Post Office Ltd has told me that they provide a telephone helpline for subpostmasters seeking advice and support, and has informed me that additional training can be arranged for those subpostmasters who request it.

**NORMAN LAMB MP**